



Department for
Communities and
Local Government

Help to Buy (Equity Loan scheme) and NewBuy statistics: Data to January 2014, England

- In the first ten months of the **Help to Buy: Equity Loan scheme** (to end January) there were **14,823 properties** bought with an equity loan.
- The total value of these equity loans was **£600 million**, with the value of the properties sold under the scheme totalling **£3.01 billion**.
- The median price of a property bought under the scheme was **£184,000**, with a median equity loan of **£36,599**.
- The majority of home purchases in the Help to Buy: Equity Loan scheme were made by **First Time Buyers, accounting for 13,112 (89 per cent)** of total purchases.
- For the **NewBuy Guarantee scheme**, **528** home purchases were made in Q4 2013. This brings the total number of house purchases up to **4,876** since the launch of the scheme in March 2012.

Housing Market *Statistical Release*

27 February 2014

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Introduction

This Statistical Release presents Official Statistics on the number of home purchases and the value of equity loans under the Government's Help to Buy: Equity Loan scheme, as well as the number of purchases under the Government's NewBuy scheme.

Further policy information on the Help to Buy: Equity Loan scheme can be found on the Department's website:

<https://www.gov.uk/affordable-home-ownership-schemes/help-to-buy-equity-loans>

Further policy information on the NewBuy Guarantee scheme can be found at:

<https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/newbuy-guarantee-scheme>

This release does not cover statistics regarding the Help to Buy: Mortgage Guarantee scheme. More information on Help to Buy: Mortgage Guarantee can be found here:

<https://www.gov.uk/affordable-home-ownership-schemes/help-to-buy-mortgage-guarantees>

This is the second official release concerning Help to Buy: Equity Loan statistics. The figures presented in this release cover the first ten months of the scheme, from the launch of the scheme on 1 April 2013 until 31 January 2014. This release also covers the NewBuy scheme from its launch on 12 March 2012 to 31 December 2013.

This release subsumes the previous statistical releases on the NewBuy Guarantee Scheme because it covers a similar Government scheme that supports home ownership.

Subsequent releases will continue to be published on a quarterly basis. The third release will be published in May 2014.

Help to Buy: Equity Loans

Monthly figures

The monthly figures for Help to Buy: Equity Loans are based on legal completion dates for transactions in the scheme as operated in England. The figures presented below cover the period from the launch of the scheme on 1 April 2013 to end January 2014 inclusively.

Table 1: Number of legal completions, and value of equity loans (£m), England			
	Completions³	Value of Equity Loans (£m) at completion¹	Total value of Properties sold (£m)²
2013			
April	0	0	0
May	175	£5.86 m	£29.35 m
June	1,000	£37.07 m	£185.72 m
July	1,427	£53.99 m	£270.81 m
August	878	£35.15 m	£176.46 m
September	1,894	£75.91 m	£381.08 m
October	1,956	£80.22m	£402.96m
November	2,133	£87.07m	£436.75m
December	3,410	£142.53m	£714.52m
Cumulative total to end December	12,873	£517.80m	£2,597.64m
2014			
January	1,950	£82.22m	£413.45m
Cumulative total to end January	14,823	£600.02m	£3,011.09m

1. The value of equity loans are based on the purchase price of the property, up to 20 per cent of the property's value at point of sale. The remaining balance of the purchase must be financed by a purchaser deposit and a conventional mortgage. Value is shown in £million and rounded to 2 decimal places.

