

# SECURING FUTURES: THE SUCCESS AND IMPACT OF HELP TO BUY WALES





# INTRODUCTION

Since its introduction a decade ago, the Help to Buy Wales scheme has played a significant role in increasing access to home ownership - supporting the purchase of 14,000 new homes and helping almost 11,000 first-time buyer households onto the housing ladder.

Using publicly available data from StatsWales, new figures obtained from the Welsh Government, and consumer survey data, this report makes the case for the scheme's renewal after its current expiration date in March 2025. The reports shows that the scheme has achieved all of its objectives: increasing access to home ownership for first-time buyers, supporting housing delivery, and delivering a financial return for taxpayers.

HBF's analysis outlines that:

- As of March 2024, **14,158 households had been supported to buy a house** using the Help to Buy Wales scheme, including almost 11,000 first-time buyer households.
- **46% of all loans have been repaid** in full at a total value of **£281.99 million**, compared to an original value of £239.79 million.
- This is a return of over **£40 million to the Welsh Government** and an average uplift of 18% per equity loan.
- In the first nine years of the scheme, **a quarter of newly completed homes** were sold through Help to Buy Wales.
- On average, the scheme has supported **4,400 jobs** and generated **£240 million** in economic activity every year<sup>1</sup>.
- **78% of the Welsh public agree** that a Government scheme to help first-time buyers should be in place<sup>2</sup>.

The report also calls for the maximum purchase price to be increased to ensure as many first-time buyers as possible can be helped onto the housing ladder, and to assist the industry's recovery from the current economic downturn.

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1. Lichfields/HBF, 'The Economic Footprint of House Building in England and Wales'  
2. HBF consumer survey data.

# BACKGROUND

The Help to Buy Wales scheme was launched by the Welsh Government in January 2014. The scheme operates by providing a shared equity loan of up to 20% of the purchase price to buyers of new-build homes. Buyers must provide a minimum 5% deposit, and a repayment mortgage covers the remaining amount.

The shared equity loan is interest-free for the first five years and must be repaid within 25 years. When repaying the equity loan, the homeowner repays proportionate to the current price, allowing taxpayers to benefit from uplifts in house prices.

An initial sum of £170 million was allocated by the Welsh Government to the scheme in 2014, with the scheme extended in 2015 with a further £290 million. The third phase of the scheme from April 2021 introduced some changes, including a reduction of the maximum purchase price from £300,000 to £250,000.

In December 2022 the scheme was extended once again to March 2025, with some additional clauses requiring all homes sold through the scheme to meet a minimum of EPC B and the purchase price cap rising back to £300,000. There are currently over 60 builders participating in the scheme and over 20 lenders.

The Welsh Government's stated aims when introducing the scheme were two-fold: firstly, to stimulate building activity and provide a boost to the housing sector, and secondly to support home ownership for those without sufficient money for a deposit.

The scheme has delivered on these objectives:

- There have been over **14,000 Help to Buy Wales completions** in total since 2014, supporting the industry in its recovery after the financial crisis. The years after the scheme was introduced saw the highest levels of post-financial crisis housing delivery as the industry had greater confidence to invest - with housing supply increasing by around a quarter during those years.
- **65% of those who have received a shared equity loan** under the scheme **provided a 5% deposit**, with **84% providing a deposit of up to 10%**. Therefore, the scheme has successfully helped those who would otherwise not have been able to access high Loan-to-Value (LTV) mortgages.



