

New Help to Buy scheme open for business

The new [Help to Buy: Equity Loan \(2021-2023\)](#) scheme is now open for business.

Homes England has announced that first-time buyers interested in new-build homes can apply for the new Help to Buy: Equity Loan scheme from Wednesday 16 December 2020.

With a Help to Buy: Equity Loan, the government lends homebuyers up to 20% (40% in London) of the cost of a newly built home. Customers pay a deposit of 5% or more and arrange a mortgage of 25% or more to make up the rest. The equity loan is interest-free for the first five years.

Homebuilders are getting into contract for the new scheme and starting to market their new build homes. Eligible first-time buyers will be able to reserve their homes from mid-December and get the keys to move in from 1 April 2021.

Housing Secretary Rt Hon Robert Jenrick MP said:

The Government is providing more ways to help families onto the housing ladder, and provide that life-changing moment when you get the keys to your own home.

Alongside First Homes, Shared Ownership and our £12bn investment in affordable housing, our new Help to Buy scheme will help thousands more families take their first step into a home of their own.

Will German, director of Help to Buy at Homes England, said:

Help to Buy has already helped more than 270,000 people into home ownership and 82% are first-time buyers. The new Help to Buy builds on this success with first-time buyers in front of mind.

We're pleased we can help homebuyers with smaller deposits to own a home, at a time where there are fewer options open to them. Housing, like most sectors, has experienced a slowdown during the Covid-crisis. But Help to Buy continues to give homebuilders the confidence to keep on building at a more crucial time than ever.

The new Help to Buy: Equity Loan (2021-2023) helps those who need it most, first-time buyers. Help to Buy will keep supporting first-time buyers so that more people are helped to make their first step on the housing ladder.

Help to Buy (2021-2023) has regional price limits, set at 1.5 times the

average first-time buyer price in each region in England. This keeps the prices of new homes closer to the average regional first-time buyer property prices, reducing the amount that first-time buyers need to borrow.

Homebuilders selling Help to Buy homes under the new scheme must comply with more stringent conditions that aim to drive quality and consistent building standards. Help to Buy homebuilders must agree to follow Consumer Code for homebuilders, the New Homes Ombudsman, the Building Safety Charter and fulfil planning permissions and building regulations. They must also display their Home Builders Federation (HBF) star ratings when they advertise homes and give homebuyers a new home warranty before they complete their purchase.

Homebuyers interested in Help to Buy: Equity Loan (2021-2023) are encouraged to read the recently published [homebuyers guide](#) to know how the scheme works and how to apply.

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Notes to Editors:

- Over 270,000 properties were bought with the Help to Buy: Equity Loan scheme from 1 April 2013 to 31 March 2020. First-time buyers accounted for 82% per cent of total purchases.
- A quarter of first-time buyers who have bought with the scheme are from black, Asian and minority ethnic backgrounds, compared to less than a fifth of all first-time buyers nationally.
- Two-third (63%) of the first-time buyers were aged 34 and under.
- As well as reserving their property, homebuyers need to apply for their equity loan but they will not be able to legally complete their purchase until 1 April 2021 onwards.
- In England, the mean equity loan was £58,128 for first-time buyers and each of these mean equity loans were around 20% of the value of the corresponding mean purchase price. Most completions in the scheme used the full 20% equity loan available to them.

Help to Buy: Equity Loan (2021-2023), England.

First-time homebuyers who meet affordability and lending terms can borrow an equity loan of up to 20% (40% in London) of the sale price of a new build home. How much you can spend on your home will depend on which region it is in. 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. You must fund at least 80% (60% in London) of the sale price with a mortgage and at least a 5% deposit.

Pay no interest on the loan for the first 5 years. Interest fees start at 1.75% and rise each year in April by the Consumer Prices Index including owner occupiers' housing costs (CPIH) plus 2%. You pay a monthly management fee of £1 for the life of the loan. Homes England, the lender, secures the equity loan as a second charge on your Help to Buy home. You must repay the equity loan when you sell the home, pay off your mortgage or reach the end of your loan term. But, you can repay all or part (10% at a time, or if you have a 40% loan, 20% or 30%) of the loan any time before then.

An independent financial adviser and a solicitor may be able to help you decide if Help to Buy is right for you.

Your home may be repossessed if you do not keep up repayments on your mortgage, equity loan or other loans secured against it.

www.helptobuy.gov.uk/equity-loan

For further information, please contact the Help to Buy media team at media_helptobuy@homesengland.gov.uk