Section 1 Contemporary issues

Chapter 1

The realities of assistance to first-time buyers

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Such are the complex politics of housing that the fate of first-time buyers has probably been the pre-eminent issue for most of the past year even though there are many other pressing housing concerns such as homelessness and rough sleeping, the provision of social housing and many more. Indeed, housing in general and first-time buyers in particular currently sit right up there, just below Brexit, as a central popular and media focus.

In part this is because first-time buyers are seen as a touchstone about the general health of society and people's capacity to get on and get ahead. For a while the issue moved out of focus, with governments effectively more concerned to see the growth of an active private rented sector. However the failure to deliver on the aspiration to own is a deeply sensitive political issue that potentially undermines governments and threatens their hold on power, and so it should be no surprise that it has once again come to the fore. The Conservative Party constantly reaches back to the introduction of the right to buy as its most successful domestic policy intervention – linking the erosion of social housing with expanding homeownership – and it remains deeply wedded to the latter, fully recognising its political significance.

Trends in first-time buyers

What is striking when we look at first-time buyers is not only the limits of the data available to track closely how this market has evolved over time in the UK and its constituent countries, but also how the fortunes of first-time buyers have changed as measured by the number of mortgages advanced to this category of borrowers. As Table 1.1.1 shows, the number of loans to first-time buyers peaked in 1986 (or 1999 or 2001 in Wales and Northern Ireland), followed by a universal decline to the trough in 2008 before a modest recovery to 2016, the latest data available. Current lending in terms of numbers is half what it was at the peak, suggesting opportunities to enter homeownership are much reduced compared to previous decades. We can also note that the age of the typical borrower has increased over the period 1979-2016 from 26 to 30 (UK) and the percentage advance has declined from an average of 93 per cent to 84 per cent. The only real metric to improve has been median interest payments as a percentage of income – this peaked in the UK at 28 per cent in 1990, sliding down to 9.2 per cent in 2016.

Table 1.1.1 **Peaks, troughs and recovery: number of loans to first-time buyers by country**

Country	Peak year (1986 or as specified)	2008 'trough'	2016 'recovery'	2016 as % peak	Peak year as % total no. of loans	2016 as % total no. of loans
England	**517,200**	**159,000**	**285,200**	**55%**	**48%**	**48%**
Wales	**27,500 (1999)**	**7,700**	**14,800**	**54%**	**50%**	**50%**
Scotland	**53,300**	**16,700**	**31,600**	**59%**	**59%**	**50%**
Northern Ireland	**18,300 (2001)**	**2,900**	**8,100**	**45%**	**58%**	**58%**
UK	**612,700**	**192,300**	**339,600**	**55%**	**49%**	**48%**

Source: UK Finance, Table ML.2 covering the period 1979-2016 and Table ML.4.

Clearly there has been some recovery since 2008 though it has varied between countries with Northern Ireland showing the strongest performance (up 273 per cent – albeit from the deepest trough) and England the weakest (179 per cent). As the final two columns in Table 1.1.1 show, in general the first-time buyer share of the total number of loans for house purchase is now much the same as in the peak year, having recovered from the decline in the pre- and post-2007 years, except for Scotland where it remains some way below its 1986 level.

