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Help to Buy – Wales Interim Evaluation

Final Report

Interim Evaluation of the Help to Buy – Wales Initiative

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Glossary of Acronyms

CIL	Community Infrastructure Levy
CML	Council of Mortgage Lenders
DCLG	Department for Communities and Local Government
EL	Equity Loan
FTB	First Time Buyer
FTE Employment	Full Time Equivalent Employment
HtB	Help to Buy
HtBE	Help to Buy - England
HtBW	Help to Buy - Wales
IFA	Independent Financial Advisor
LA	Local Authority
LSAP	¹ Long Service Advance of Pay
MoD	Ministry of Defence
NHS	National Health Service
NI	National Insurance
NLP	Nathaniel Lichfield and Partners
ONS	Office for National Statistics
PAYE	Pay-as-you-earn tax
Section 106	² Planning obligations under Section 106 of the Town and Country Planning Act 1990

¹Long Service Advance of Pay – Set up by the Ministry of Defence, eligible personnel can receive an interest free loan of up to £8,500 which can be put towards the security of buying a house, perhaps as the deposit.

²Planning obligations under Section 106 of the Town and Country Planning Act 1990, these are a mechanism which make a development proposal acceptable in planning terms that would not otherwise be acceptable

1. HELP TO BUY - WALES – EXECUTIVE SUMMARY

1.1 The Help to Buy – Wales scheme was introduced in January 2014 in order to boost the house building sector in Wales and support home ownership. This interim evaluation measures the impact of Help to Buy - Wales on buyers and developers, considering how the existence of the scheme has influenced buyer and developer behaviour. The approach included a comprehensive survey of both buyers and developers (response rates of 23% (n=682) and 39% (n=49) were achieved) and a comparative analysis of the scheme across Wales and vis-à-vis a similar scheme in England. The response rates achieved for the surveys mean that the conclusions drawn cannot be said to be definitive, but analysis of the responses shows that the samples achieved for both buyers and developers are representative of both groups and so the conclusions drawn as part of this research are broadly indicative of the buyers' and developers' experience of the Help to Buy – Wales Scheme.

1.2 The analysis of the programme management information, survey results and interviews with buyers, developers and key stakeholders finds that:

From a buyer's perspective

- Seventy five per cent (n=494) of all beneficiaries purchasing properties through the scheme are first time buyers.
- Fifty seven per cent (n=281) of first time buyers stated that they entered the property market sooner as a result of the scheme.
- Eighty nine per cent (n=439) of first time buyer respondents reported that the scheme had an influence on their decision to buy a property.
- Eighty per cent (n=532) of respondents stated that the scheme had an influence on the type of property they purchased with:
 - 42% (n=222) buying a larger house (than they would have without the scheme);
 - 42% (n=225) buying a more expensive house (than they would have without the scheme); and
 - 73% (n=389) buying a house in a new, rather than existing development, specifically because of the scheme.

- There was a positive view on the administrative process of the scheme, with between 77% (n=514) and 86% (n=571) of respondents citing various aspects of the process as good.
- Only 43% (n=280) of overall respondents found the scheme's Welsh language service good. Of the seven that provided feedback in Welsh; three rated the service as 'Good', with one saying it was 'fair', two being 'Not sure' and the final Welsh speaking buyer rating the service as 'Poor'.

From a developers perspective

- Fifty-nine per cent of developers (n=26) reported that the scheme has influenced their development plans. Of these:
 - 62% (n=16) stated that they were building more houses in Wales due to the scheme;
 - 80% (n=20) stated that they would have built less houses in Wales without the scheme;
 - 27% (n=7) actively sought new locations within Wales for development, which they may not have without the scheme; and only 8% (n=2) stated that the scheme had an influence on the size of units they were developing.
- Seventy-five per cent (n=30) of respondents stated that the scheme had increased sales and 84% (n=36) noted an increased demand for housing in Wales.
- Ninety-two per cent (n=39) of respondents stated that they had actively promoted the Help to Buy Scheme.
- Twenty-one per cent (n=9) of respondents stated that buyers were not aware of the scheme before developers identified it.
- Seventy per cent (n=41) of respondents were happy with all aspects of the administrative process for the scheme.

- 1.3 The research concluded that the Help to Buy - Wales scheme has had a positive impact on the Welsh housing market as 75% were First Time Buyers. Furthermore, 89% of survey respondents stated that the scheme influenced them in purchasing a property, including 84% of repeat buyers who reported that they bought a larger or more expensive house because of the scheme. This evidence shows additionality in terms of the purchasing of a greater quantity of new properties than would have occurred without the scheme.
- 1.4 A cumulative analysis of survey responses suggest at least 126 jobs were created by developers directly because of the scheme (additional) with the remaining 34 jobs being partially additional (may have been created without the Scheme). Other developers indicated an increase in the working hours of their existing workforce, as opposed to the direct creation of new jobs.
- 1.5 The evidence suggests there has been some displacement impact on buyer activity, with some buyers suggesting they altered their behaviour due to the scheme – such as purchasing a bigger house or bringing forward their timeframe. There is some evidence, although limited, that it is now more difficult to sell smaller properties that could be marketed as ‘starter homes’ as the scheme is encouraging first time buyers to purchase larger and more expensive homes than they would have done otherwise.
- 1.6 Although it was not the primary objective of the scheme, it has had a significant positive impact on first time buyers; for example 75% of all buyers under the scheme were first time buyers and 57% of first time buyers who responded to the survey stated that they entered the property market because of the scheme.
- 1.7 The Help to Buy – Wales scheme was benchmarked against the similar scheme in England³. The Help to Buy – England scheme began nine months before the Help to Buy – Wales scheme and so although not directly comparable, the analysis suggests:
- a proportionately larger percentage of developers registered for the scheme in Wales;
 - a wider range of buyer types are using the scheme in Wales than in England (85% of all users are first time buyers in England, compared to 75% in Wales); and

³ www.helptobuy.gov.uk

- Up to June 2015, Help to Buy - Wales loans accounted for 5% of all loans in Wales, while Help to Buy – England accounted for 11% in England. However, precise comparisons cannot be made given that in England the scheme has been in operation for a longer period.

1.8 The analysis does suggest there is room for improvement. In particular, qualitative feedback from buyers suggests a need to enhance the provision of the Welsh speaking service and a need for further promotion of the scheme, not only to buyers but also to developers and solicitors.

1.9 The impact of the Help to Buy - Wales scheme was examined. No discernible trends were identified in terms of an urban/rural or geographic split in the impact of the scheme across the 22 local authorities, nor were there any trends with socio-economic data (such as greater levels of uptake in more or less affluent areas).

1.10 This research also concluded that the cap applied in the Help to Buy - Wales scheme is appropriate across Wales, with only Cardiff and The Vale of Glamorgan having average new-build house prices close to the cap. (We acknowledge that a sub-regional cap is not possible in this context.) The majority of buyers and developers also reported no issues with the price cap.

Recommendations

1.11 In all, the mid-term evaluation is positive, but the following recommendations are made (in no particular order).

1.12 In regards to the Process Evaluation

- The Welsh Government should put in place an improvement programme to enhance the Welsh language offering of Help to Buy – Wales.
- A marketing strategy (and associated budget) should be developed (allocated) and implemented to promote Help to Buy – Wales. In particular, a focus should be on promoting it to buyers, solicitors and financial institutions.
- In order to ensure that the application process remains efficient and timely Help to Buy (Wales) Ltd should offer training/refresher training to all solicitors and Independent Financial Advisors on the Help to Buy - Wales processes.

1.13 In regards to the Impact Evaluation:

- The Welsh Government should consider additional research on the impact of Help to Buy – Wales on those seeking to sell a property (particularly those wishing to move

up the housing ladder). This could take the form of a survey with house sellers and/or estate agents and would provide supplementary evidence of displacement on the second-hand market.

- The Welsh Government should work with developers and other stakeholders to increase the availability of land available for development. This should have a sub-regional focus, concentrating on those areas with the highest house prices (Cardiff, The Vale of Glamorgan and Monmouthshire) and will ensure continued success of the Help to Buy – Wales scheme and the housing market going forward.
- The sub-regional impact of the Help to Buy - Wales scheme should be monitored closely, as it is unlikely the full impact of the scheme has been fully felt across all local authorities. Given that property prices vary sub-regionally, there is potential for spatial bias in the longer-term. Monitoring this can ensure that, if a bias does become apparent, mitigating actions could be considered to address it. (Although it is noted that a price cap that varies across Wales is unfeasible.)
- The results of this analysis should be kept up-to-date and tracked against official statistics when they become available. The quality/ robustness of official statistical estimates on – for example house prices by Local Authority - should also be reviewed to ensure accuracy.

2. CONTEXT FOR THE STUDY

Introduction

2.1 PACEC were appointed by the Welsh Government to undertake an interim evaluation of the Help to Buy – Wales scheme. This evaluation considered activity under the scheme from January 2014 to September 2015.

Background to Help to Buy – Wales

2.2 The Welsh Government established the Help to Buy – Wales scheme in January 2014 in order to boost the house building sector in Wales and support home-ownership. The Welsh Government provided £170 million to fund a shared equity⁴ initiative providing loans to potential buyers to support the purchase of new-build properties over the period of January 2014 to March 2016.

2.3 The scheme supports eligible buyers to purchase new-build homes by providing access to a Welsh Government (equity) loan to make up the shortfall between their deposit and mortgage funding, and the purchase price of their desired property, up to the value of £300,000. Details on the scheme's eligibility criteria are set out below:

- Only newly built homes where Help to Buy – Wales has a registration agreement with the house builder are eligible for purchase under the scheme.
- The maximum purchase price for an eligible property under the scheme is £300,000.
- Buyers must be able to fund up to 80% of their selected property through a combination of a conventional repayment mortgage, and a minimum deposit of 5% of the purchase price.
- The property purchased must be your only residence. Help to Buy – Wales is not available to assist buy-to-let investors or those who will own any property other than their Help to Buy – Wales property after completing their purchase.

⁴ Joint ownership of real estate by both lenders and property dwellers. When the property is eventually sold, the owners share in the proceeds, or equity. In the meantime the property occupants benefit from interest and property tax write-offs.

2.4 A buyer must have a minimum of 5% personal deposit contribution and must be able to secure and afford repayments on a conventional 75% per cent repayment mortgage. There are currently 12⁵ named lenders offering mortgages across Wales alongside a Help to Buy – Wales shared equity loan.

2.5 The need for the scheme was identified following the global financial crisis and recession in Britain which began in 2008, when mortgage lenders tightened conditions and higher deposit requirements were imposed on potential home-buyers. This led to a fall in property transactions and subsequently a fall in house building activity across Wales.

2.6 Help to Buy - Wales has two key objectives:

1. **Help house-building activity in Wales return to pre-crisis levels** – A number of factors have contributed to the decline in house building activity in Wales. However, builders point to the fact that higher deposit requirements have made it more difficult to sell properties and this has resulted in the scaling back of production.
2. **Ensure that the Welsh construction sector remains competitive and continues to attract investment** – Prior to the launch of Help to Buy – Wales, the UK Government launched a similar initiative in England. With the English scheme in place there was a real risk (certainly with the larger developers who operate across the whole of the UK) that construction activity could be diverted from Wales to England.

⁵ While 12 are listed on the Help to Buy - Wales website, an analysis of the programme management information later revealed two more providers that have given out a mortgage alongside a Help to Buy - Wales shared equity loan in the past.