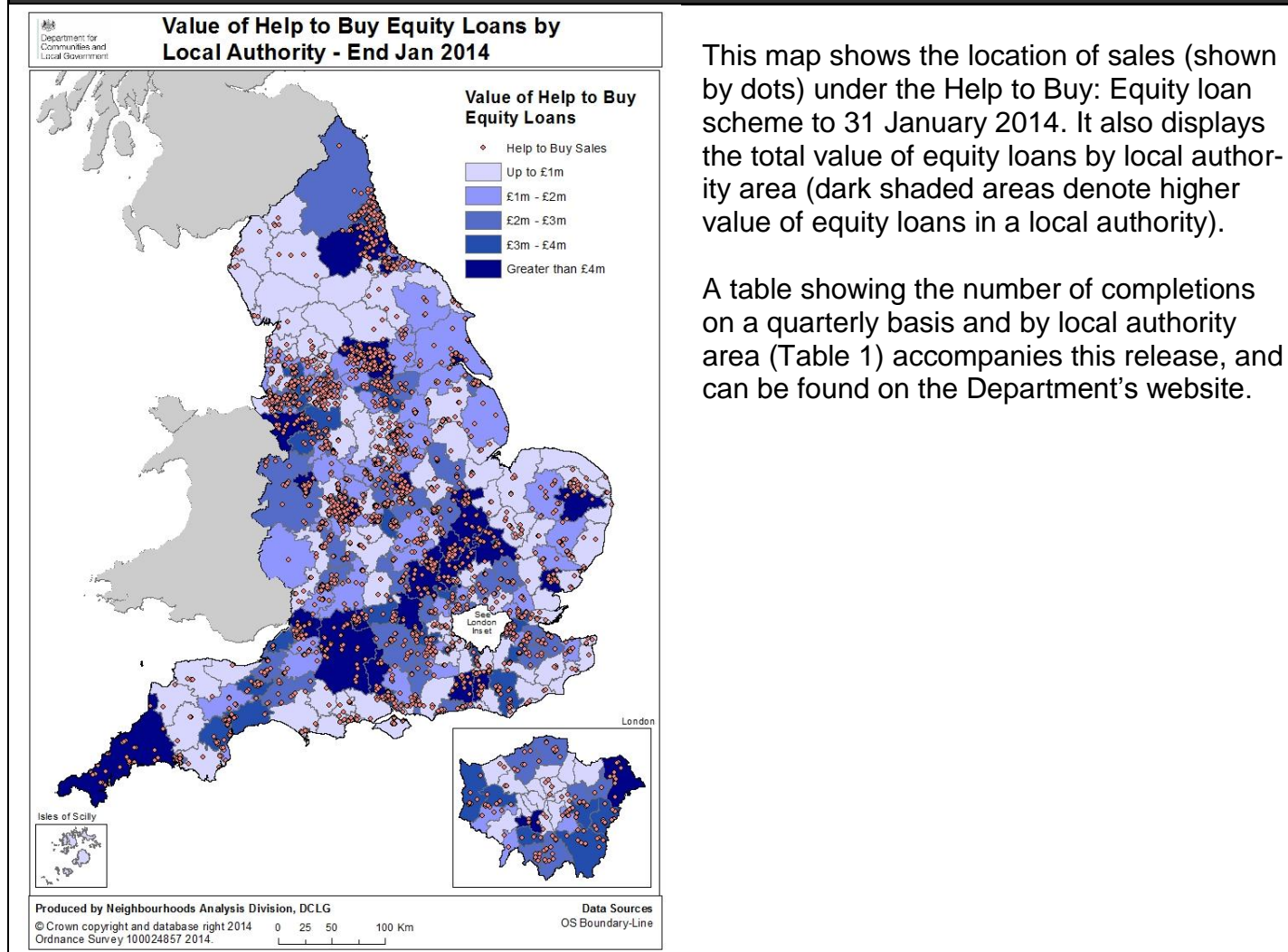
2. Value of properties sold is equal to the sum of the purchase prices at point of legal completion.

3. Completions of legacy FirstBuy transactions that occurred after 1 April 2013 are not included in these statistics. For the reporting period April 2013 to January 2014, there were 949 legacy FirstBuy completions for a total value of Government equity loan of £16.5m.

The cumulative total for the number of completions in the first ten months of the scheme (to the end of January 2014) was 14,823. The corresponding value of these equity loans at point of legal completion was £600 million, with the overall value of properties sold under the scheme totalling £3,011 million (or £3.01 billion).

Sub-national trends

Map 1: Total Value of Equity Loans and completions, by local authority area



This map shows the location of sales (shown by dots) under the Help to Buy: Equity loan scheme to 31 January 2014. It also displays the total value of equity loans by local authority area (dark shaded areas denote higher value of equity loans in a local authority).