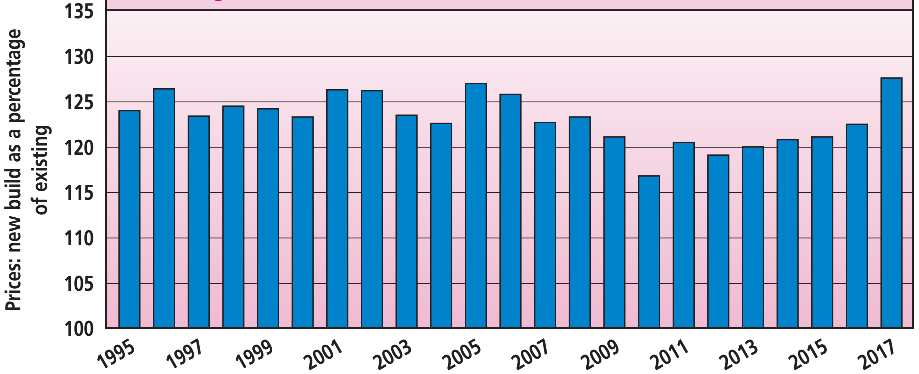
Assistance to first-time buyers

We should note that Northern Ireland has limited its government mechanisms for boosting home ownership by focussing on its longstanding co-ownership housing scheme. Northern Ireland participated in the Help to Buy mortgage guarantee scheme which ran from 2013 to the end of December 2016, but not in the Help to Buy (HtB) shared equity scheme used by the other three countries. In all cases these schemes were additional to other common existing programmes – e.g. shared ownership and right to buy (except in Scotland where it ended in 2016 and with Wales doing the same by May 2021 at the latest), together with less common schemes such as LIFT in Scotland (of which one variant is an open market shared equity scheme), Rent First in Wales and Rent to Buy in Northern Ireland.[1]

Over the period April 2013 to March 2017, 136, 876 HtB equity loans were agreed along with 104,657 mortgage guarantees – 241,533 in total across the four countries, making up around nine per cent of all house purchase loans made over this period. Without doubt the mortgage guarantee scheme helped re-open the higher LTV market albeit this remains much smaller than it was in the early 2000s (see Figure 1.1.2). The Help to Buy scheme has been formally evaluated in England and Wales, highlighting the support given to first-time buyers (around 80 per cent of the recipients) but raising questions as to whether the schemes are sufficiently well-targeted given the evidence that a considerable number of users could have bought a smaller and cheaper home without using the scheme.[2]

However this rather overlooks the second of the two objectives set – not only to assist first-time buyers but also to stimulate the new homes market. It has clearly been a factor in the recovery in housebuilding discussed in Commentary Chapter 2. Against that the evidence of significant price impacts remains weak – despite this being a central critique – albeit the price of new build homes relative to existing dwellings – the so called new build premium – does seem to have risen sharply in recent years. Figure 1.1.1 shows that it is now a little higher than in the years before the credit crunch, though this is partly explained by market recovery as distinct from the specific impact of Help to Buy.[3]

Figure 1.1.1 **Ratio of house prices between new build and existing dwellings**



Source: Office for National Statistics Mix-Adjusted House Prices; author's calculations.
Note: 2017 figure average for first eight months only.

With first-time buyers buying new homes via HtB rather than in the existing market the scheme has probably contributed to an erosion of housing chains and overall transaction numbers, not least because in buying better and bigger such households then no longer need to make a second move to deal with, for example, the arrival of a family.

As well as the two schemes, government is also contributing via the Help to Buy ISA, shared ownership and the right to buy (see Table 2.4.1 on page 60 for a comprehensive picture of support to the private market). In 2016 shared ownership sales per annum were around 10,000 in England (both new and existing stock) alongside about 18,000 right to buy sales (or 21,000 in the UK – see Compendium Table 20). At the same time Help to Buy ISAs supported some 44,750 property completions in 2016 (over the UK – the total budget allocation for the ISA schemes is over £2 billion initially but grows substantially over the longer term). All in all government in England probably supported some 100,000 first-time buyer transactions in 2016, roughly one-third of first-time buyer activity. More was promised in the shape of the Starter Homes initiative from December 2014 but mystery surrounds the promised 200,000 homes by 2020 and to date none have been built.

Alongside this, other research suggests that a quarter of home buyers in the UK (70,000 households) and a third of first-time buyers in England (90,000 households) received parental help in 2015 or 2016.[4] This gives a crude estimate of perhaps 160,000 to 190,000 or more first-time buyers in England who were supported either by the government and/or by their parents – between a half and two-thirds of the total (but with some double counting). These numbers may grow further: government support for Help to Buy, not least in London, will ensure continued momentum until the end of the decade, and the expectations are that parental support will also grow. However, the mortgage guarantee scheme has been closed, with its 'funds' effectively transferred to extend Help to Buy, and the allocation for the much-vaunted Starter Homes initiative has been reduced to fund additions to the affordable housing programme, announced just ahead of the 2017 Autumn Budget (see Commentary Chapter 4).