Terms of Reference

2.7 The aim of this interim evaluation is to measure the impact of Help to Buy – Wales on buyers and developers, and to determine how the existence of the scheme has influenced buyer and developer behaviour. The terms of reference are summarised below and set out in detail in Appendix A. The evaluation aimed to answer the following questions:

Impact Evaluation – Direct Impact on Beneficiaries

- *Has Help to Buy – Wales had an impact on what houses are bought (type, size, location etc.)?*
- *Has Help to Buy – Wales had an impact on when buyers are choosing to purchase houses?*
- *Has Help to Buy – Wales had an impact on the size of deposit used in purchases as part of the scheme?*

Impact Evaluation – Direct Impact on Developers

- *Has the existence of Help to Buy – Wales influenced development plans? If so, how?*
- *Have development plans altered since the introduction of Help to Buy – Wales?*
- *Has Help to Buy – Wales impacted on the type and size of houses built on sites in Wales?*
- *Has the existence of Help to Buy – Wales had any impact on demand for housing?*

Impact Evaluation – Wider Impact

- *Has the Help to Buy – Wales scheme had any impact on house prices in Wales?*
- *Has the Help to Buy – Wales scheme had any impact on housing supply in Wales?*
- *Has the Help to Buy – Wales scheme had any impact on the competitiveness of the construction industry in Wales?*

Process Evaluation (Buyers and Developers)

- *What are buyers' and developers' experiences of the Help to Buy – Wales application process?*
- *How useful and accessible were the Help to Buy – Wales scheme information and documentation?*
- *Are buyers aware of their ongoing obligations and restrictions imposed by the scheme?*

Data Caveat

2.8 In order to try and assess the impact of the scheme on the housing market in Wales and to compare it with the similar scheme in England, it was necessary to access a wide range of published statistical data relating to the housing market in Wales and England. However, it is important to note that there are a number of caveats that must be applied to the data analysis undertaken as part of this evaluation. In particular, the lack of direct comparability between Help to Buy – England and Help to Buy – Wales should be borne in mind when analysing the results, not least because of the different structures in the English housing market and the higher £600,000 price cap of the English scheme. There is also the fact that direct comparison is difficult given that the English scheme began nine months before the scheme commenced in Wales.

2.9 In addition, it should be noted that the house price data for the Welsh Local Authorities can vary greatly from year to year. This is often the case when analysing different segments of the market at a sub-regional level as outliers can greatly impact upon averages when population numbers are small. A degree of caution should be exercised when interpreting these results.

2.10 There are also instances whereby a lack of data availability limited the analysis; some examples are outlined below:

- Data on existing home purchases outside the scheme.
- Data on repeat and first time buyers outside the scheme on both national and regional level.
- Data on average deposit levels outside the scheme on both national and regional level.
- Developer activity outside the scheme on both national and regional level.

Report Structure

The report is comprised of the following sections

Section 1: Executive Summary

Section 2: Context for the Study

Section 3: Strategic Context

Section 4: Methodology

Section 5: Programme Management Information

Section 6: Process Evaluation

Section 7: Wider Impact

Section 8: Impact on Beneficiaries

Section 9: Impact on Developers

Section 10: Conclusions and Recommendations

3. STRATEGIC CONTEXT

3.1 It is important to consider the policy and socio-economic context within which the scheme is operating. The following section summarise the key policy document and the relevant socio-economic statistics.

Policy Context

Welsh Government's Programme for Government (PfG) 2014⁶.

3.2 The PfG stresses that housing makes a significant contribution to the quality of life and well-being of families. The Welsh Government has made the commitment to support the development of 10,000 additional affordable houses⁷ over the course of the Assembly term. A key objective of the PfG is "Increasing supply and choice by helping people to find a home that suits their individual circumstances" by:

- promoting alternative or innovative means of providing affordable homes at a local level e.g. community land trusts;
- supporting the strategic housing function in each Local Authority and ensuring that affordable housing reflects corporate and strategic priorities and is embedded in local housing strategies; and
- continuing to promote affordable housing⁸ and other housing issues of strategic importance e.g. quality and resource efficiency.

3.3 The Help to Buy – Wales scheme was established to contribute to this objective by boosting the production of new housing in Wales.

Socio-economic statistics

3.4 The following paragraphs provide an overview of the key statistics regarding the Help to Buy – Wales scheme, including house prices and employment in the construction industry in Wales.

⁶ <http://gov.wales/docs/strategies/150616-progress-en.pdf>.

⁷ Affordable housing refers to housing units that are affordable by that section of society whose income is below the median household income.

⁸ Government have set a revised target of 10,000 additional affordable homes to be delivered before the end of this government term (White Paper for Better Lives and Communities, May 2012) and they are on track to achieve this target (Programme for Government Summary Report, 2015).

House Prices

3.5 The following table shows the Office for National Statistics data on house prices by type of dwelling from 2003 to 2013.

Table 3:1 Average House Prices in Wales by Dwelling Type (2000–2013)

Wales	Bungalow Price (£s)	Detached Price (£s)	Semi- Detached Price (£s)	Terraced Price (£s)	Flat or Maisonette Price (£s)	Purpose	All Dwellings (£s)
						built flat or maisonette Price (£s)	
2003	128,000	178,000	92,000	76,000	85,000	89,000	110,000
2004	155,000	218,000	120,000	98,000	109,000	105,000	138,000
2005	172,000	238,000	133,000	108,000	104,000	119,000	150,000
2006	178,000	247,000	141,000	116,000	110,000	121,000	157,000
2007	187,000	261,000	151,000	125,000	121,000	127,000	170,000
2008	189,000	262,000	150,000	121,000	130,000	126,000	170,000
2009	176,000	247,000	142,000	117,000	129,000	118,000	166,000
2010	180,000	253,000	149,000	121,000	129,000	119,000	172,000
2011	174,000	245,000	141,000	116,000	126,000	116,000	165,000
2012	163,000	245,000	142,000	117,000	121,000	114,000	165,000
2013	169,000	247,000	149,000	121,000	126,000	109,000	169,000

Source: ONS – House Price Indices (2014)

<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=House+Price+Indices>

3.6 As shown in Table 3:1 the average price of a house in Wales increased from £110,000 in 2003 to £170,000 in 2007 (54%). From 2007 to 2013, average prices remained more stable with a slight decrease (-0.5%) from £170,000 to £169,000.

3.7 A report by the CML suggests that the overall rise in house prices has made it more difficult for potential buyers to enter the property market, particularly first time buyers.⁹

⁹<http://www.cml.org.uk/news/press-releases/monthly-house-purchase-lending-in-april-down-10-on-last-year/>.

3.8 In addition, there has been an under-supply of housing in Wales. House building in Wales peaked at 8,988 completions per year in 2006-07. This number fell sharply following the 2008 financial crisis and has remained below 5,000 homes per year between 2010–11 and 2012–13¹⁰.

Construction Industry in Wales

3.9 Employment in the construction industry fell to 6.5% in 2013, from a high of 7.9% in 2006. This represents a decrease of 17,600 jobs in the construction industry during the period 2006–2013 (Welsh Government, 2014)¹¹.

Potential Benefits of Reinvigorating the Construction Industry

3.10 A report published in January 2014 by the Housing Supply Task Force noted¹² that housing development is now widely recognised as having a major role to play in driving economic growth. Specifically it stated:

“New homes generate growth in the economy and create jobs. They provide a sustainable boost to the economy by attracting private investment and improving the attractiveness of Wales as a place to invest.”

3.11 Furthermore, the HM Treasury also estimates 21 jobs are created annually for every £1 million spend on housing development (25% more than the average for other infrastructure investment)¹³. Furthermore, not having enough homes restricts labour market mobility, raises business costs and exacerbates inequality, all of which constrains economic growth¹².

¹⁰ StatsWales, ‘New dwellings completed by area, dwelling type and number of bedrooms’ (August 2015).

¹¹ StatsWales. Workplace employment by industry and area. (2014).

¹² Report of the Housing Supply Taskforce: Delivering More Homes for Wales (January 2014) <http://gov.wales/docs/desh/publications/140130delivering-more-homes-for-wales-en.pdf>.

¹³ HM Treasury (undated) Guidance on estimating the employment impacts for planned capital expenditures. Data cited refer to UK and are in 2009 prices.

- 3.12 The potential benefits are constrained by issues with the affordability and supply of housing. The potential economic benefits that could be achieved if the housing supply increased to match the requirements indicated by the Welsh Government projections are summarised in a report by Nathaniel Lichfield and Partners (2015) which estimated that the economic impact of house building in Wales in 2014 was over £428 million¹⁴. This report highlights that the house building industry in Wales makes a significant contribution to the economy through wages (including National Insurance and PAYE), which are estimated to generate over £101 million per year. The house building sector also contributes to the economy through a range of other taxes such as Stamp Duty, Land Tax, corporation tax, landfill tax, business rates, and non-recoverable Value Added Tax.
- 3.13 Residents make further contributions to the economy through spending on furnishings and decoration at an estimated £119 million. Whilst the report also notes that residents of the 5,840 new homes built across Wales in 2013/14¹⁵ also contributed £6.9 million in Council Tax payments that year, (this may not all be additional, as it is likely that homeowners would have paid Council Tax on previous properties regardless).
- 3.14 The following table summarises the data relating the direct and indirect economic benefits of house building based on Welsh Government and NLP projections. Both Welsh Government and NLP projections are used to give an indication of the range of benefits associated with house building in Wales.

¹⁴ Nathaniel Lichfield and Partners: The Economic Footprint of House Building in Wales (May 2015).

¹⁵ DCLG Live Table 209 (February 2015) relating to dwelling completions in the reporting year 2013-14.

Table 3:2 Potential Economic Benefits from Increased Housing Supply

Type of Economic Benefit		Annual Economic Footprint - Potential Uplift	
		Welsh Government 2011 projections (2,660 homes per annum)	NLP projections ¹⁶ (5,821 homes per annum)
Economic Output	Direct and Indirect	+£219m	+479m
Employment	Direct Construction Jobs	+2,430	+5,320
	Indirect and Induced FTE Employment	+370	+800
UK Public Finance Revenue	NI and PAYE Contributions	+£18.4m	+40.3m
Local Authority Revenue	Council Tax Receipts	+£3.4m	+£7.4m
Local Community Benefits	New Resident Expenditure	+£64m	+£119m

Source: Nathaniel Lichfield and Partners: The Economic Footprint of House Building in Wales (May 2015) <http://nlpplanning.com/uploads/ffiles/2015/05/819766.PDF>.

3.15 The data set out above suggests that the potential economic benefits of house building are not being maximised, due to a lack of affordable housing and a decline in the number of houses being built. The figures differ as NLP states that the latest 2011-based Welsh Government household projections were shaped by the conditions experienced during the recession and assume that these will continue in the future. The NLP report suggests that the 2011-based household projections underestimate the number of houses that are likely to be needed in Wales between 2011 and 2031 by 63,200 (3,160 pa). While the Welsh Government and NLP projection figures differ, overall they show the positive impacts of house building in Wales.

3.15 Specifically, the report states the benefits of affordable housing are that it: *‘relieves the financial pressure of high housing costs on buyers and so allows them to participate more fully in the economy in terms of spending. Providing affordable housing on-site as part of new developments is also beneficial to the economy in terms of reducing*

¹⁶ Nathaniel Lichfield and Partners (NLP) is an independent British town planning consultancy. It is the oldest and one of the UK’s largest independent firms specialising in development planning.

the pressure on social housing grant funding thereby enabling delivery of additional affordable homes’.