A table showing the number of completions on a quarterly basis and by local authority area (Table 1) accompanies this release, and can be found on the Department's website.

Purchase price

The Help to Buy: Equity Loan scheme can be used to purchase a new build property up to the value of £600,000, with a maximum equity loan of £120,000 (20 per cent).

The numbers of homes purchased in the scheme to date were greatest in the £150,001 - £200,000 price bracket, representing 32.4 per cent of total sales. 21.6 per cent of total sales were for properties between £200,001 and £250,000. These two brackets combined accounted for over half of the total completions in the scheme.

Table 2: Cumulative number of legal completions to end January 2014, by purchase price

Purchase Price¹	Cumulative completions	Percentage of total completions²
£0 – £125,000	2,012	13.6%
£125,001 - £150,000	2,157	14.6%
£150,001 - £200,000	4,796	32.4%
£200,001 - £250,000	3,205	21.6%
£250,001 - £350,000	1,762	11.9%
£350,001 - £500,000	778	5.2%
£500,001 - £600,000	113	0.8%
All properties	14,823	100.0%

1. Purchases under Help to Buy: Equity Loan scheme are subject to Stamp Duty Land Tax (SDLT) on the same basis as other residential dwellings. The price bands presented in this table have been produced in order for comparisons to be made relative to incremental increases in rates in SDLT. SDLT is charged as a percentage of the total purchase price at the following rates: 0% for properties worth up to and including £125,000; 1% for properties between £125,001 and £250,000; 3% for properties between £250,001 and £500,000; and 4% for properties between £500,001 and £1million. Higher rates do not apply, as the scheme has a property price cap of £600,000.

2. Percentages have been corrected since the original version of this release was issued.

The median purchase price for all purchases in the scheme was £184,000. The mean purchase price was slightly higher at £203,137. This reflects the majority of sales bunched in the lower price brackets, with fewer properties sold for higher prices (greater than £250,000).

The median equity loan across all completions was £36,599. The mean equity loan was slightly higher at £40,479, and 19.9 per cent of the mean purchase price. This reflects that the majority of completions in the scheme used the full 20 per cent equity loan available for home.

Property type

The majority of properties sold under the scheme were terraced houses, representing 31.6 per cent of total completions. Semi-detached properties made up just over a quarter (26.5 per cent) of total completions, whilst flats and detached properties made up 19.5 and 22.4 per cent of completions, respectively.

Table 3: Cumulative number of legal completions to end January 2014, by property type

Property Type	Cumulative completions	Percentage of total Completions
Detached	3,313	22.4%
Flat	2,897	19.5%
Semi-detached	3,922	26.5%
Terraced	4,680	31.6%
All properties¹	14,823	100.0%

1. Includes eleven completions for which the property type was not recorded.

Purchaser deposits

The majority of completions under Help to Buy: Equity Loan scheme were made by First-Time Buyers, representing 88.5 per cent of total completions. 70.7 per cent of total completions were by purchasers with an up-to-5 per cent deposit.

Table 4: Cumulative number of legal completions to end January 2014, by purchaser deposit level and type of purchaser

Deposit band ¹	Completions (non-First Time Buyer)	Completions (First Time Buyer)	Total completions ²
Up to 5% ²	1,031	9,454	10,487 (70.7%)
5.1% to 10%	294	2,187	2,481 (16.7%)
10.1% to 15%	130	689	819 (5.5%)
15.1% or more	254	782	1,036 (7.0%)
All properties	1,709 (11.5%)	13,112 (88.5%)	14,823 (100.0%)

1. Deposit levels are constructed by dividing the purchase price by the amount of purchaser deposit for each individual transaction, and rounding to one decimal place.
2. Information on the type of purchaser was not recorded for two completions in the 'Up to 5%' deposit band.

Applicant household incomes

The household income of purchasers of properties under the Help to Buy: Equity Loans scheme is recorded for each individual completion in the scheme. 'Total applicant household income' reported below refers to the total income for the household, regardless of how many members of that household are making the purchase.