How then is the assistance distributed? Analysis by Walker suggests that the various schemes have different reach in terms of the income groups receiving support, with shared ownership assisting more lower-income households than Help to Buy and with right to buy probably going even further down the income spectrum.[5] Other studies on income and age distribution for the Resolution Foundation and the Social Mobility Commission show that we have had an emptying out of homeownership by age band, the impact falling disproportionately on the younger age bands, i.e. those under 30.[6] The Resolution Foundation analysis compares the position in 1984/85 with 2016 and finds the homeownership rates for the latter are around 20-25 percentage points lower, a similar conclusion to that reached by the Social Mobility Foundation's study. Moreover, looked at in cohort terms, over time we can see a steady erosion in the capacity of households in younger age groups to catch up with the homeownership rate of the preceding cohort of such households. The picture by income is perhaps a little less clear, partly because of the wide variations in house prices across the UK, but we can see that whatever the income band the rate of ownership has come down over time for 25-34 year olds and that the sharpest declines observed – in the middle quintiles – have now moved their ownership rates ever closer to those in the lowest quintile.

Mortgage lending

The picture in the UK is not dissimilar to other countries where the same squeeze on younger households has been observed, in terms of both homeownership rates and also living longer with parents.[7] How far can the decline be explained by the tightening of the mortgage market regimes in most countries since the global financial crisis (GFC)? Inevitably there is a complex mixture of factors at work but preliminary findings suggest there is a close link between this tightening of access to mortgages and falling rates of homeownership for younger households.

To illustrate the point from the UK perspective, Table 1.1.2 looks at mortgage lending over time by different characteristics prior to the GFC and recently and it does show a significant tightening even when taking account of the overall reduction in mortgage lending. The contraction in the number of high loan-to-value (LTV) mortgages (i.e. those of 90 per cent or more) for first-time buyers is very clear, for example down from 52 per cent in 2006 to just six per cent per cent in 2013.

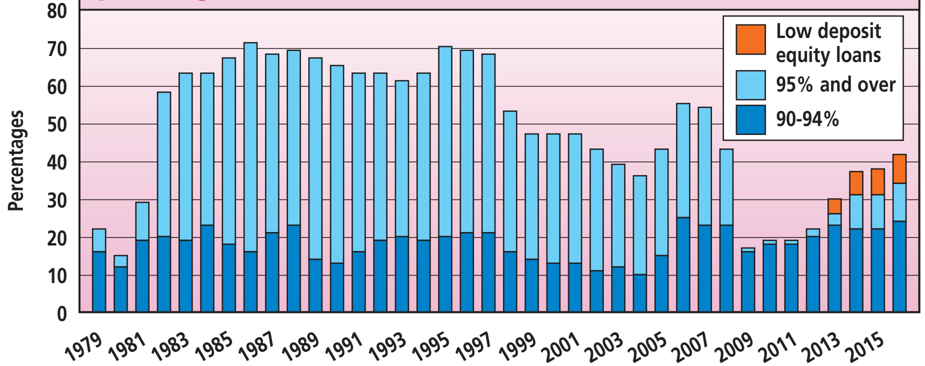
Figure 1.1.2 shows high LTV loans were even more readily available in the 1980s and 1990s following financial deregulation, with LTVs of 95 per cent and over very ready available, and for many years accounting for around a half of all first-time buyer purchases.