- 3.16 According to NLP, over 5,300 construction jobs could be created if the required 5,821 new homes are completed each year in line with their predicted demand¹⁷. This compares to the 2,430 jobs that would be created if the shortfall in housing is based on Welsh Government projections of 2,660 completions. Overall the report shows the range of potential benefits that would be lost if the projected need for housing was not met, and that the current low rate of house building has a negative impact on the economy.
- 3.17 On this basis the Help to Buy – Wales scheme can potentially contribute towards a range of economic outputs, by helping to stimulate house building activity in Wales. It is assumed that by providing potential buyers access to alternative sources for finance towards deposits, this will stimulate the new housing market in Wales as buyers purchase newly developed homes under the scheme.
- 3.18 It is noted that shared ownership schemes can be counter-productive when addressing affordability issues, as unintended consequences of such schemes can be that they drive up costs of housing for people who do not benefit from the subsidies¹⁸. However, the positive contribution of the housing sector to the wider economy is also well documented, for example Barker (2004)¹⁹ noted that “A weak supply of housing contributes to macroeconomic instability and hinders labour market flexibility, constraining economic growth.”

¹⁷ NLP (May 2015) “Assessing the Need for Housing in Wales: A Re-evaluation of the Welsh Government 2011-based Household Projections”.

¹⁸ Institute for Public Policy Research (2011): Build Now or Pay Later.

¹⁹ Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs. Kate Barker 2004.

4. METHODOLOGY

Introduction

- 4.1 The methodology for this evaluation comprised a mix of primary research and desk-based analysis that provided both qualitative and quantitative evidence. The methodology involved the seven stages of work outlined in Figure 4.1.

Figure 4.1 Methodology

1. Desk Based Research	<ul style="list-style-type: none">• Review of Strategic / Policy Context• Analysis of programme management information and relevant socio-economic statistics• Review of relevant research papers
2. Survey Design	<ul style="list-style-type: none">• Developer Survey• Buyer/Applicant Survey
3. Fieldwork	<ul style="list-style-type: none">• Completion of developer and applicant/buyer surveys
4. Detailed Interviews	<ul style="list-style-type: none">• In-depth interviews with buyers• In-depth interviews with developers
5. Consultations	<ul style="list-style-type: none">• Consultations with key stakeholders with a responsibility for housing in Wales.
6. Benchmarking	<ul style="list-style-type: none">• Programme Benchmarking - Benchmarking the outcomes/impacts of the scheme with Help to Buy England• Comparative analysis of statistical data in the Welsh housing market and the characteristics of the Help to Buy - Wales population
7. Analysis and Reporting	<ul style="list-style-type: none">• Analysis of the qualitative and quantitative data collected at the previous stages• Reporting and Presentation

Source: PACEC Limited

Desk Research

- 4.2 The first stage of the evaluation involved desk-based research including a review of policy context, an analysis of programme management information supplied by Help to Buy (Wales) Ltd, and a review of relevant research papers.
- 4.3 The next stage of research involved designing and issuing two online surveys: a buyer/applicant survey and a developer survey.

Applicant Survey

- 4.4 Surveys and further interviews were carried out with both successful and unsuccessful applicants to the scheme.
- 4.5 Help to Buy (Wales) Ltd issued an email to all 3,003²⁰ applicants with a link to an online survey that was available in either English or Welsh. The survey was completed by 682 unique buyers giving a response rate of 23%. Of these respondents, 664 had completed purchases through the scheme, while the remaining 18 withdrew their applications. Seven respondents completed the survey in Welsh and these responses were translated into English to assist with the analysis of the survey results.
- 4.6 The purpose of this survey was to carry out an impact and process evaluation. The impact section of the survey was designed to identify if Help to Buy – Wales had an impact on: what houses were bought (type, size, location etc.), when buyers are choosing to purchase houses; and on the size of deposit used in purchases as part of the scheme. The process evaluation aspect of the survey was designed to mainly gather feedback on buyers' experiences of the Help to Buy – Wales application process; how useful and accessible the scheme information and documentation were; and buyers' awareness of their ongoing obligations and restrictions under the scheme.
- 4.7 As the survey was issued to all buyers who were named on the application form, there was the potential for duplicate responses i.e. two buyers from the same home completing the survey separately. To address this any duplicates in the property reference code were removed, this was followed by identifying any repeating property addresses and removing these duplicates as appropriate to leave the 682 unique responses.

Sample Representation

- 4.8 As outlined in Appendix B, the sample of buyers who completed the survey was representative of overall buyers under the scheme with similar proportions of first time and repeat buyers, similar representations from each area of Wales, and similar proportions of buyers at each deposit level.

²⁰ Total number of applications by 31 August 2015.

Developer Survey

- 4.9 Help to Buy (Wales) Ltd issued the survey (by email) to all 134 developers on their contacts database. Forty-nine completed survey responses were collected from developers giving a response rate of 37%. An analysis of their responses has found that these developers have completed approximately 1,079 houses through the scheme. This represents 51% of completed houses to date. Information from Help to Buy – (Wales) Ltd indicates that to date 83 registered developers have built under the scheme. Our survey responses would therefore equate to 59% of these developers.
- 4.10 The survey was designed to gather developer feedback mainly surrounding the influence Help to Buy – Wales has had on development plans, the impact on the type and size of houses being built, and the impact on demand for housing in Wales, as well as gather feedback regarding the processes.
- 4.11 Please see Appendix B for more details of the profile of respondents.

Interviews

- 4.12 Consultations were carried out with three separate groups including: applicants (both withdrawn and successful), developers and key stakeholders.

Applicants

- 4.13 Twenty telephone interviews were conducted with individuals who applied to buy a house under the scheme to gain a deeper understanding of their views. The sample of buyers represents a range of different buyer types taking into account area of purchase, repeat or first time buyer, age, family type, percentage of deposit paid and employment status. Fifteen interviewees completed purchases through the scheme, while five withdrew their applications. Overall the sample is largely representative of Help to Buy – Wales applicants (see Appendix B for more details) in regards to geography, the split between first time buyers and repeat buyers who were interviewed was similar to the whole scheme and the deposit level.

Developers and Key Stakeholders

4.14 Ten senior members of staff from small, medium and large development companies who are registered with the scheme were interviewed alongside a representative from the Home Builders Federation and the Council of Mortgage Lenders.

5. PROGRAMME MANAGEMENT INFORMATION

Summary

5.1 Of the 3,003 applications received by the scheme to 31 August 2015, 2,094 (70%) have resulted in completed purchases. Key points related to these completed purchases include:

- the majority of completed purchases were made by first time buyers (75%, n=1,563);
- the Local Authority with the highest number of completed purchases (to 31 August 2015) is Newport (n=292), while the Local Authority with the lowest number of completed purchases to date is Ceredigion (n=5);
- the majority (67%, n=1,409) of buyers paid a deposit of 5%;
- the most common household income among buyers (n=609) was between £30,001 and £40,000, while the least common household income among buyers (n=4) was 'Greater than £100,000';
- the average purchase price to 31 August 2015 was £178,968 and only 6.6% (n=139) of purchases were within the £250,000- £300,000 price range;
- the average purchase price for repeat buyers (£208,917) is higher than that of first time buyers (£168,794)²¹; and
- the average equity loan taken out by first time buyers was £34,000, while the average equity loan taken out by repeat buyers was £41,000²².

Introduction

5.2 This section provides an overview and analysis of the scheme's progress as of 31 August 2015 except where otherwise stated.

Applications

5.3 As shown in the table below, by 31 August 2015 there were over 3,000 applications to the scheme, with 2,094 completed purchases.

²¹ Source: StatsWales – Help to Buy - Wales average purchase price for completed purchases by local authority and buyer (August 2015).

²² Source: StatsWales – Help to Buy - Wales Average Equity Loan by Local Authority and Buyer (August 2015).

Table 5:1 Application Status

Application Status	No. of Applications	Per cent of Applications
New cases yet to be fully assessed ²³	10	0.2%
Authority to proceed issued ²⁴	223	8%
Authority to exchange issued ²⁵	66	5%
Contracts exchanged ²⁶	310	7%
Completed purchases	2,094	69%
Declined or not proceeding	268	9%
Queried ²⁷	32	1%
Total	3,003	100%

Source: StatsWales – The number of Help to Buy - Wales Applications by Completion Status (August 2015)

Completed Purchases

5.4 The following section provides an analysis of completed purchases information using data drawn from two sources: programme management data provided by Help to Buy (Wales) Ltd and data sourced from StatsWales. Each source is clearly indicated when used.

²³ New cases yet to be assessed are those received by Help to Buy (Wales) Ltd but have not yet been fully processed.

²⁴ Authority to Proceed (ATP) cases are those where Help to Buy (Wales) Ltd have assessed and passed an application for their shared equity loan funding.

²⁵ Authority to Exchange (ATE) cases are where an applicant has secured a full mortgage offer from an affiliated lender, and therefore Help to Buy – Wales have informed the customer they can now exchange contracts.

²⁶ Contracts exchanged is where the applicant has exchanged contracts and Help to Buy (Wales) Ltd are ready to release their shared equity funding on the prescribed completion date.

²⁷ Queried cases can occur at any stage in the loan-making process, usually as a result of minor paperwork discrepancies or incomplete information. When this occurs, Help to Buy (Wales) Ltd query the case with the buyer or their conveyancer, before proceeding any further.

Table 5:2 Completed Purchases to 31 August 2015, by Buyer Type and Financial Year

Year	Completed purchases	First time buyers	Per cent of completions	Repeat buyers	Per cent of completions
2013/14 (part year) ²⁸	72	63	88%	9	13%
2014/15	1,307	960	73%	347	27%
2015/16 (part year) ²⁹	715	540	76%	175	24%
Total	2,094	1,563	75%	531	25%