The numbers of homes purchased in the scheme to date (in terms of total applicant household income) were greatest for purchasers with a household income between £30,001 and £40,000 a year, representing 26.0 per cent of total completions. 20.3 per cent of completions had applicants with a registered household income of between £20,001 and £30,000 a year, with 4.0 per cent of completions with applicant household incomes lower than this. 82.6 per cent of completions had applicant incomes of £60,000 or less, whilst 2.9 per cent of completions had applicants with a registered household income in excess of £100,000 a year.

Table 5: Cumulative number of legal completions, by total applicant household income

Total Applicant household- Income¹	Cumulative completions	Percentage of total Completions
£0 – £20,000	588	4.0%
£20,001 - £30,000	3,005	20.3%
£30,001 - £40,000	3,858	26.0%
£40,001 - £50,000	2,989	20.2%
£50,001 - £60,000	1,809	12.2%
£60,001 - £80,000	1,571	10.6%
£80,001 - £100,000	569	3.8%
Greater than £100,000	434	2.9%
All	14,823	100.0%

1. Total applicant household income as registered on the Help to Buy Property Information Form completed at the point of reservation. Income brackets presented here reflect total applicant household income, which does not discriminate between single person applications and joint applications under the scheme. Purchasers must have proof of income in order to be eligible for a Help to Buy: Equity Loan. The scheme allows for property purchases up to £600,000 with a maximum equity loan of 20 per cent. After accounting for the purchaser deposit and equity loan, the remaining balance must be financed through a mortgage which is not in excess of 4.5 times the applicant's household income e.g. a £600,000 property, with a 5 per cent purchaser deposit (£30,000) and a 20 per cent equity loan (£120,000) must fund the remainder of the purchase through a mortgage (£450,000). In this instance, the total applicant household income must be at least £100,000 per annum.

NewBuy Guarantee Scheme

Quarterly figures

The quarterly figures for the NewBuy Guarantee scheme are based on legal completion dates for transactions in the scheme as reported by participating mortgage lenders. This covers England only and shows data from the launch of the scheme on 12 March 2012 to 31 December 2013..

Table 6: Number of legal completions, Government liability (£m), and cost to Government (£m) under the NewBuy Guarantee scheme

	Completions	Government Liability (maximum possible cost) £m ¹	Successful claims against Government Guarantee, £m ²
2012			
Q2 ^(R)	242	£2.5 m	-
Q3 ^(R)	370	£3.7 m	-
Q4 ^(R)	889	£8.9 m	-
2013			
Q1 ^(R)	754	£7.6m	-
Q2 ^(R)	1,445	£15.2 m	-
Q3 ^(R)	648	£6.9 m	-
Q4	528	£5.7 m	-
Cumulative total to Q4 2013	4,876	£50.5 m	£0.0 m

1. Rounded to one decimal place. Government liability represents the total value of the government guarantees granted in the period. It also represents the maximum possible cost to Government as a result of claims being made against this guarantee. In practice, expected costs to Government as a result of providing the Guarantee are expected to be much smaller than this liability figure. More detail on the guarantee scheme and how it operates can be found in the Definitions section further down in this release.

2. Successful claims against the guarantee represent money Government that has paid out to mortgage lenders as a result of a mortgagee defaulting on their loan covered by the scheme and not being able to pay it back. In previous statistical releases, this was referred to as 'Government's Total Costs'.