Table 1.1.2 **The changing characteristics of mortgage borrowing, 2006-2017**

	2006	2013	2015	2016	2017 (first half year)
All borrowers					
With impaired credit history	92,687	2,068	3,831	4,856	2,736
	4.0%	0.2%	0.4%	0.4%	0.5%
Loans of 90 per cent LTV or more	305,131	24,378	87,445	100,857	47,418
	13.2%	2.6%	8.7%	9.3%	8.6%
Self-employed	391,540	95,206	101,430	115,895	58,329
	17%	10%	10%	11%	11%
Total loans made	2,325,243	933,001	1,004,127	1,088,713	549,581
First-time buyers					
Loans of 90 per cent LTV or more	150,227	13,873	59,397	69,775	32,496
	36.2%	5.5%	20.8%	22.3%	21.0%
Loans of 95 per cent LTV or more	59,064	483	1,101	3,175	1,689
	15.8%	0.2%	0.4%	1.0%	1.1%
Total loans made	373,330	252,081	286,232	312,502	154,475

Source: FCA Annual PSD Mortgage Data.

Figure 1.1.2 **Low-deposit mortgages for first-time buyers return to pre-deregulation levels**



Source: UK Finance.
Note : Low deposit equity loans are those requiring a deposit of no more than 10 per cent.

Little wonder that we have seen a rise in the use of cash and (as discussed earlier) the increased reliance on the Bank of Mum and Dad. Help to Buy equity loans have also reduced the requirement for deposits, as these effectively top-up mortgages to allow a much lower LTV ratio. For example a 20 per cent equity loan on top of a 75 per cent LTV mortgage, leaves the mortgagor only requiring a five per cent deposit. Figure 1.1.2 illustrates this impact, and the contribution this has made to the recovery in levels of first-time buyer house purchase requiring relatively low levels of deposit. However this figure also shows that even after taking HtB into account, the availability of low-deposit entry to homeownership remains some way below the levels that prevailed over most of the 25 years from 1983 onwards.

Competition with buy to let investors

In recent decades we have seen a resurgent private rented sector, reflecting both demand from households – including some not able to access homeownership (or social housing) – and a linked increase in appetite to invest in this market as investors searched for return in the low-rate environment that followed the GFC. As this might suggest, the Bank of England and the government have in some senses created an environment in which the PRS in general and buy to let (BtL) in particular were given a considerable stimulus.

As the PRS expanded and as tensions around the decline of homeownership grew, so the Westminster government and notably former Chancellor Osborne began to take an ever more negative line about the BtL market, arguing that investor purchases were squeezing out first-time buyers. The evidence for this is and was weak. Clearly investors did have advantages – unlike first-time buyers they could still access interest-only loans and they could also buy off-plan more easily. Without doubt there were first-time buyers who lost out to investors. However the question then is what is the scale of this 'problem'? The simple numbers help put this in perspective: in 2015 there were 120,000 purchases by investors compared with over 300,000 by first-time buyers. Hamptons the estate agents have been tracking transactions where first-time buyers come up against investors.[8] The data show that competition between the two segments intensified through the mid-2000s, peaking in 2015-16 at around 27 per cent of UK transactions and then falling away to around 19 per cent in 2017. Competition was more intense in London, peaking at 39 per cent in 2015-16 and then falling away to 21 per cent in 2017. The data suggest that there is competition in a minority of transactions and that this has declined. This coincides with the actions taken in the 2016 Budget to reduce the tax advantages enjoyed by landlords (see Commentary Chapter 3) and to increase the stamp duty take from them. Forecasts suggest BtL mortgaged purchases will fall away to 80,000 in 2018 and 2019.

Volatility and risk

All buyers, but especially first-time buyers, are exposed to the continuing volatility of the UK housing market and the risks in terms of fluctuating prices, interest rates and demand. Recent research for UK Finance has explored the on-going nature of the housing safety net for assisting households in difficulty.[9] Although there is a link between arrears, default and high loan-to-value mortgages it is only really with 100 per cent loans that this becomes most marked. Given these are now very rare anyway it raises the question of the scale of exposure of mortgage borrowers in general and first-time buyers in particular to rising interest rates given we have now probably passed the bottom of that cycle.