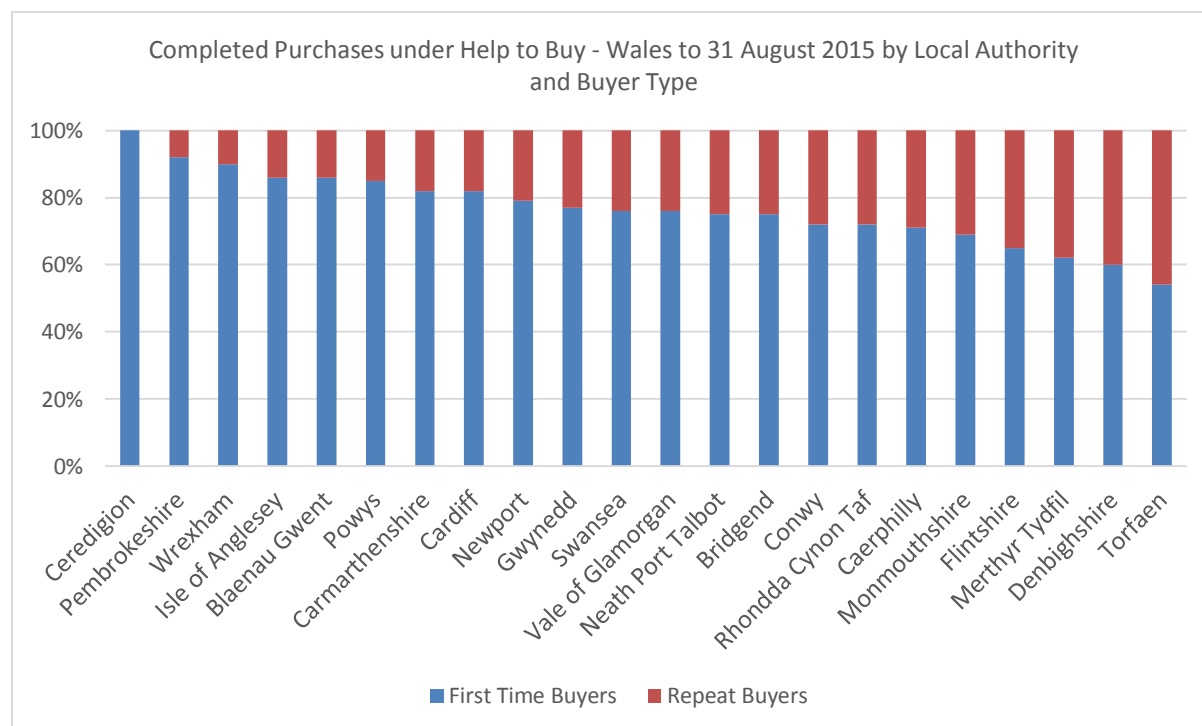
Source: StatsWales – Help to Buy - Wales Completed Purchases by Local Authority and Date
(August 2015)

5.5 As shown in Table 5:2, the majority of completed purchases to date have been made by first time buyers (75% per cent, n=1,563). During the first full year of the scheme's operation (2014/15), 1,307 purchases were completed. Of these purchases, 73% per cent (n=960) were made by first time buyers, while the remaining 27% per cent (n=347) were made by repeat buyers. From the first quarter of 2015/16 to date, 715 purchases were completed.

²⁸ Data refers to the number of completed purchases from the scheme's launch on 2 January 2014 to 31 March 2014.

²⁹ Data refers to the number of completed purchases for financial year 2015/16 to 31 August 2015.

Figure 5.1 Completed Purchases under Help to Buy - Wales to 31 August 2015 by Local Authority and Buyer



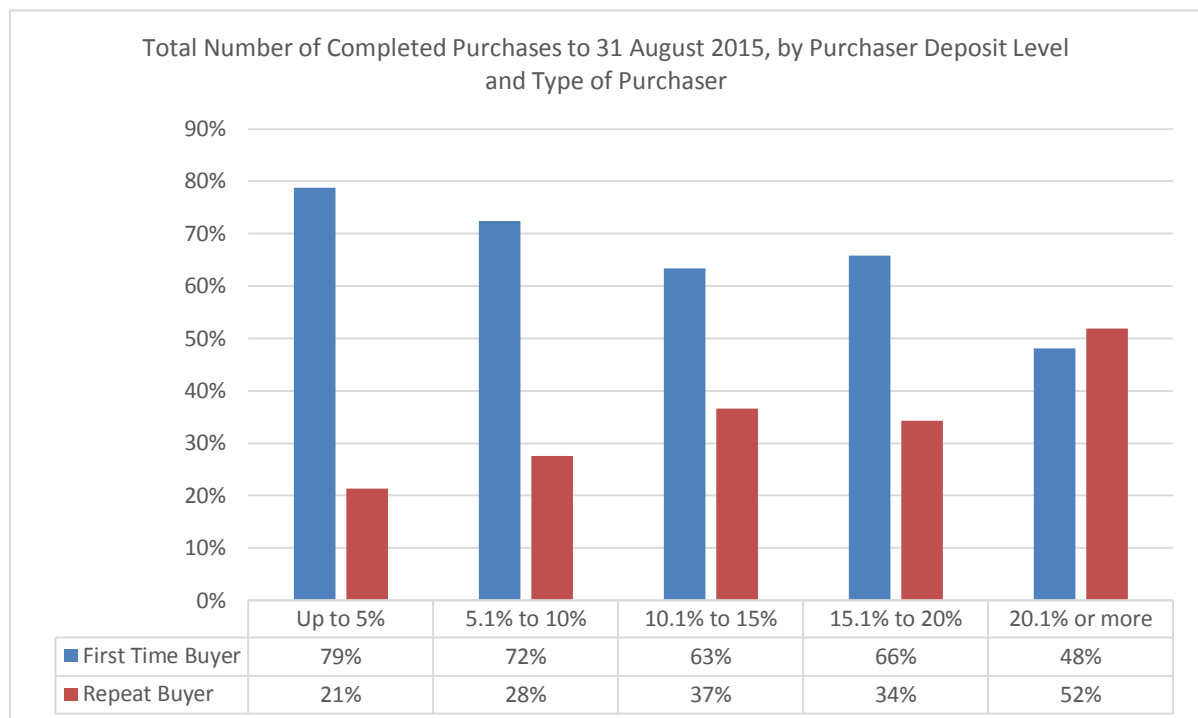
Source: StatsWales – Help to Buy - Wales Completed Purchases by Local Authority and First Time Buyer (August 2015)

5.6 Since the beginning of the scheme (January 2014) to 31 August 2015, Newport has seen the highest number of completed purchases with 292 completions, 79% (n=231) made by first time buyers. Conversely, Ceredigion has the lowest number of completed purchases at just five over the same period.

5.7 Figure 5.1 illustrates the proportion of first time and repeat buyers purchasing through the scheme. In Newport, of the 292 completed purchases, 79% (n=231) were made by first time buyers while the remaining 21% (n=61) were made by repeat buyers. With a total of 71 completed purchases, 90% of the buyers in Wrexham were first time buyers. With 256 completions, Flintshire saw a split of 65% first time buyers and 35% repeat buyers. The proportions in Torfaen however are more evenly split, with 15 (54%) of the 28 completed purchases made by first time buyers and 13 by repeat buyers. Overall, all Local Authority areas had more first time buyers than repeat buyers involved with the scheme, with only five LA areas having less than 70% first time buyers³⁰.

³⁰ Monmouthshire (69%), Flintshire (65%), Merthyr Tydfil (62%), Denbighshire (60%) and Torfaen (54%).

Figure 5.2 Total Number of Completed Purchases to 31 August 2015, by Purchaser Deposit Level and Type of Purchaser

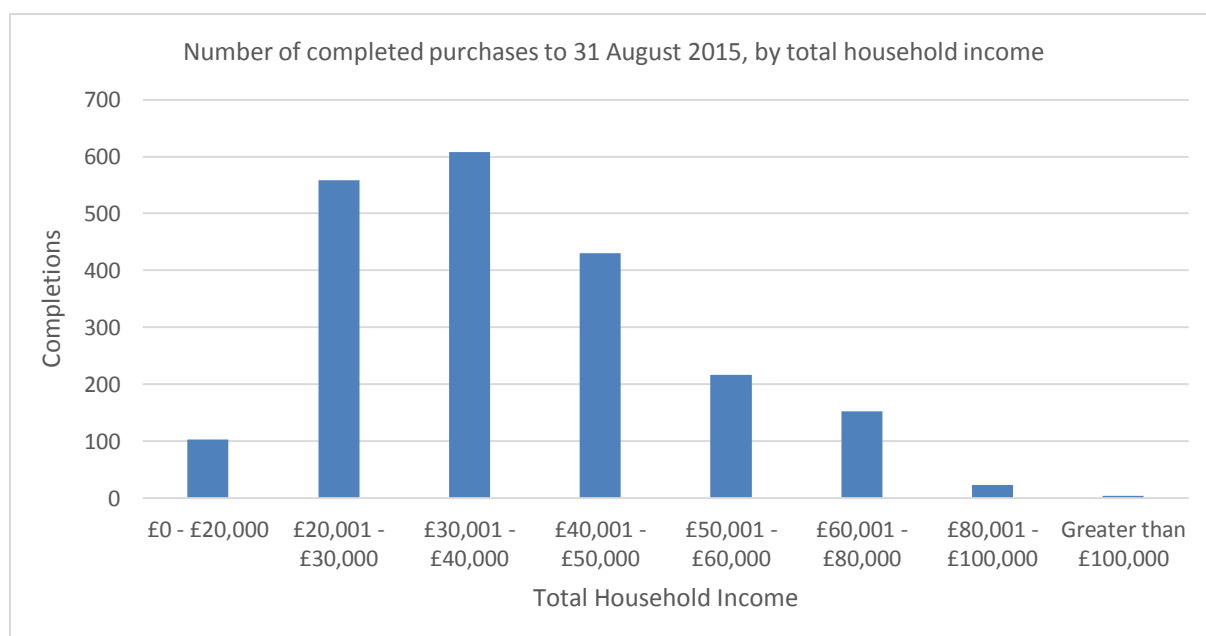


Source: Help to Buy (Wales) Ltd (August 2015)

5.8 As set out above, the majority (n=1,409) of buyers paid a deposit of up to 5%, while only 73 buyers paid a deposit of between 15.1% and 20%. In addition, 104 buyers paid a deposit of 20.1% or more representing 5% of total completions; this is the only deposit level for which repeat buyers represented the majority over first time buyers. This may be expected as repeat buyers are more likely to pay a higher deposit than first time buyers³¹. For all Local Authority areas the majority of buyers paid the minimum deposit of 5%.

³¹ Repeat buyers are usually expected to have accrued equity on their existing house, thereby allowing them to put down a larger deposit than those without a house to sell.

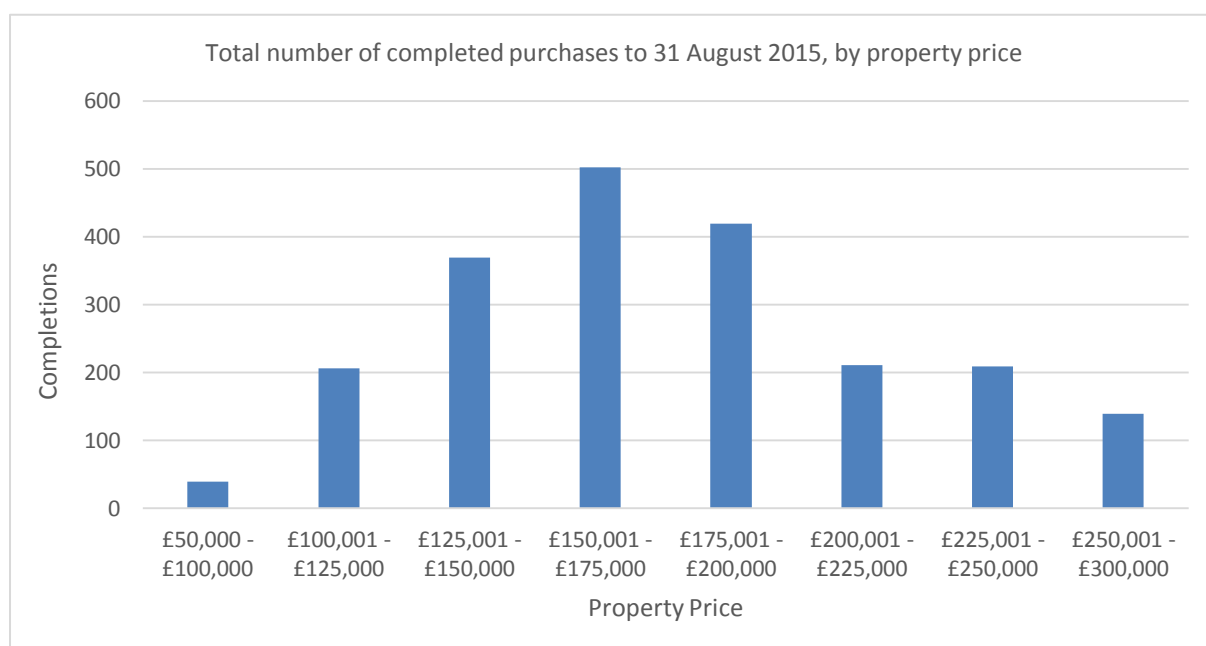
Figure 5.3 Completed Help to Buy Purchases by Total Household Income, to 31 August 2015



Source: Help to Buy (Wales) Ltd, Programme Management Data (August 2015)

5.9 The most frequent household income among buyers (29%, n=608) was between £30,001 and £40,000. The least frequent household income among buyers (n=4) was 'Greater than £100,000'. Also, 87% (n=1,812) of completed purchasers had a household income of between £20,000 and £60,000 per annum.