# SUPPORT FOR FIRST-TIME BUYERS

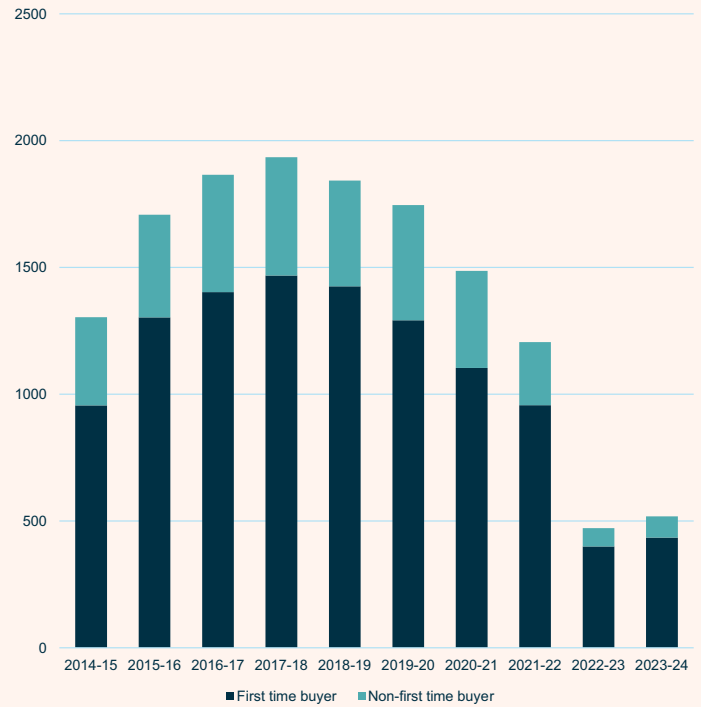
## COMPLETIONS

Help to Buy Wales was first intended as a short-term project, with funding only allocated for two years initially. Due to its success, the scheme has now been active for ten years and has had a substantial impact in supporting households in Wales onto the housing ladder. Figures from StatsWales and the Welsh Government show that:

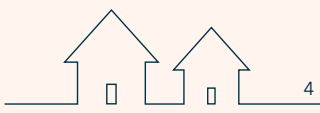
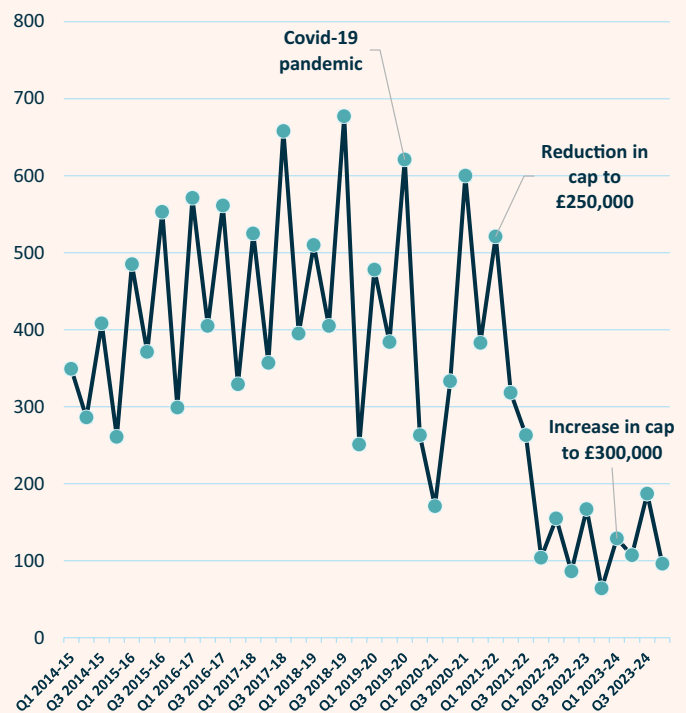
- As of March 2024, there have been 14,158 completions under the scheme.
- First-time buyers accounted for over three quarters (76%) of these completions - 10,807 households.
- The cumulative value of the equity loans is £563.1 million and the value of the properties purchased totals £2.85 billion.
- The average equity loan for first-time buyers over the course of the scheme so far is £38,000, and £44,000 for non-first-time buyers.
- 84% of those who used the scheme in the latest financial year - 2023/24 - were first-time buyers, and this proportion has increased steadily over time from 73% in the first year.