The research showed that at the end of 2016 there were around 11.1 million loans on lenders' books. Of these, 1.9 million were BtL loans and the remaining 9.2 million were for homeowners. UK Finance data on the eight million regulated loans shows that over 3.3 million had an indexed LTV of less than 50 per cent and that the majority of the 1.2 million missing from this database will be pre-regulation (advanced before October 2004), and therefore almost all at lower LTVs. So the fact that, in total, over 4.5 million of the 9.2 million homeowner loans are currently at these low LTVs is a significant risk mitigator. We thus have about 4.7 million remaining homeowner loans that are above 50 per cent LTV. Most of these will have been taken out in more recent years and, since April 2014, the FCA has required most new loans to be affordability stress-tested against an increase in interest rates. As at the end of 2016, over two million of the loans still on the books are identified as having been stress-tested in this way. Thus we are left with around 2.7 million mortgage loans which have not been tested and which are above 50 per cent LTV – around 30 per cent of all loans outstanding. Further work is necessary to drill down on this exposure, and of course it will include first-time buyers.

The HtB equity loan scheme does pose a specific risk because of the equity loans that are taken out. In one sense this risk is borne by the government – if the value of the home declines, the government equity loan is a second charge and takes the hit alongside the buyer deposit. However if the household is to aspire to outright ownership it is exposed to any increase in house prices which is then captured by the equity loan and must be repaid. To date the number of full and partial loan redemptions is small – under five per cent – but as we show in Commentary Chapter 1 the receipts are forecast to rise sharply from £30 million in 2017/18 to £1.5 billion in 2022/23 – in part triggered by the interest charge that is levied on all loans once they have been in place for five years. Thus as of April 2018, households who joined the scheme five years previously will start paying interest on their equity loans at an interest rate/fee of 1.75 per cent on the amount of the equity loan at the time the property was purchased. This charge then rises annually by the increase (if any) in RPI plus one per cent. Assuming RPI + 1 will equal around four per cent and a typical equity loan of £40,000 in England outside London and £160,000 in London, the charge will add around £750 to £3000 per annum to a household's costs. This is expected to encourage buyers to redeem the equity loans albeit that in some areas the scale of house-price inflation will be considerable. This might be an even more acute problem in London where a 40 per cent loan is possible and where apart from certain areas house price inflation has continued quite strongly – even though it has slowed over time (and is now negative in some areas).

Affordability and government support

First-time buyer numbers have recovered to a degree but they are still well below historic levels despite the very significant scale of support put into that market segment. It is clear that without government support the numbers would be even lower. A recent UK Finance forecast for 2018 and 2019 suggests that 'the recovery in first-time buyer numbers continues over our forecast period, though at a slower rate than we have seen over the last few years'. UKF notes that first-time buyers now make up around half of all transactions and have overtaken home movers.

The evidence suggests that there are still many households excluded from buying a home not least because of tighter mortgage regulation. It is hard to put a number on both those excluded via regulation or because of wider affordability issues linked to price and incomes, but previously the *Review* has reported estimates of upwards of one million would-be buyers who have not entered the market. The government has estimated that the recent cut in stamp duty for first-time buyers will help 205,000 households in 2018/19, but this includes those who would have managed to purchase in any event; there are to be similar cuts in Scotland.[10]

Tables 1.1.3 and 1.1.4 give a long-run picture of the position of first-time buyers in relation to affordability, as measured by their mortgage costs in relation to average incomes for all working households. Readers should note that these tables are based on a Nationwide BS data series which uses a markedly different and in some respects more stable approach to mix adjustment (using a consistent mix-adjustment formula throughout), rather than the previous ONS series used in earlier editions of the *Review*, based on a rolling three-year mix adjustment.

What both tables show is how in general affordability and mortgage cost-to-income ratios have improved since the peaks of 2007 with most regions now having ratios roughly back to where they were in 2003. London remains the exception where the ratios became worse until 2016 and then marginally improved. On a country basis we can see that the position in Scotland and Wales has settled back to something closer to a long-run average. Northern Ireland – having peaked in 2007 with the worst ratios across all of the UK – has improved to a degree. England tops the league table on both measures and though levels fell away post-2007 the indices remain quite unfavourable.