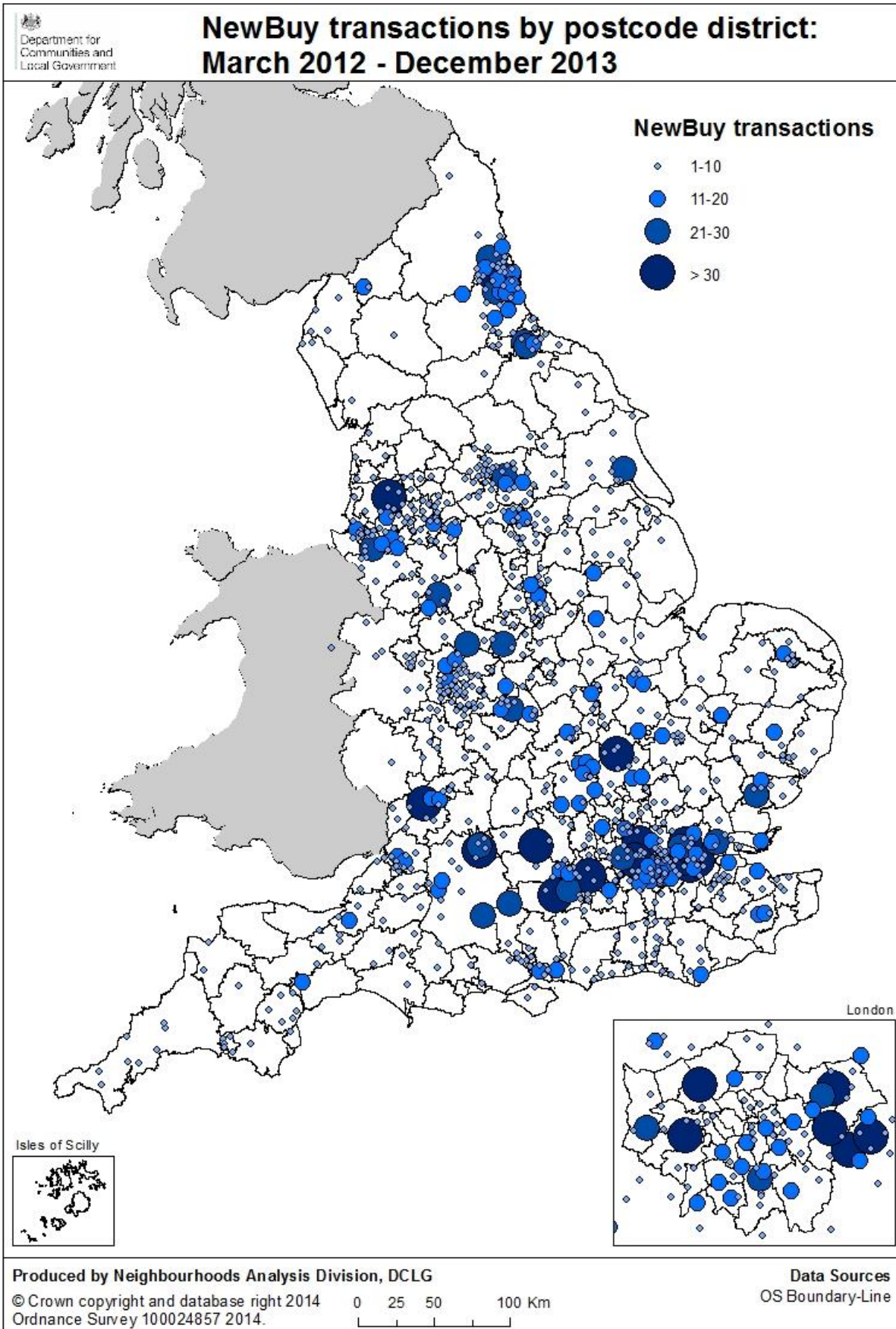
R – Revised since the last statistical release due to the data provider reviewing the data held on past sales.

In the fourth quarter of 2013, there were 528 completions, compared to 889 completions in the equivalent quarter of 2012. This brought the overall total of completions since the launch of the scheme to 4,876. The total value of the Government Guarantees ("Government Liability") for these completed sales was £50.5m. To date, there have been no claims made with respect to the guarantees made under the scheme.

Sub-national trends

A map showing cumulative completions for the NewBuy Guarantee scheme, by postcode district is below. Previous versions can still be accessed on the Department's website.

Map 2: cumulative completions for the NewBuy Guarantee scheme, by postcode district



This map shows the location of transactions (shown by dots) under the NewBuy Guarantee scheme to 31 December 2013.