Figure 5.4 Completed Purchases under Help to Buy by Property Price, to 31 August 2015



Source: Help to Buy (Wales) Ltd, Programme Management Data (August 2015)

5.10 The most popular category with just under a quarter (24%, n=502) of buyers purchasing within this range is £150,001-£175,000. Over 70% (71.7%, n=1,501) of buyers purchased a property costing £125,001-£225,000; this is in line with average house prices in Wales (discussed in detail in Chapter 7). Over the duration of the scheme a purchase price of between £250,001 and £300,000 represents 6.6% (n=139) of the overall purchases made on the scheme, the second lowest category.

Completed Properties³²

5.11 There are currently 138 developers registered with the scheme, of these the majority (44%, n=61) are classified as 'small' developers (i.e. 10 or less completions), followed by 'medium' developers (i.e. 10 to 50 completions) (38%, n=52) and finally just under a fifth (18%, n=25) of developers are classified as 'large' developers (i.e. over 50 completions).

5.12 The total number of completions to date under these developers is 2,110.

Mortgage Providers

5.13 While Help to Buy (Wales) Ltd names 12 lenders currently offering mortgages alongside their shared equity loan, an analysis of programme management information has shown that buyers that have completed a purchase under the scheme have used a range of 14 different mortgage providers in the past suggesting that there were two unauthorised lenders.

5.14 Based on Help to Buy (Wales) Ltd Programme Management data, the most used mortgage provider under the scheme provided loans for 44% of all Help to Buy – Wales buyers. First time buyers in the scheme used 12 different mortgage providers compared to repeat buyers who used 11 different mortgage providers.

³² Source: Help to Buy (Wales) Ltd , Project Management Information, Completion Summary Report (to 31 August 2015)

5.15 Newport is the Local Authority with the highest number of purchases under the scheme; it also has the largest range of mortgage providers being used. Of the 12 mortgage companies available to the scheme, buyers in Newport have secured mortgages from 11 of these. Buyers in Ceredigion on the other hand used only two mortgage providers, the lowest across all Local Authority areas. However this is likely to be due to the low number of purchases made under Help to Buy - Wales in this area (five purchases).

Average Purchase Prices for Help to Buy - Wales Purchases³³

Table 5:3 Average Help to Buy - Wales Purchase Price by Local Authority, to 31 August 2015

Local Authority	2014/15 (£)	Running Total (£) (from January 2014 to 31 August 2015)
Isle of Anglesey	184,478	184,478
Gwynedd	213,929	214,842
Conwy	190,454	189,734
Denbighshire	181,266	182,748
Flintshire	203,243	203,653
Wrexham	161,914	162,822
Powys	178,312	171,530
Ceredigion	180,000	180,000
Pembrokeshire	145,796	147,815
Carmarthenshire	156,893	156,895
Swansea	167,475	163,275
Neath Port Talbot	157,630	161,367
Bridgend	170,466	170,599
Vale of Glamorgan	199,879	193,807
Cardiff	207,934	179,997
Rhondda Cynon Taff	168,504	172,533
Merthyr Tydfil	181,249	181,638
Caerphilly	187,236	183,349
Blaenau Gwent	140,058	140,042
Torfaen	222,268	227,740
Monmouthshire	207,692	209,202
Newport	180,567	179,615
Total	178,738	178,968

Source: StatsWales – Help to Buy - Wales Average Purchase Price for Completed Purchases by Local Authority and Date (August 2015)

³³ The average Help to Buy - Wales purchase price is the average price for all completed purchases (all dwellings of all sizes and types) under the Scheme.

- 5.16 From January 2014 to August 2015, the average Help to Buy - Wales purchase price was £178,738. The Local Authority with the highest average purchase price to date is Torfaen, at £227,740. In contrast, the Local Authority with the lowest average purchase price to date is Blaenau Gwent at £140,042.
- 5.17 As expected the average purchase price for repeat buyers (£208,917) is higher than that of first time buyers (£168,794). For first time buyers, Torfaen had the highest average purchase price at £207,418. This compares to the lowest average purchase price (£128,391) in Blaenau Gwent where the average Help to Buy - Wales price was £140,042. For repeat buyers, the Local Authority with the highest average purchase price was Cardiff at £258,570. Cardiff also has the largest difference between repeat buyer purchase price and first time buyer purchase price of £95,761. The Local Authority with the lowest average purchase price for repeat buyers was Powys at £171,500. This was the only Local Authority where the purchase price of first time buyers was almost identical to that of repeat buyers. In Pembrokeshire, the purchase price of first time buyers was lower than that of repeat buyers by only £1,281.

Average Equity Loans

- 5.18 As set out in Appendix B, the average equity loan taken out by buyers under Help to Buy - Wales during the 2014/15 financial year was £35,000. The Local Authority with the highest average equity loan during this period was Torfaen at £44,000, while Blaenau Gwent had the lowest average equity loan at £28,000. This is unsurprising as Torfaen had the highest average Help to Buy – Wales purchase price in this period (£222,268) and Blaenau Gwent the lowest (£140,058).
- 5.19 The average equity loan taken out by first time buyers was £33,000, while the average equity loan taken out by repeat buyers was £41,000. For first time buyers, the Local Authority with the highest average equity loan was Torfaen at £41,000, while Blaenau Gwent had the lowest average equity loan at £25,000, which is consistent with the average prices in these areas. For repeat buyers, the Local Authority with the highest average equity loan was Cardiff at £52,000, while Swansea had the lowest average equity loan at £37,000.

5.20 For the six month period from April 2015 to 31 August 2015, the average equity loan increased slightly to £36,000. This is in line with the year on year increase in the average purchase price of purchases made under the scheme.

Programme Benchmarking with Help to Buy - England

5.21 As part of the evaluation of the Help to Buy – Wales scheme a small scale benchmarking exercise has been undertaken. There are limited comparators with which to benchmark this scheme. Help to Buy equity loan schemes exist in England, Scotland and Ireland although none have been running for more than three years. Table 5:4 below gives a useful summary of the schemes that have operated in England in recent years.

Table 5:4 Home Ownership support initiatives since 2006 (till March 2014)

Scheme name	Operational between	Eligible Properties	Eligible Buyers	Other Features	Households assisted
Help to Buy mortgage guarantee	January 2014 to 2017	<p>The home can be newly built or second-hand</p> <p>Under £600,000</p> <p>Not shared equity or shared ownership</p> <p>Not a second home</p> <p>Not rented out after purchase</p> <p>Not bought with any other publicly funded mortgage scheme</p>	<p>Offered to applicants with a deposit of 5% to 20% of purchase price</p> <p>No upper income limits</p> <p>Available to non-first time buyers</p>	<p>£12 billion of government guarantees will be made available, aiming to support £130 billion of high loan-to-value mortgages. Scheme run by HM Treasury</p>	742
FirstBuy	Launched in 2011, subsumed into Help to Buy from April 2013	<p>Maximum purchase price £280,000</p> <p>New build only</p>	First time buyers earning £60,000 or less	Developers and government each contributed 10% of purchase price as equity loan	10,633
HomeBuy Direct	February 2010 to March 2013	New build only	First time buyers earning £60,000 or less	Equity loan of up to 30 per cent of property value, provided equally by government and developer	9,338
NewBuy	March 2012 to September	New build properties up to £500,000	UK citizens and those with a right to remain	Mortgage guarantee scheme funded by developers and	4,450

Scheme name	Operational between	Eligible Properties	Eligible Buyers	Other Features	Households assisted
	2013		indefinitely in the country	guaranteed by government. Developers put 3.5% of the value of every NewBuy home sold into a 'pot' that is used to protect the lender in the event of a default	
First Time Buyers' Initiative	2007 to 2010	New build only	Restricted mainly to key workers with incomes under £60,000	Equity loan	2,962
HomeBuy Kickstart	2010 to June 2012	New build only	First time buyers earning £60,000 or less	Part of a wider scheme to unlock sites and support the construction of high quality mixed tenure housing developments	2,889

Notes:

1) Eligibility for NewBuy is set to change to be more in line with Help to Buy equity loan.

2) Figures for households assisted at the time of the review (March 2014)

Source: Extract from National Audit Office Report on the Help to Buy equity loan scheme in England (published as HC 1099 SESSION 2013-14 6 MARCH 2014), National Audit Office

- 5.22 Given the limited choices for benchmarking (there are no obvious examples outside of the UK) it was decided to focus on comparing the performance of Help to Buy – Wales with Help to Buy - England. Of course, even this comparison poses difficulties. The English scheme began on 1 April 2013 while the Welsh scheme did not start until 2 January 2014, some nine months later. The scheme in England allows for properties to be purchased up to £600,000 in value while Wales is restricted to £300,000. Therefore there are difficulties in comparing data given the differences in timeframe and restrictions.
- 5.23 In terms of raw numbers (to June 2015), in England 56,402 homes had been bought using £2.42 billion of equity loans and involving homes to the value of £12.18 billion. The majority of sales, (82%) were to first time buyers. By comparison, the Welsh scheme had seen 1,865 homes bought in the period to June 2015 and 74% of sales were to first time buyers. Table 5:5 provides a summary of the two schemes since their inception. However, given the different timescales involved (24 months for England and 15 months for Wales) it should be noted that the figures are not directly comparable, although the data that is presented does convey the general difference in the scale of the two schemes.

Table 5:5 Comparing Help to Buy Equity loan schemes in England and Wales (since inception to June 2015³⁴)

	England	Wales
Country Population*	53,012,456	3,063,456
Household Projections for 2014	22,718,000 ³⁵	1,331,000 ³⁶
Number of months covered	26	17
Number of Equity loans in period	56,402	1,865
Average number of Equity loans per month	2,169	109
Per cent of First time Buyers**	82	74
Total Value £	£2.42bn	£66.1m
Mean purchase price/equity loan*	£216,030 (£42,992 EL)	£178,290 (£35,354 EL)
Median***	£194,995 (£38,799 EL)	£173,000 (Not available)
Property type	Det, 27%; Flat, 16%; Semi, 29%; Terr, 28%;	Not available
Deposit* % by band	<5k, 65%; 5-10k, 19%; 10-15k, 7%; >15k, 10%	<5k, 68%; 5-10k, 18%; 10-15k, 6%; >15k, 8%
Hhold Income* % by band**	<30k, 20%; 30-40k, 25%; 40-50k, 21%; >50k, 34%	<30k, 31%; 30-40k, 29%; 40-50k, 21%; >50k, 19%

Source; Welsh Government SDR 69/2015 Help to Buy –Wales Shared Equity Loan scheme, Data to 31 March 2015, Statistics for Wales (supplemented by summary data for June 2015); DCLG Help to Buy (Equity Loan scheme) Statistics: Data to 30 June 2015, England

* Based on the '2011 Census: Population Estimates for the UK' (ONS, December 2012)

** denotes published Wales data is for period January 2014 to 31 March 2015. Otherwise it is to June 2015, the same as the England data.