The affordability tables show how low mortgage costs are – reflecting low borrowing costs and a competitive mortgage market – and that the main problems households face are the lack of a deposit of the size now required, given high house prices relative to relatively flat wage growth, and their ability to pass through the mortgage affordability tests now in place. Those tests are there for very good reasons and to some degree will always frustrate individual and government ambition in the first-time buyer space.

Table 1.1.3 **Mortgage cost-to-income ratios**

Based on first-time buyer house prices, average mortgage rates and average incomes for all working households

Country/Region	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
United Kingdom	8.4	8.1	8.4	10.1	10.5	10.2	11.5	10.9	12.1	13.5	18.0	17.3	18.4	21.2	18.4	14.2	14.6	13.9	14.3	13.6	15.0	14.7	14.5	14.4
North	7.6	7.4	7.9	8.3	8.7	8.1	8.7	7.7	8.5	10.6	16.0	14.6	15.5	17.1	15.1	11.5	11.3	10.8	11.2	10.7	11.3	11.3	10.6	10.3
North West	8.9	8.1	8.3	9.5	9.5	9.0	9.9	9.5	10.2	11.3	16.5	16.4	17.5	18.5	15.9	12.3	12.0	11.3	11.3	11.0	11.8	11.2	10.9	11.0
Yorkshire and The Humber	8.7	7.9	8.3	9.4	9.5	8.8	9.9	9.1	10.1	11.5	16.7	16.5	17.8	19.4	17.1	13.4	13.4	12.0	11.5	11.1	11.5	11.2	10.8	10.6
East Midlands	7.9	7.8	8.0	9.8	9.7	9.3	10.4	9.7	11.0	13.0	17.8	17.3	18.5	20.4	17.3	12.6	13.0	12.4	13.3	12.5	13.3	12.8	12.5	12.5
West Midlands	9.4	9.4	9.3	10.7	10.2	9.9	11.1	11.1	12.3	14.0	17.8	16.9	17.4	19.2	16.9	13.4	14.2	13.3	13.5	12.5	13.7	13.1	12.8	13.2
East Anglia	8.5	8.3	8.6	10.4	10.2	9.7	11.4	11.2	12.4	13.3	16.9	16.1	16.9	18.9	16.4	12.4	12.4	12.4	12.8	12.4	13.2	13.0	13.1	13.0
London	10.4	10.3	11.0	14.4	14.8	14.8	17.0	16.1	17.3	18.6	23.5	21.9	23.1	25.4	22.0	17.3	19.5	20.1	21.7	21.6	25.6	26.4	26.7	26.1
South East	9.5	9.0	9.3	11.3	12.0	11.3	13.4	12.7	15.0	16.7	20.5	18.8	20.2	22.6	19.5	15.0	16.0	14.9	15.3	14.6	16.8	17.1	17.6	17.5
South West	9.3	9.6	9.6	11.8	12.4	12.0	14.0	12.8	14.8	16.6	21.7	20.3	21.0	24.0	20.7	16.1	16.4	15.2	15.7	15.2	17.4	17.2	17.0	17.0
England	9.3	9.0	9.3	11.4	11.6	11.3	13.0	12.4	13.8	15.3	19.8	18.8	19.8	22.1	19.2	14.9	15.6	14.9	15.4	14.9	16.8	16.9	17.0	16.8
Wales	9.5	8.5	8.1	9.5	10.0	9.8	11.0	10.0	10.6	12.2	18.4	18.3	18.8	19.9	17.1	12.5	13.1	12.8	12.7	12.0	11.7	11.0	10.5	10.4
Scotland	8.1	8.0	8.2	9.5	10.0	9.3	9.9	8.8	8.8	9.0	12.3	12.3	13.9	16.4	14.5	11.3	12.3	10.6	10.7	9.6	10.2	9.5	9.0	8.8
Northern Ireland	6.6	7.7	9.2	11.0	12.3	11.7	13.1	11.9	11.7	12.1	15.8	16.2	20.4	28.8	20.5	14.6	12.6	12.0	11.1	11.0	12.0	12.3	11.6	11.6

