

Property Week

Government extends Help to Buy to 2023

The government has extended its Help to Buy Equity Loan Scheme until March 2023 but is limiting it to first time buyers and introducing regional caps, Chancellor Philip Hammond announced in today's Budget.



The caps are set at 1.5 times the current forecast regional average price for first time buyers, up to a maximum of £600,000 in London.

Buyers in the North East have the lowest cap as only properties up to £186,100 are eligible under the scheme. This rises to £224,400 in the North West and £228,100 in Yorkshire and The Humber.

The government said it does not intend to introduce a further Help to Buy Equity Loan scheme after March 2023. By March 2021 [it will have invested £22bn in the scheme](#), helping up to 360,000 households into homeownership.

Justin Gaze, head of residential development land at Knight Frank, said: “Some much needed clarity on Help to Buy is positive development. No industry should be reliant on government assistance indefinitely, so the decision by ministers to restrict the scheme to first time buyers with regional purchase price caps is a sensible one. Some 81% of equity loans since 2013 have been taken out by first-time buyers. However, the ‘deposit gap’ that the Help to Buy equity loan scheme was established to overcome is still very much a problem. U.K. house prices are 37% higher than when the scheme was introduced in 2013 and the mortgage market for those with only a 5% deposit remains very thin. For prospective buyers, finding the funds for a deposit will remain the biggest barrier to home ownership.”

Dean Clifford, co-founder of Great Marlborough Estates, added: “We welcome any initiative that can get people onto the housing ladder but clearly there are many questions in regard to Help to Buy hence this recommended change. What the market needs are policies that stimulate the supply of more housing development to the areas that need it. As the government looks for ways to win over the renting generation and millennials, it needs to look at how they want to live and also consider new tenures of housing to boost delivery.”

Table 4.2: New Help to Buy regional property price caps

| Region | Price cap for properties eligible for Help to Buy Equity Loan scheme from April 2021 to March 2023 |
|--------------------------|--|
| North East | £186,100 |
| North West | £224,400 |
| Yorkshire and The Humber | £228,100 |
| East Midlands | £261,900 |
| West Midlands | £255,600 |
| East of England | £407,400 |
| London | £600,000 |
| South East | £437,600 |
| South West | £349,000 |

Source: HM Treasury analysis