The number of completions has fallen in the past two financial years due to a period of high interest rates, the impact of the COVID-19 pandemic, and a temporary reduction in the maximum purchase price to £250,000 in 2021. Nevertheless, there are early signs that demand is recovering, with completions rising by 10% in 2023-4 compared to 2022-23 as the maximum purchase price was restored to £300,000.

Help to Buy Wales completed purchases by first-time buyer status



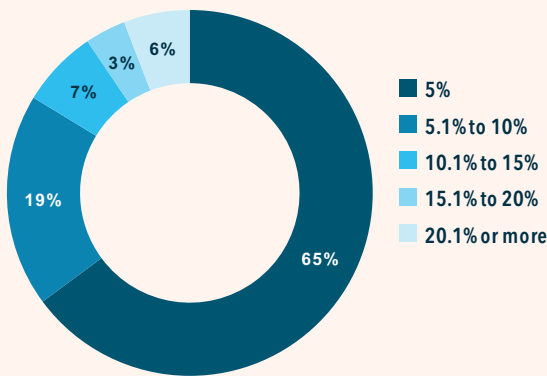
Help to Buy Wales quarterly completions



## DEPOSITS

Since the financial crisis, mortgage lenders have typically lent at 95% LTV for buyers of second-hand properties, but perhaps only at 85% or 90% for new build purchasers. Help to Buy Wales de-risked this proposition, allowing buyers to obtain 95% mortgages which were really seen as 75% LTV mortgages for lenders.

**Help to Buy Wales completed purchases by deposit range**



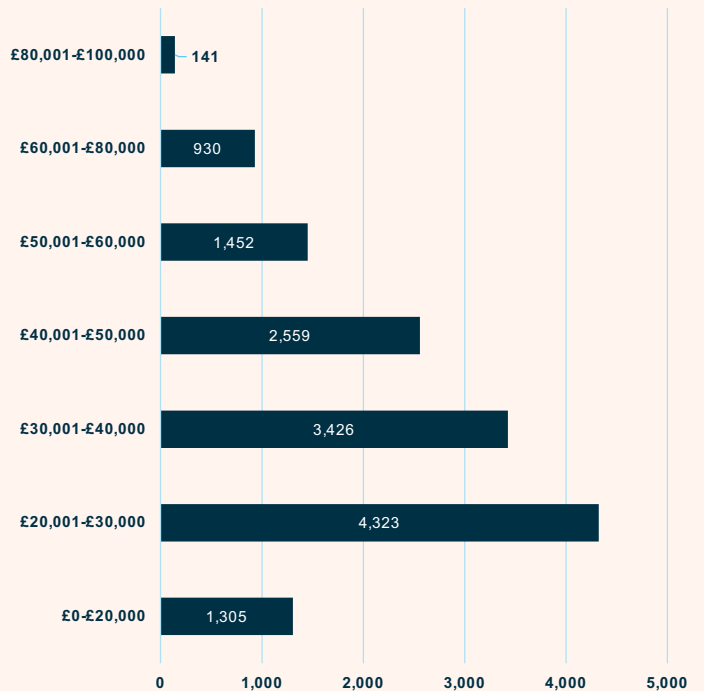
As a result, around two-thirds of all recipients of Help to Buy - Wales shared equity loans have provided the minimum 5% deposit (9,186 households), with 84% (11,863) providing a deposit of 10% or less.

## HOUSEHOLD INCOMES AND COMPOSITION

The scheme has also provided targeted support to those on low and medium incomes. For instance, the median income of primary applicants is similar to the median income in Wales as a whole<sup>3</sup>. Furthermore, 64% of households had an overall income of £40,000 or less, while 53% of households who have used the scheme bought a house under £200,000.

Buyers are most commonly two adults with no children (46%), with around a quarter of all households assisted being families. Furthermore, 54% of all homes purchased under the scheme were 3-bedroom homes, with a further 25% being 4-bedroom homes. The median age of purchasers is 35.