***Welsh data to August 2015

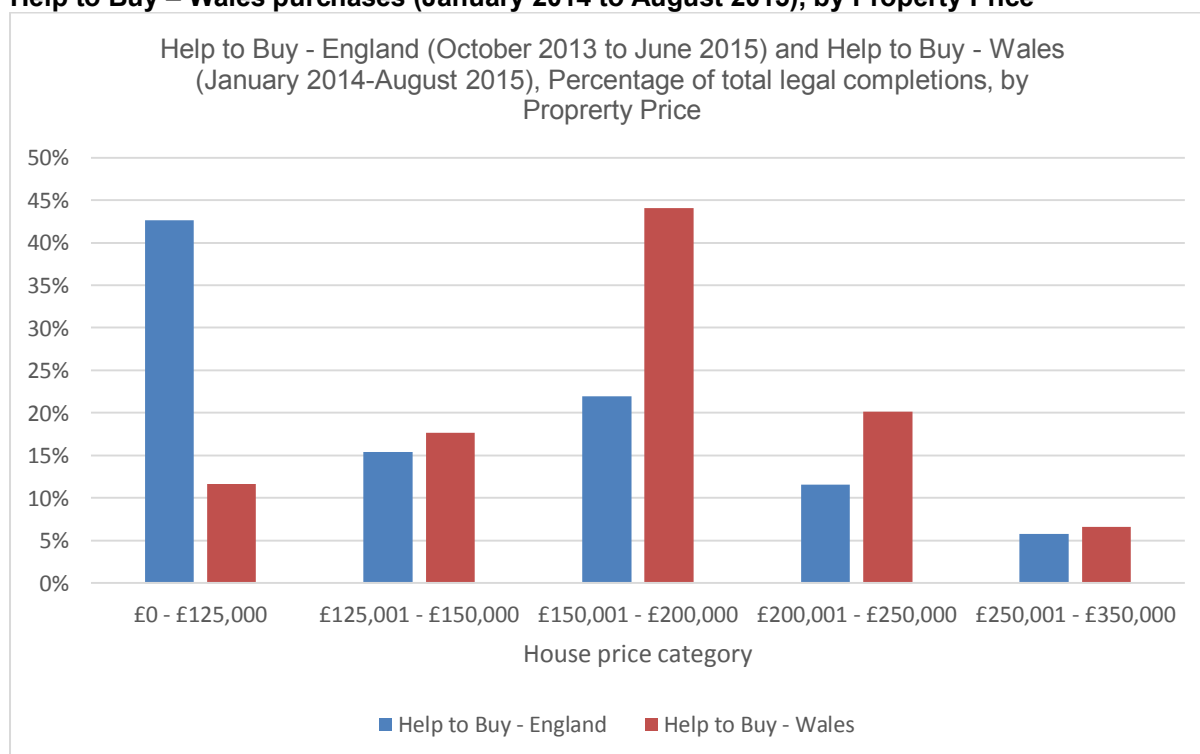
³⁴ The data sets do not allow for a comparison across the same time periods therefore data from each scheme's start to June 2015 has been used except where otherwise stated.

³⁵ Source: 2012-based household projections to 2037 (DCLG, 2015.)

³⁶ Source: 2011-based household projections for Wales (2011-2036) (Welsh Government, 2014).

5.24 There are some similarities in terms of outcomes despite the different structure and scale of the two schemes. Firstly, looking at the demography of both countries shows that the overall market is a lot bigger in England with a significantly larger population. For example, the projected number of households in Wales is 5.9% that of the England household projection for the same year (at 1.3 million compared to 22.7 million). Wales has a slightly lower percentage of first time buyers – 8% lower – with around 25% being repeat buyers, though this varies considerably between authorities from 46% (n=13) repeat buyers in Torfaen, to no repeat buyers in Ceredigion (n=0 out of five overall Help to Buy - Wales purchases). There is also a clear difference in the household income of applicants by band, with a higher proportion of Help to Buy - England applicants having an income of over £50,000 (34% of buyers) compared to buyers under the Welsh scheme (19%). This difference is expected given the higher price cap under the English Help to Buy scheme.

Figure 5.5 Completed Help to Buy -England Purchases (April 2013 to June 2015) and Help to Buy – Wales purchases (January 2014 to August 2015), by Property Price



Source: Help to Buy mortgage guarantee scheme quarterly statistics: October 2013 to June 2015 (HM Treasury, September 2015)

5.25 The greatest difference in the two schemes is the price cap, with £300,000 for Wales and £600,000 for England. The figure provides an overview of the number of purchases in the two schemes under each price band. However, it should be noted that as Help to Buy - Wales purchase prices are capped at £300,000 it is not possible to conduct a direct comparison of £250,001 - £300,000 across the two schemes. Therefore whilst the chart shows a range of £250,001-£350,000, the Welsh purchase prices only go to £300,000.

Figure 5.6 Completed Help to Buy purchases for England (to June 2015) and Wales, by household income (to August 2015)



Source: Help to Buy (Wales) Ltd, Programme Management Information: Data to 31 August 2015. Supplemented with 'Help to Buy (Equity Loan scheme) and Help to Buy: NewBuy statistics: Data to

30 June 2015, England' (Department for Communities and Local Government, September 2015)

5.26 A review of the distribution of household incomes of those involved in the schemes, show lower incomes in Wales than in England. The most common household income category for both schemes is £30,001-£40,000. Help to Buy – Wales has a higher percentage of completions at incomes below this, while Help to Buy – England has a higher percentage of completions at incomes above this. As Table 5:6 shows there are some gaps in the data provided in Wales which limits the comparisons that can be made.

Detailed Analysis of the Help to Buy – Wales and Help to Buy – England Schemes

Despite the data limitations, it is possible to drill down a little further and compare the two schemes.

Table 5:6 Detailed Analysis of the Help to Buy – Wales and Help to Buy – England Schemes Since Inception – to June 2015³⁷

Help to Buy Equity Loan scheme	England	Wales
Number of applicants/% of successful applications	No data on applications is available but the dropout rate is low (as measured by withdrawn/declined buyers)	Of the 3,003 applications received by the scheme to 31 August 2015, 2,094 (70%) have resulted in completed purchases
Number of developers signed up to scheme	732	138
Percentage of homes built by bedroom size	3 bed and more: 72% 1-2 bed: 27%	3 bed and more: 75% 1-2 bed 15% Not Known 10%
Number of lenders signed up to scheme	18	14
Average house price under the scheme since inception to end of June 2015 £	212,308	178,
Average mortgage £	152,473	129,258
Average equity loan £	42,274	35,471
Average deposit £	17,561	14,068
Average deposit %	8%	8%
% FTBs	82	75
Average age of all buyers	Not available	30
Average HtB house price as % of overall average house price to end of June 2015 (ONS Table A2)	Overall average price for period £271,000; Average HtBEL price 78%	Overall average price for period £178,000 Average HtBW price 105%

Source: Published statistical releases in England and Wales and supplemented with scheme management information

³⁷ The data sets do not allow for a comparison across the same time periods therefore data from each scheme's start to June 2015 has been used.

- 5.27 The data in Table 5:6 give a further sense of the different scale and functioning of the two schemes, e.g. the total number of applications and completions. However on other measures, they are very similar (e.g. homes built by bedroom size; number of lenders and even the average equity loan (£) and deposit (£)). However, the last line of the table shows an interesting comparison. The average price of a Help to Buy - England property over the period to end of June 2015 in England was 78% of the average property price in the same period (£271,000)³⁸, whereas in Wales the average Help to Buy – Wales property was 105% of the Wales average property price for the period (£170,000) using the same index. (Please note, the English Scheme began nine months before the Welsh.) However, it should be noted that the house price index data includes the price of *all* properties sold, the average price of all *new* builds in Wales was £203,000. Therefore whilst the Help to Buy – Wales property prices were slightly more expensive than the regional average for the whole market, properties sold under Help to Buy - Wales were slightly cheaper than the Welsh new build average.
- 5.28 Finally, another way in which to assess the performance of the scheme is to review it in the context of the wider housing market activity. Help to Buy - Wales loans accounted for 5% of all loans in Wales from its introduction (January 2014) to June 2015. This compares to the Help to Buy – England scheme accounting for 11% of loans in England from its introduction (January 2013) to June 2015. However, given that in England the scheme has been in operation for a longer period, precise comparisons cannot be made.

³⁸ ONS House Price Index based on Regulated Mortgage Survey data, Table A2, Mix Adjusted Average house prices by region.

6. PROCESS EVALUATION

Introduction

6.1 This section forms the process evaluation based on feedback given from both buyers and developers in the form of a survey and in-depth interviews. It examines the key findings in relation to:

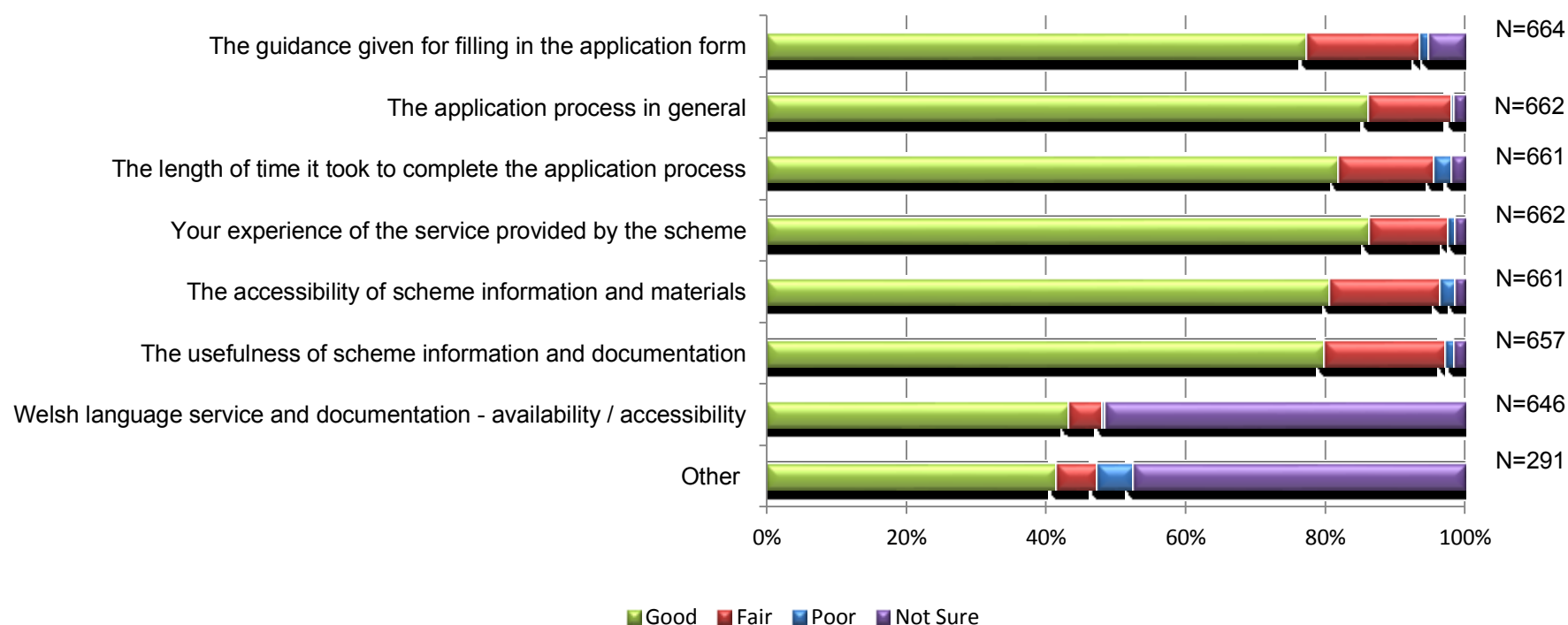
- buyers' and developers' experiences of the Help to Buy – Wales application process;
- how useful and accessible the Help to Buy – Wales scheme information and documentation is; and
- buyers' awareness of their ongoing obligations and restrictions imposed by the scheme.

