

FIRST-TIME LIVING

Help to Buy, Right to Buy and other schemes have lent a helping hand to many people taking their first steps on the property ladder

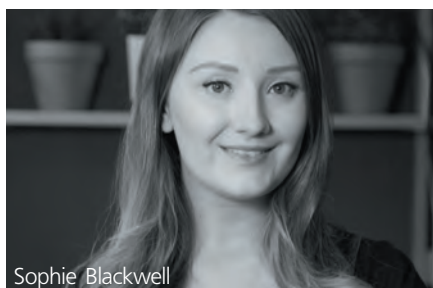
In recent years the number of first-time buyers getting their foot on the property ladder reached the highest it's been in over ten years. The various measures that have been implemented by the government in the past few years appear to have made a significant difference.

Since its launch on April 1 2013, 81 per cent of purchasers using the Help to Buy Equity scheme have been first time buyers, and around 257,000 purchases have benefitted from Help to Buy ISA bonuses.

Although the numbers show one narrative, those spending their twenties saving for a deposit still feel disheartened. Statistics have revealed that just under half of renters still can't see themselves entering the property market anytime soon and many aren't aware of the schemes available. So what options are there for first time buyers?

Help to Buy Equity Loans

Until April 2021, this scheme can be used by both first time buyers and those simply wanting to move up the property ladder. Although only available on new builds, the scheme allows you to buy your first home with a much smaller (and more affordable) five per cent deposit. The Government will lend you up to 20 per cent of the purchase price (or 40 per cent in London), with this loan being interest-free for the first five years. After this period, you will start accruing interest on both this and your usual mortgage and so many choose to re-mortgage on this five-year mark. On the sale of the property you will owe the same percentage that you borrowed, regardless of the original or current value.



Sophie Blackwell



Right to Buy

This policy gives secure council tenants and some housing association tenants the right to purchase their property from the council at a discounted rate. The current maximum discount that can apply is £82,800 (or £110,500 in London).

Shared Ownership

Although this scheme is supposedly being remodelled and reformed under the First Homes consultation, the current programme allows buyers to purchase a share in their first property. This share is usually between 25 per cent and 75 per cent, with the remaining percentage being rented from the housing association at a below-market-value rate.

Lifetime ISA

Also known as the LISA, this savings account is similar to the Help to Buy ISA (no longer available to open as of December 2019) in that it provides a government bonus. Account holders can transfer up to £4,000 per tax year into the LISA and the government will add a bonus of 25 per cent.

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