Source: Computed from Nationwide mix-adjusted house prices for first-time buyers and household earnings data from the Living Costs & Food Survey.
Note: Mortgage costs assume a constant 82% mortgage-advance-to-house-price ratio, in line with the average over the period. They are based on average mortgage lender rates for new mortgages in the last quarter of the year, and assume a standard 25-year repayment mortgage. The income data are based on government office regions, while the house price data are based on standard regions. Particular caution should therefore be given to the figures for East Anglia and the South East.

Table 1.1.4 **The *UK Housing Review* Affordability Index**

Based on mortgage costs-to-income ratios for first-time buyers

Country/Region	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
United Kingdom	100.0	96.4	100.0	120.2	125.0	121.4	136.9	129.8	144.0	160.7	214.3	206.0	219.0	252.4	219.0	169.0	173.8	165.5	170.2	161.9	178.6	175.0	172.6	171.4
North East	100.0	97.4	103.9	109.2	114.5	106.6	114.5	101.3	111.8	139.5	210.5	192.1	203.9	225.0	198.7	151.3	148.7	142.1	147.4	140.8	148.7	148.7	139.5	135.5
North West	100.0	91.0	93.3	106.7	106.7	101.1	111.2	106.7	114.6	127.0	185.4	184.3	196.6	207.9	178.7	138.2	134.8	127.0	127.0	123.6	132.6	125.8	122.5	123.6
Yorkshire and The Humber	100.0	90.8	95.4	108.0	109.2	101.1	113.8	104.6	116.1	132.2	192.0	189.7	204.6	223.0	196.6	154.0	154.0	137.9	132.2	127.6	132.2	128.7	124.1	121.8
East Midlands	100.0	98.7	101.3	124.1	122.8	117.7	131.6	122.8	139.2	164.6	225.3	219.0	234.2	261.5	221.8	161.5	166.7	157.0	168.4	158.2	168.4	162.0	158.2	158.2
West Midlands	100.0	100.0	98.9	113.8	108.5	105.3	118.1	118.1	130.9	148.9	189.4	179.8	185.1	204.3	179.8	142.6	151.1	141.5	143.6	133.0	145.7	139.4	136.2	140.4
East Anglia	100.0	97.6	101.2	122.4	120.0	114.1	134.1	131.8	145.9	156.5	198.8	189.4	198.8	222.4	192.9	145.9	145.9	145.9	150.6	145.9	155.3	152.9	154.1	152.9
London	100.0	99.0	105.8	138.5	142.3	142.3	163.5	154.8	166.3	178.8	226.0	210.6	222.1	244.2	211.5	166.3	187.5	193.3	208.7	207.7	246.2	253.8	256.7	251.0
South East	100.0	94.7	97.9	118.9	126.3	118.9	141.1	133.7	157.9	175.8	215.8	197.9	212.6	237.9	205.3	157.9	168.4	156.8	161.1	153.7	176.8	180.0	185.3	184.2
South West	100.0	103.2	103.2	126.9	133.3	129.0	150.5	137.6	159.1	178.5	233.3	218.3	225.8	258.1	222.6	173.1	176.3	163.4	168.8	163.4	187.1	184.9	182.8	182.8
England	100.0	96.8	100.0	122.6	124.7	121.5	139.8	133.3	148.4	164.5	212.9	202.2	212.9	237.6	206.5	160.2	167.7	160.2	165.6	160.2	180.6	181.7	182.8	180.6
Wales	100.0	89.5	85.3	100.0	105.3	103.2	115.8	105.3	111.6	128.4	193.7	192.6	197.9	209.5	180.0	131.6	117.1	134.7	133.7	126.3	123.2	115.8	110.5	109.5
Scotland	100.0	98.8	101.2	117.3	123.5	114.8	122.2	108.6	108.6	111.1	151.9	151.9	171.6	202.5	179.0	139.5	117.1	130.9	132.1	118.5	125.9	117.3	111.1	108.6
Northern Ireland	100.0	116.7	139.4	166.7	186.4	177.3	198.5	180.3	177.3	183.3	239.4	245.5	309.1	436.4	310.6	221.2	190.9	181.8	168.2	166.7	181.8	186.4	175.8	175.8

Sources and Notes: As Table 1.1.3.