Application Process

Buyers' Survey Feedback

Respondents were asked to rate several aspects of the Scheme.

Figure 6:1 Application Process³⁹



Source: PACEC Applicants Survey (August 2015)

³⁹ Respondents were asked, 'How would you rate the following aspects of Help to Buy – Wales?' and asked to choose one option for each aspect listed in the figure.

6.2 Overall, respondents provided a very positive view on the administration of the scheme, as a significant majority of respondents rated the scheme as good. As shown, between 77% and 86% of respondents rated the following as 'Good':

- the guidance given for filling in the application form;
- the application process in general;
- the length of time it took to complete the application process;
- the experience of the service provided by the scheme;
- the accessibility of scheme information and materials; and
- the usefulness of scheme information and documentation.

6.3 The aspect with the least positive ratings was the scheme's Welsh language service, which was rated as 'Good' by 43% of participants (n=280). It should be noted however, that over half of the respondents (52%) rated this aspect as 'Not Sure', which may indicate that there is a lack of awareness of the scheme's Welsh language service most likely be the result of feedback from non-Welsh speakers who have had no cause to use the language service. Looking more closely at the seven responses from buyers that chose to complete the survey in Welsh may give a better understanding of the Welsh language service provided by the scheme; three rated the service as 'Good', with one saying it was 'Fair', two being 'Not sure' and the final Welsh speaking buyer rating the service as 'Poor', the buyer who rated the service as 'Poor' gave more details of their experience with the service saying:

*'I've had to send a complaint to the Welsh Government as we have not received correspondence in Welsh despite our request. The standard language in communications is poor. The documents were not available to us on request and correspondence since this has been only in English. Disappointing for a plan that is being implemented in Wales!'*⁴⁰

6.4 Based on this feedback, a review of Welsh language processes in place for the scheme may be required.

⁴⁰ This response has been translated to English for the purpose of the report.

- 6.5 Over 90% of buyers (94%, n=622) rated the guidance given for filling in the application form as either Good or Fair with just eight respondents (1%) rating it as Poor:

'Found it difficult at first when looking for guidance on how to complete the application - various aspects were unsure what the application was asking.'

'The scheme is well documented at a high level, but the documentation lacks detailed explanations of how the overall financial picture will unfold.'

- 6.6 Furthermore, the vast majority of respondents said the application process in general was 'Good' (86%, n=571) with 12% rating it as 'Fair' and just two respondents (0.3%) saying it was 'Poor'. A slightly higher (although still low) percentage of buyers (3%, n=17) rated the length of time it took to complete the application process as 'Poor', however again the majority (96%, n=632) rated the time taken as 'Fair' or 'Good'.

- 6.7 One respondent raised concerns regarding the storage of personal information and recommended the introduction of a secure portal, stating:

'We were concerned that our sensitive personal identifiable data was transferred via email and or fax not securely and suggested that there was a secure portal that it could be uploaded to for future applicants. My wife works in the NHS and they would never be allowed to send this data via unsecured email address.'

- 6.8 As part of the survey, buyers were asked to rate the accessibility of scheme information and materials as well as the usefulness of scheme information and documentation. Similar percentages of buyers rated both accessibility and usefulness as 'Good' or 'Fair' (81%, n=534 and 80%, n=525 respectively) with only 1% (n=8) reporting the usefulness of information and documentation was 'Poor' and similarly only 2% (n=15) reported the accessibility of information/documentation was 'Poor' (the full details are in Appendix B).

6.9 When asked to rate aspects of the scheme, 14 buyers rated 'Other' aspects of the service as Poor. Of these, 12 provided further details reporting that the main issue arise regarded repayments. Six respondents called for increased clarity when it comes to the repayment procedure, a selection of comments highlighting this include:

'I always find with government forms and so on like this they never ever state the main parts of the deal in bold and clear. It is always surrounded by endless amounts of maybe not useless information but a lot of it which a lot of people don't understand due to wording or how it's written. I think there should be a sheet showing, - THIS is what you pay - THIS is what we will do - THIS is the interest - THIS is WHEN, HOW MUCH etc. – Clear, Direct & Useful information is seriously needed not the endless PDF documents.'

'I had to seek out information for full clarity on how to pay back the loan - and still today I'm not quite sure about some aspects, I still have unanswered questions'

"Associated costs of borrowing/repayment should be made much clearer at an early stage.'

Buyers' Interview Feedback

6.10 Buyer satisfaction with the application process was also evaluated through the in-depth interviews. When asked to comment on the Help to Buy – Wales application process and the ease with which the information provided was useful all successful applicant interviewees (n=15) noted that the application process was straightforward and the information provided by Help to Buy (Wales) Ltd was accessible, clear and easy to understand. A selection of comments include:

- 'The application was very easy to complete and the whole process was very straight forward.'
- 'I couldn't believe how easy the process was. I thought it would be much more difficult.'

- 'The application pack was easy to understand.'

6.11 Two interviewees experienced minor problems during the application process.

However, they also noted that these problems were solved very quickly after directly contacting Help to Buy (Wales) Ltd staff via telephone. One interviewee stated, 'They got my postcode wrong. But they resolved the issue within 24 hours after I phoned them and always kept me up-to-date via email.' The other interviewee noted, 'My bank details were not recorded correctly. I kept receiving letters asking for my bank details even after I had sent them twice. However, once I phoned Help to Buy they acknowledged their mistake and fixed the problem.'

6.12 All interviewees commented positively on the quality and frequency of Help to Buy (Wales) Ltd staff's communication. Interviewees stated that Help to Buy (Wales) Ltd staff kept them up-to-date throughout the application process via email and telephone. One interviewee said, 'Help to Buy were very good at keeping me in the loop, I received emails and telephone calls regularly on the progress of my application and everyone I spoke to knew what they were talking about.' Another interviewee noted, 'They always responded to my queries quickly, which put my mind at ease.'

6.13 Only one interviewee noted that they would have preferred face-to-face contact with Help to Buy (Wales) Ltd staff as it would have made them more comfortable to speak with someone in person. However, they also acknowledged that they were provided with all the required information via email.

Developers' Survey Feedback

Table 6:2 Developer rating of aspects of Help to Buy - Wales⁴¹

	Poor	Fair	Good	Not Sure	Total
Response	N (%)	N (%)	N (%)	N (%)	N (%)
The guidance given for registering with Help to Buy - Wales	1 (2%)	7 (16%)	35 (81%)	0 (0%)	43 (100%)
The registration process in general	2 (5%)	8 (19%)	33 (77%)	0 (0%)	43 (100%)
Your experience of the service provided by the scheme	1 (2%)	8 (19%)	34 (79%)	0 (0%)	43 (100%)
The usefulness of the information and documentation	1 (2%)	9 (21%)	32 (74%)	1 (2%)	43 (100%)

Source: PACEC – Help to Buy – Wales, Developers' Survey (September 2015)

6.14 Developers were also very positive about the processes Help to Buy (Wales) Ltd have in place. All aspects listed were rated as either 'Good' or 'Fair' by 95% or more of developer respondents and over 70% of respondents (n=41) giving a rating of 'Good' for all aspects.

6.15 Almost all developers (95%, n=41) rated the registration process in general as either 'Good or Fair', furthermore all but one developer (98%, n= 42) said the guidance given for registering with the scheme was either 'Good' or 'Fair'. One developer commented, 'The HtB Wales team, are excellent and very efficient in the scheme administration.'

6.16 Overall, developers were satisfied with the information and documentation; table 6:2 shows how developers rated the usefulness of the information and documentation with almost three-quarters (74%, n=32) rating it as good and 95% (n=41) rating this as either 'Good' or 'Fair'.

⁴¹ Respondents were asked 'How would you rate the following aspects of Help to Buy - Wales?'. Respondents were asked to rate the aspects listed in the table by selecting one of the options listed in the table. If selected 'Other' to specify in text and if any aspect was rated Poor respondents were asked to provide details in text.

6.17 The only negative feedback from developers revolved around the timing of the scheme, with one developer who rated the registration process as poor saying 'The process seems very protracted' and another developer who rated all aspects as poor stating that the process 'Took too long'.

Developers' Interview Feedback

6.18 Ten of the interviewees felt the registration process was simple and very easy to complete.

"Help to Buy staff are very approachable and the information they provide is in-depth and easy to understand."

6.19 However one interviewee (who provided the same comment on the survey) believed that small businesses should not have to register with the scheme:

"There is no financial transaction between Help to Buy and the builder. So, why does the builder have to register with the scheme?"

6.20 All interviewees stated that the general administration of the scheme was excellent. Interviewees noted that Help to Buy (Wales) Ltd staff were approachable and responded to any queries in a timely manner by email and telephone. Interviewees also felt that communication between Help to Buy (Wales) Ltd staff and financial advisors/solicitors was good as far as they were aware. In addition, all interviewees believed that there were enough mortgage lenders involved in the scheme. Representative comments included:

"They [HtB staff] email me regularly with updates and respond to queries in a timely manner."

"The general administration of the scheme is excellent. We hear from Help to Buy staff on almost a daily basis via telephone and/or email. They answer our queries in a timely manner and keep us up-to-date with approvals. Their communication with financial advisors and solicitors is also very good, as far as I'm aware."

Obligations and Restrictions

Feedback from Buyer Surveys

6.21 The majority of buyer respondents (89%, n=583)⁴² stated they were aware of the restrictions and obligations imposed by the scheme. Over 80% of these respondents noted that they were aware of Buy to Let restrictions and Main Residence Only rules. But there was less awareness of other restrictions, with only 49% (n=285) being aware of Property Alterations/Home Improvement restrictions and 39% (n=226) of Part Exchange Sales restrictions⁴³.

Feedback from Buyer Interviews

6.22 similarly, eleven interviewees stated that the restrictions under the scheme were explained clearly. For example, one interviewee commented, 'I was aware of the restrictions, they were well presented in the application form and supporting information.' In contrast, the remaining four interviewees said that while they were aware of the restrictions, they did not have a detailed understanding of them. One interviewee was unclear on who was actually imposing the restrictions, while another two interviewees said that they would like more information on the alterations they are allowed to make to their home. The remaining interviewee noted, 'I've talked to people after they have bought a home through the scheme and they are not fully aware of the restrictions. There needs to be more clarity on restrictions as they are a major clause in the agreement but are seemingly not treated as such.'