**Help to Buy Wales completed purchases by household income**



3. Welsh Government, 'Homebuyers Needs Research and the Place of Help to Buy Wales'

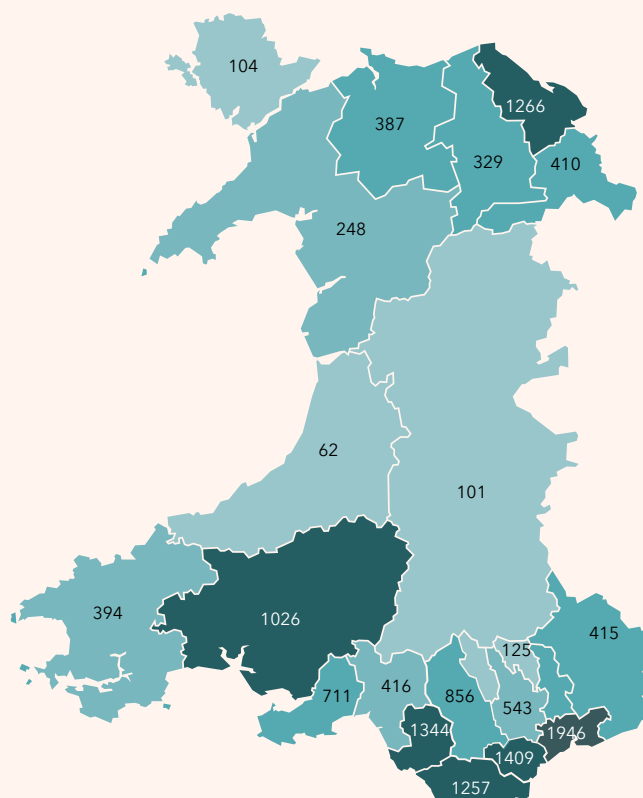


The publicly available data also shows that the scheme has benefitted households across Wales and in every local authority area:

- 62% of completions (8,704) have been in South Wales, where there is most demand for new housing.
- 19% of completions (2,744) have been in North Wales, and 19% have been in West and Mid Wales (2,687).
- Newport is the local authority area in which there have been the most completions (1,946), followed by Cardiff (1,409) and Bridgend (1,344).

In summary, the scheme has been successful in addressing deposit issues, allowing over 9,000 households across Wales to buy a home with a deposit of just 5%. It has also benefitted households of all different compositions, and from across the entirety of Wales - demonstrating the broad-based success and impact of the scheme.

#### HELP TO BUY WALES COMPLETED PURCHASES (BY LOCAL AUTHORITY)



# RETURNS TO THE TAXPAYER

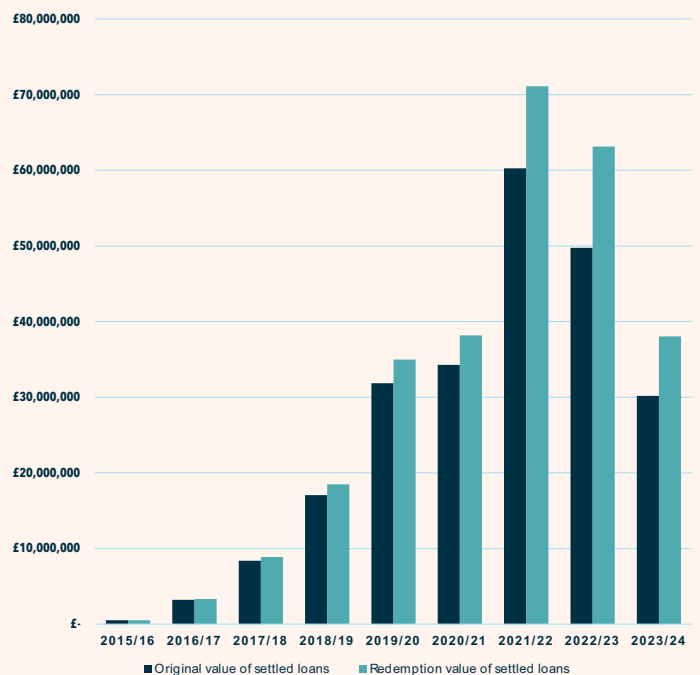
Due to the structure of the support for first-time buyers coming in the form of an equity loan, the scheme has also turned a profit for the Welsh Government, delivering significant financial returns to the Welsh Government of over £40 million - a figure that will increase over the coming years as the outstanding loans are repaid.