Though the prime focus of assistance remains the Help to Buy scheme for newly built homes, at least to 2021, the reality is that more could be done to support the would-be buyers of existing homes and to ease deposit requirements, and thus ease the migration from being a private tenant to becoming a homeowner. At present rent to buy schemes tend also to be focussed on new build. The government's proposed competition to help ensure that a good rental payment history is reflected in the loan applicant's credit score is a step in the right direction,[11] and more needs to be done to think about how to connect renting and owning. Schemes of assistance to buy existing homes, such as the long-lamented 100 per cent local authority mortgage schemes of the 1970s and DIYSO – do-it-yourself shared ownership – are those that come to mind.

Progress therefore continues to be made in helping first-time buyers but we might question whether the scale is sufficient to really tackle the problem. The slowdown in house prices and the reduction in stamp duty will help some buyers, but considerable barriers remain and policy continues to be piecemeal. Inheritance will help some households to buy, but nearly half of 20-35 year-old non-homeowners have no parental property wealth.[12] Sound bites are not solutions and a more honest approach is needed.[13] In the meantime frustrations are growing.

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Notes and references

1 For useful reviews of various schemes see Walker, C. (2016) *Government Housing Schemes: Accident or Design*, CML Research. London: CML; Wilson, W. *et al* (2016) *Extending homeownership: Government initiatives*, House of Commons Briefing Paper No. 03668. London: HoC Library.

2 For the official evaluation and other reviews see Finlay, S., Whitehead, C. and Williams, P. (2016) *Evaluation of the Help to Buy equity loan scheme*. London: DCLG; Capital Economics (2017) *How would the housing market fare without Help to Buy?* UK Housing Market Focus. London: Capital Economics; Offord, C. (2017) *How does Help to Buy help?* Research note. London: UK Finance.

3 See also Morgan Stanley (2017) *The 'Help to Buy premium' and its unintended consequences*, UK Housebuilders and UK Economics research. London: Morgan Stanley; Stewart, A. (2017) *Housebuilders Help to Buy: built on shaky foundations?* London: Stockdale Securities; Offord, *op.cit*.

4 Legal and General (2016) *The Bank of Mum and Dad*. London: Legal and General; Udagawa, C. & Sanderson, P. (2017) *The impacts of family support on access to homeownership for young people in the UK*. London: Social Mobility Commission.

5 Walker, *op.cit*.

6 Corlett, A. & Judge, L. (2017) *Home Affront: housing across the generations*. London: Resolution Foundation; Udagawa & Sanderson *op.cit*.

7 Williams, P., Wilcox, S. and Whitehead, C. (2017) *Challenges for our Homeownership Safety Net; UK and international perspectives*. London: UK Finance.

8 Hamptons (2017) *Landlord competition with first-time buyers*, unpublished note. London: Hamptons/Countrywide.

9 Williams *et al*, *op.cit*.

10 The draft Scottish Government budget says they are 'introducing a Land and Building Transaction Tax (LBTT) relief for first-time buyers on the first £175,000 of the purchase price which, together with the existing zero rate of LBTT for homes up to £145,000, will mean that 80 per cent of first-time buyers will pay no LBTT.'

11 See www.gov.uk/government/news/fintech-to-help-renters-get-on-the-housing-ladder

12 Gardiner, L. (2017) *The million dollar be-question: inheritances, gifts, and their implications for generational living standards*, Intergenerational Commission Wealth Report. London: Resolution Foundation.

13 Whittaker, M. (2018) *Time for some housing honesty*. London: Resolution Foundation (see www.resolutionfoundation.org/media/blog/time-for-some-housing-honesty).