Accompanying table

An accompanying table is available to download alongside this release:

Table 1 Number and value of Help to Buy: Equity Loans (quarterly), by local authority, England

This table can be accessed from

<https://www.gov.uk/government/collections/help-to-buy-equity-loan-and-newbuy-statistics>

Definitions

Help to Buy: Equity Loans

An **equity loan** is Government financial assistance given to eligible applicants to purchase an eligible home through a Government equity mortgage secured on the home. The Government equity mortgage is ranked second in priority behind an owner's main mortgage lender. The Government equity mortgage means that if Government contributed 20 per cent of the value to the applicant to buy a home, the owner will repay 20 per cent of the future value to Government e.g. when selling their equity loan home.

The equity loan scheme reported in this statistical release is **Help to Buy: Equity loan**. This scheme offers up to 20 per cent of the value as Government assistance to purchasers buying a new build home. The buyer must provide a cash deposit of at least 5 per cent and a main mortgage lender must provide a loan of at least 75 per cent. The Government assistance to buy is made through an equity loan made by the Homes and Communities Agency (HCA) to the purchaser. Help to Buy equity loans are only available on new build homes and the maximum purchase price is £600,000. Equity loan assistance for purchasers is paid via house builders registered with the HCA to participate in the Help to Buy equity loan initiative. The payment is made to builders (via solicitors) at purchaser legal completion. The equity loan is provided without fees for the first five years of ownership. The property title is held by the home owner who can therefore sell their home at any time and upon sale should provide the government the value of the same equity share of the property when it is sold. If Government contributed 20 per cent of the value to buy a new home, the owner will repay 20 per cent of the future value (the value at the time they sell) to Government, e.g. when selling their equity loan home. More information can be found on the Department's website:

<https://www.gov.uk/affordable-home-ownership-schemes/help-to-buy-equity-loans>

The related table of monthly statistics on the equity loan scheme, available at

<https://www.gov.uk/government/collections/help-to-buy-equity-loan-and-newbuy-statistics>, uses the following definitions:

- **Completed equity loans (“Legal completions”)**: a purchaser legal completion is defined as when the home is ready for occupation, the sale contract between house builder and purchaser has completed and all mortgage funds, deposit and equity loan assistance have been paid to the house builder. The purchaser takes possession after legal completion.
- **“Scheduled out” sales**: a “scheduled out sale” is identified to the HCA by a participating house builder, as a potential sale in the pipeline, by local authority area, which has not reached the stage of a payment claim from builder to HCA. “Scheduling out” can take place at any stage from first contact with the builder by the buyer to purchaser legal completion. There is no double-counting of “scheduled out” sales and legal completions.
- **Reservations**: a reservation is defined as the point an Authority to Proceed (ATP) is issued by the local Help to Buy Agent. The ATP is issued by Local Help to Buy Agent following their approval of a firm reservation of a Help to Buy Home. ATP issue is the approval for purchasers to commence conveyancing and submit a full mortgage application to the main mortgage lender.

The Help to Buy: Equity Loan scheme replaced the existing **FirstBuy** shared equity scheme on 1 April 2013. Information about the FirstBuy scheme can be found here:

http://webarchive.nationalarchives.gov.uk/20130203154301/http://homesandcommunities.co.uk/cfg?page_id=6016&page=71

Completions of legacy FirstBuy transactions that occurred after 1 April 2013 are not included in these statistics. For the reporting period 1 April 2013 to 31 January 2014, there were 949 legacy FirstBuy completions for a total value of Government equity loan of £16.5m. FirstBuy offered up to a 20 per cent equity loan on new build properties for First Time Buyers only, co-funded between Government and the house builder.

The figures provided in this release are based on the **legal completion** date for the sale. A purchaser legal completion is defined as when the home is ready for occupation, the sale contract between house builder and purchaser has completed and all mortgage funds, deposits and equity loan assistance have been paid to the house builder. The purchaser takes possession after legal completion.

NewBuy Guarantee Scheme

The NewBuy Guarantee scheme allows borrowers to secure up to a 95 per cent loan-to-value mortgage on a new build property. More detail on the scheme can be found here:

<https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/newbuy-guarantee-scheme>

The guarantee is provided by Government, in partnership with the house building industry. In the event of a borrower defaulting on their mortgage, Government and the respective house builder assume responsibility for any debt which is not already paid back to the mortgage lender.