Figures obtained from the Welsh Government show that:

- As of May 2024, 6,428 loans have been repaid in full - 46% of the total.
- 3,340 loans from the first phase of the scheme have been repaid - almost all of the loans that were issued in this phase from 2014-2016.
- 90% of loans are settled within the first six years.
- The loans have been repaid at a total value of £281.99 million, compared to an original value of £239.79 million.
- This is a return of over £40 million to the Welsh Government and an average uplift of 18% per equity loan.
- The average equity loan since 2013 has been £40,000, meaning equity loans have generated a 'profit' to the taxpayer of £6,500 on average.
- During 2023/24, 774 historic equity loans were fully repaid. The Welsh Government received a £7.9 million return on investment from these loans, a 26% uplift per equity loan.

The scheme has also outperformed Help to Buy in England when considering both taxpayer returns and the support provided to those on lower incomes, further strengthening the case for the renewal of Help to Buy Wales. For instance, a greater proportion of those who have taken up the scheme in Wales have earned under £40,000 and provided the minimum 5% deposit.

**Original vs. redemption value of settled loans (by year in which loan was settled)**



**TABLE ONE: COMPARISON OF HELP TO BUY WALES AND ENGLAND HELP TO BUY**

	HELP TO BUY WALES	HELP TO BUY (ENGLAND) <sup>4</sup>
% of loans repaid	46%	35%
Average uplift to taxpayer per loan	18%	9.5%
Average 'profit' to taxpayer per loan	£6,500	£4,905
% of households who earned under £40,000	64%	28%
% who provided the minimum 5% deposit	65%	54%

4. DLUHC, 'Help to Buy: Equity loan statistics'



# WIDER IMPACT OF HELP TO BUY WALES

## SOCIO-ECONOMIC AND ENVIRONMENTAL BENEFITS OF THE SCHEME

The Help to Buy Wales scheme has delivered a wide range of benefits in the ten years since its introduction - supporting thousands of jobs, delivering benefits for local communities, and providing low-carbon and energy efficient new homes.

Estimates of the social and economic benefits of new housing supply show that every year, on average, the scheme has<sup>5</sup>:

- Invested £420,000 in open spaces.
- Invested £39.3 million in affordable housing.
- Generated £37.3 million of spending in local shops.
- Created £17.1 million in tax revenue alongside the returns to the taxpayer outlined above.
- Created over 4,400 jobs.
- Generated £240 million in economic activity.
- Led to a spend of £73 million on the supply chain.

In 2023/24 alone the scheme generated £88 million in economic activity and supported 1,600 jobs.

The scheme is also helping to meet the Welsh Government's net zero objectives - supporting the delivery of the low-carbon and energy-efficient new homes of the future. All homes delivered under the scheme are rated A or B for energy performance (EPC rating). Homes that meet this standard significantly reduce the amount of carbon emitted each year and use less energy<sup>6</sup>:

### Annual carbon emissions of new build vs existing properties (tonnes)



- New build homes in Wales, including those delivered under Help to Buy Wales, emit just 1.38 tonnes of carbon a year on average - 66% of the 4.03 tonnes emitted by an existing property, a saving of 2.65 tonnes per year.
- The average new build property in Wales uses approximately 8,454 kWh a year, as compared to existing properties which use an annual average of 22,465 kWh - meaning that the average new build uses over 62% less energy a year.

5. HBF/Lichfields, 'The Economic Footprint of House Building in England and Wales'

6. HBF, 'Watt A Save'





## BOOSTING THE HOME BUILDING INDUSTRY

Help to Buy Wales has come alongside a range of additional measures that the Welsh Government has introduced to support housing in Wales since 2014, such as increasing the supply of affordable housing, improving the quality of existing housing, and supporting the development of sustainable communities. The Help to Buy Wales scheme has been an important part of this wider strategy to improve the Welsh housing market and promote economic growth.

For instance, the scheme was a key contributor to meeting the Welsh Government's target of 20,000 Affordable Homes within the 2016-2021 Senedd term - providing over 8,000 homes during this period to meet the target, thereby helping to deliver on the Welsh Government's broader affordable housing objectives.

Help to Buy Wales also provides vital support for the home building industry, and assisted developers in their recovery from the financial crisis of 2008 by reducing the risk of planning and development through improved visibility of effective demand.

As a result, the mid-late 2010s saw a sustained period of recovery in investment levels and housing delivery:

- In the years before the introduction of Help to Buy Wales, planning permissions granted for new housing projects were running between 6,000 and 7,000 a year. This rose to between 9,000 and 12,000 in the mid-late 2010s after the scheme was introduced (up until the Covid-19 pandemic)<sup>7</sup>.
- Housing supply increased by around a quarter from its 2012/13 trough in the years following the introduction of Help to Buy Wales - rising from 5,451 to a post-financial crisis high of 6,900 in 2015/2016.
- Over the course of the scheme from 2014 to 2023, a quarter of new-build homes completed were sold through Help to Buy Wales, providing significant support for the industry.
- An evaluation of Help to Buy Wales carried out for the Welsh Government shows that the scheme has sustained housing delivery, and that it has particularly supported smaller housebuilders<sup>8</sup>.
- The Welsh Government evaluation also stated that there is no strong evidence of significant house price inflation due to the scheme.

An extension of the scheme would in turn support the industry's recovery from the current economic downturn - helping to restore confidence after a period of high inflation and rising interest rates, which saw the number of planning permission approvals in Wales fall to record lows<sup>9</sup>.

7. HBF/Glenigan, 'Housing Pipeline'

8. Welsh Government, 'Homebuyers Needs Research and the Place of Help to Buy Wales'

9. HBF/Glenigan, 'Housing Pipeline'



# THE FUTURE OF HELP TO BUY WALES: PUBLIC OPINION

The end of the current phase of Help to Buy Wales in March 2025 comes at a particularly challenging time for first-time buyers:

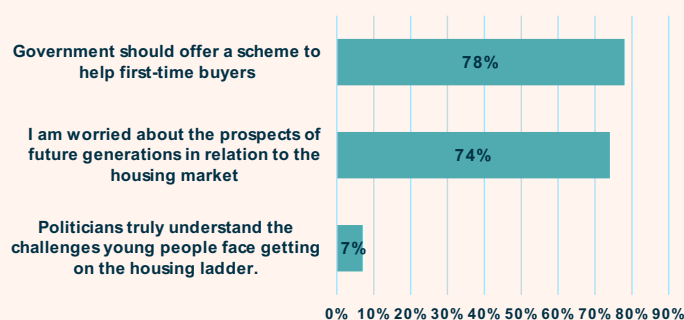
- Monthly private rents in Wales increased by 11.3% on average in 2023, making saving for a deposit even more difficult for younger generations.
- Housing has become more unaffordable in 19 of 22 local authorities in Wales since Help to Buy Wales was introduced in 2014 (as measured by the ratio of average house prices to average workplace earnings)<sup>10</sup>.

At this critical moment, new consumer survey data shows the scale of concern in Wales about the prospects of future generations in relation to the housing market. The survey, carried out for HBF, also shows that respondents overwhelmingly support a Government first-time buyer scheme being in place - strengthening the case for the scheme's renewal.