Mortgages are covered by the government guarantee from point of completion. Government's maximum total contingent liability is capped at £1bn. Each time a property is sold under the NewBuy Guarantee scheme, Government's maximum possible cost within this limit increases by 5.5 per cent of the property's sale value.

Government's costs will be incurred only when: (i) NewBuy properties have been purchased (completed), possessed, and/or resold, and have attracted losses, and those losses have been claimed by the appropriate lender/s; and (ii) the total of such losses is in excess of the total of the builder's corresponding indemnity fund.

Technical notes

Data collection

Help to Buy: Equity Loans

Data is extracted from the Homes and Communities Agency's Investment Management System (IMS). This contains information provided by Help to Buy agents in accordance with monitoring requirements for the payment of the equity loans.

NewBuy Guarantee Scheme

The data in this report have been provided by JLT Insurance Management (Guernsey) Ltd (JLTIM) in its capacity as administrator to the NewBuy Mortgage Indemnity Scheme. Analysts working for the Department for Communities and Local Government have worked with JLTIM's analysts to ensure the accuracy of the data presented. JLTIM is a member of the Jardine Lloyd Thompson Group plc group of companies and is regulated by the Guernsey Financial Services Commission.

Data quality

Help to Buy: Equity Loans

Data recorded in the IMS by Help to Buy agents are subject to system validations in IMS. In addition, Help to Buy Agents make Key Performance Standard monthly reports to HCA and these include compliance with HCA requirements. HCA also conducts random file checks for accuracy on all Help to Buy Agents at quarterly contract review meetings. Following extraction for the purposes of producing this statistical release, data are quality assured by checking individual entries which exceed set tolerances e.g. such as purchaser income levels, as well as 'spot checks' by cross checking with the Land Registry database (see: <http://houseprices.landregistry.gov.uk/sold-prices/>).

NewBuy Guarantee Scheme

Data on individual sales in the scheme are recorded by JLTIM and checked for consistency from both the participating builder and lender. In the event that information is inconsistent, JLTIM will contact and resolve with the relevant parties as part of routine query process.

Following extraction for the purposes of statistical release, the data is validated by DCLG against Management Information reports provided by JLTIM to the Department.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

Help to Buy: Equity Loan statistics are drawn from the grant administration system and therefore updated information can be provided by grant recipients after the official statistics have been extracted and compiled. If required, revisions are incorporated into the next scheduled statistical release. For each release, revisions are made to the previous eight quarters only.

NewBuy Guarantee scheme statistics are drawn from JLTIM's database of recorded transactions. Whilst the majority of transactions that happen within a reporting period are recorded within a month of the period ending, there are residual cases where completion dates have yet to be confirmed by participating lenders in the scheme. This can lead to a slight under-reporting of the actual number of transactions on first release. Figures can also be revised as a result of JLTIM reviewing the data held on past sales. The future impact of such revisions is anticipated to be small.

Uses of the data

The data are used for monitoring the delivery of the Help to Buy: Equity loans scheme, and the NewBuy Guarantee scheme. They are also used to inform wider government policy on housing.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Related statistics

Six-monthly statistics on housing starts on site and housing completions delivered by the Homes and Communities Agency (which will include Help to Buy: Equity Loan completions) are published in their Housing Statistics release, which can be found here:

<http://www.homesandcommunities.co.uk/housing-statistics>

Although from April 2012 the Mayor of London has had strategic oversight of housing, regeneration and economic development in London, the Homes and Communities Agency administers the Help to Buy: Equity Loans scheme on behalf of the Greater London Authority.

Details of delivery of housing under other Government schemes, including shared ownership schemes, can be found on the Department's website here:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics>

Both the Help to Buy: Equity Loan scheme, and the NewBuy Guarantee scheme operate only in England.

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Information on Official Statistics is available via the UK Statistics Authority website:

www.statistics.gov.uk/hub/browse-by-theme/index.html

Information about statistics at DCLG is available via the Department's website:

www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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