The survey responses show that:

- 74% are worried about the prospects of future generations in relation to the housing market.
- 78% agree a Government scheme to help first-time buyers should be in place.
- Only 14% in Wales agree politicians truly understand the challenges young people face getting on the housing ladder.
- 86% agree there is a housing crisis.
- Only 28% agree housing is affordable in their area for people like them.

## Consumer survey responses: % of respondents who agree with statement



Responses to the survey also show the public in Wales is supportive of more development in order to tackle the housing crisis, contrary to the widespread assumption that most of the public oppose the building of new homes in their area:

- 75% are supportive or not averse to new development in their area.
- 69% agree that building more homes is vital to solve the country's housing crisis.

Therefore, increasing housing supply and offering a support scheme for first-time buyers are both overwhelmingly supported by the Welsh public. Withdrawal of the Help to Buy Wales scheme would come at a time of great public concern about the difficulties facing prospective first-time buyers, and would run contrary to public support for such a scheme.

<sup>10</sup>. ONS, 'Housing affordability in England and Wales: 2023'



# CONCLUSION AND RECOMMENDATIONS

This analysis of publicly available data and Welsh Government figures on Help to Buy Wales shows that it has played a significant role in supporting the home building industry, while helping thousands of first-time buyers onto the property ladder and delivering significant returns for the taxpayer in Wales. Consumer survey data carried out for HBF also shows there is strong public support for a first-time buyer scheme and widespread concern about the difficulties facing younger generations trying to get onto the housing ladder.

While Help to Buy Wales completions have fallen in recent years, the scheme will play an important role in the recovery of the home building industry as economic conditions improve. Demand for the scheme is already increasing once again, with a 10% rise in completions in 2023-4 compared to 2022-3.

HBF is making several recommendations to the Welsh Government for the future of the scheme to ensure it can continue to support first-time buyers and the industry in the years ahead:

- 1. Renew the Help to Buy Wales scheme after March 2025:** There are several significant constraints on housing supply in Wales, including high interest rates, the slow pace of Local Developments Plan (LDP) production, and an increasing regulatory burden. The withdrawal of the support provided by Help to Buy Wales risks further jeopardising housing delivery at an already challenging time for the industry. Furthermore, the scheme is delivering healthy returns to the taxpayer of over £40 million and rising, offering an additional incentive for the scheme's renewal.
- 2. Increase the maximum purchase price:** HBF would welcome an increase in the price cap for properties purchased under the Help to Buy Wales scheme to reflect growing affordability pressures since the scheme began in 2014. The cap of £300,000 is no higher than when the scheme was introduced ten years ago, whereas the average price of a new build home in Wales is now above the £300,000 threshold<sup>11</sup>. At a minimum, there should be consideration of regional caps to support greater availability in certain areas of Wales such as Monmouthshire and Vale of Glamorgan, where average new build prices are above the existing threshold of £300,000<sup>12</sup>.
- 3. Ensure a pipeline of 'Help to Buy Wales' homes in the years ahead:** Help to Buy Wales is vital in giving the industry confidence to invest, and in supporting first-time buyers onto the property ladder. However, there are several supply-side issues with the planning process in Wales that threaten the pipeline of new Help to Buy Wales homes in the years ahead. Action should be taken in the first instance to speed up and enforce Local Development Plan (LDP) production, including by sufficiently resourcing Local Planning Authorities (LPAs). Technical Advice Notice 1 (TAN1) should also be re-instated to Planning Policy Wales to ensure local authorities are required to set out a pipeline of developments for the years ahead.

11. HM Land Registry, 'UK House Price Index Wales: April 2024' (latest available data at time of writing).

12. Ibid





## **ABOUT THE HOME BUILDERS FEDERATION (HBF)**

HBF is the representative body of the home building industry in England and Wales. Our members are responsible for providing around 80% of all new private homes built in England and Wales and most of our members are small or medium-sized enterprises.

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