6.23 Eight interviewees noted that they were not completely happy with the repayment process of the scheme. For example, one interviewee questioned the £1 per month charge, which is imposed under Help to Buy - Wales but not Help to Buy - England. Furthermore, four interviewees felt the repayment methods are too limited. One interviewee said, 'It would be easier for me if I could pay back smaller amounts more often. I would like to set up a monthly direct debit.' Another interviewee stated, 'It's always at the back of my mind and

⁴²Respondents were asked, 'Are you aware of the obligations and restrictions imposed by the Programme?' Eight respondents skipped this therefore the baseline is 656.

⁴³Respondents that answered 'Yes' to the previous question were asked 'If 'Yes', which ones are you aware of?' and asked to select all that apply from those listed in the text.

means I have to keep in touch with property values in my area.' The remaining seven interviewees were content with the repayment process.

Feedback from Withdrawn Buyer Interviews

6.24 One of the five withdrawn interviewees, withdrew their application because they would not have been able to build an extension on the property they wished to buy due to the restrictions of the scheme. This interviewee went on to say that Help to Buy (Wales) Ltd should make restrictions clearer to potential buyers noting that, 'A huge part of my decision to purchase a new home was based on getting an extension built down the line. I was not made aware of the restrictions of the scheme until late on in the process.'

Marketing and Awareness

Feedback from Developer Surveys

6.25 Developers were asked if they actively promote the scheme⁴⁴. The large majority of developers (91%, n=39) actively promote the scheme with only 2% (n=1) stating they do not promote the scheme⁴⁵. Eighteen of the developers provided details of how they promote the scheme, the main techniques of promotion can be summarised as:

through estate agents;

website; and

promotion on company including signage/paperwork/brochures/local press.

6.25 One respondent carried out Help to Buy workshops and approached Help to Buy (Wales) Ltd for resources to help promote the scheme.

6.26 The active promotion by developers suggests the majority of developers see benefits for their business in promoting the scheme.

⁴⁴Respondents were asked 'Do you actively promote the scheme?'. Respondents were asked to select one of the three options 'Yes', 'No' or 'Don't know' and provide details in free text. Base = 43 (Six respondents skipped this question.)

⁴⁵The remaining 7% (n=3) did not know whether the scheme was actively promoted.

6.27 Developers were also questioned on buyer awareness of the scheme⁴⁶. Just under three-quarters of developers (70%, n=30) reported that generally buyers are aware of the scheme before they approach their company. Just over a fifth (21%, n=9) believed that generally buyers are not aware of the scheme before developers inform them of it⁴⁷.

Feedback from Developer Interviews

6.28 Around half of the developers interviewed felt the scheme was well marketed and noted that most of their customers were already aware of the scheme. Almost all of the interviewees (75%), noted that they also marketed the scheme as part of the general marketing for their developments. Around 20% of interviewees noted that the Welsh scheme benefited from the marketing campaign undertaken for the Help to Buy – England scheme.

6.29 A selection of representative comments on marketing include:

“The scheme is very well marketed. Most of my customers are aware of it and ask about it when viewing our properties.”

“There was a lot of coverage when the scheme was first launched. Now, people seem to have forgotten about it.”

6.30 Most buyers initially heard about the scheme through a housing developer site visit (43%, n=288), this was followed by hearing about the scheme through a housing developer marketing campaign (30%, n=201); promotion by developers is a crucial aspect of scheme marketing.

⁴⁶Respondents were asked ‘Generally speaking, do you believe that buyers are aware of the scheme before they approach your company?’ Respondents were asked to select one of the three options ‘Yes’, ‘No’ or ‘Don’t know’. Base = 43 (Six respondents skipped this question.)

⁴⁷Remaining 9% (n=4) said they ‘Don’t Know’.

Feedback from Buyer Surveys

Table 6:3 How Buyers Initially Heard about Help to Buy - Wales⁴⁸

Response	No. of Respondents*	% of Respondents
Housing developer marketing campaign	201	30%
Housing developer site visit	288	43%
Estate agency	21	3%
Independent financial advisor	84	13%
Local Authority /council	9	1%
Bank/building society	14	2%
Word of mouth/friends/family	189	28%
Not sure	27	4%
Other	75	11%
Total*	664	

Source: PACEC – Help to Buy – Wales, Buyers’ Survey (September 2015)

* Respondents could select more than one response

⁴⁸ Respondents were asked, ‘Q53. Can you recall how you initially heard about the Help to Buy – Wales scheme? (Please tick all that apply)’ and asked to select all the options from those listed that apply. Base = 664.

Feedback from Buyer Interviews

6.31 When asked if they felt the scheme had been marketed well, the interviewees' views varied. Eleven interviewees felt that the marketing of the scheme is sufficient. For example, one interviewee noted, 'I heard about the scheme on the news and on the radio; when I went to the developers' website, all the information was there.' In contrast, four interviewees suggested the scheme is not particularly well marketed. Three of these interviewees reported only having a vague understanding of how the scheme worked until it was explained to them by developers, while the remaining interviewee said that while they were aware of the scheme, other buyers they had spoken to were either not aware of it, or were confused about the scheme. Nine interviewees heard about the scheme through developers and developers' websites, while the remaining six interviewees heard about the scheme through TV/radio and word of mouth.

Awareness of Professionals

Feedback from Buyer Surveys

6.32 Forty-three buyer respondents provided details on aspects of the scheme they rated as 'Poor.' Of these, 12 discussed issues surrounding poor awareness of the scheme by solicitors and financial advisors, a selection of comments include:

'I didn't have any information about the scheme until I had purchased the house, my financial advisors were also unfamiliar with it. My advice regarding it was poor if I'm honest.'

'Very few banks/financial advisors knew much about the scheme'

'The time it took for our application to go through was poor because of our solicitor and not the Help to Buy scheme itself, we are very pleased with the Help to Buy scheme and the service provided.'

6.33 A related issue highlighted among a few buyers (n=3) was their solicitors' lack of knowledge about the scheme:

'My solicitor had no clue what to do with Help to Buy. Having a background in financial services and previous background in mortgages, I had to step in and help him. I know that he found the paperwork very hard going at times. My personal encounters with the ladies at HtB was very good and they were very helpful and understanding.'

'I feel that at your end (HtBW Ltd) you were very helpful and fast with the whole process. But solicitors and estate agents don't know enough and therefore slow down the process because they do not send info etc. off when needed to complete on time. Therefore we did not complete on time because we were waiting for our mortgage company to receive information from yourselves due to solicitors sending things through too late as they were not 100% sure of what they were doing.'

Feedback from Buyer Interviews

6.34 Interviewees on the other hand felt there were reasonable levels of awareness of the scheme among professionals appointed by the buyers. For example, the majority (n=13) of interviewees stated that their independent financial advisors were aware of the scheme. Of these, 12 noted that their financial advisors spoke very highly of the scheme and had significant experience of working with Help to Buy - Wales staff. One interviewee stated that while their financial advisor was aware of the scheme, they had never dealt with a Help to Buy - Wales application before and was very impressed with how straightforward the process was. However, the other two interviewees noted some issues, one stated that their financial advisor was not aware of the scheme and refused to work with Help to Buy - Wales. This resulted in the interviewee changing their financial advisor, which took a considerable amount of time and effort. The remaining interviewee did not use an independent financial advisor.

6.35 Furthermore, 14 interviewees said that their solicitors were aware of the scheme and encountered no problems while working with Help to Buy (Wales) Ltd staff. However, one interviewee noted that, ‘Our solicitor did not have a good awareness of the scheme, which delayed the conveyancing process.’

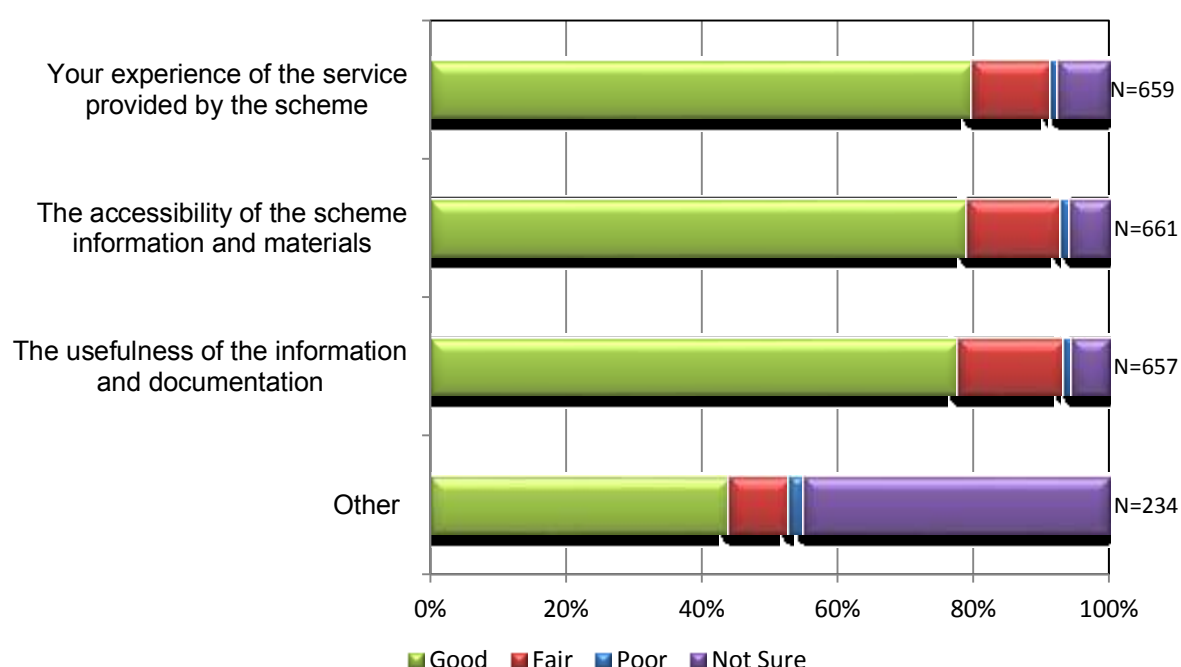
6.36 The feedback from buyers on this issue would suggest a variation in the level of awareness and knowledge of the Help to Buy – Wales scheme amongst professionals. Where there is a lack of knowledge or awareness, this can impact the housing purchasing process itself.

Conveyancing and Access to Finance

Feedback from Buyer Surveys

6.37 Respondents were also asked to rate their experience of conveyancing through the scheme.

Figure 6.1 Conveyancing Process⁴⁹



Source: PACEC Applicants Survey (August 2015)

6.38 As shown above, over three-quarters of respondents rated the following aspects of the conveyancing process as ‘Good’:

⁴⁹ Respondents were asked, ‘How would you rate the following aspects of conveyancing via Help to Buy?’ and asked to choose one option for each of the aspects listed in figure 6.1.

the overall experience of the conveyancing process (80%, n=526);
the accessibility of the scheme information and materials (79%, n=523); and
the usefulness of the information and documentation (78%, n=511).

6.39 Some respondents who felt that the service was 'poor' provided further detail on their experience, with one saying: 'Our experience of the legal aspect was terrible. Our conveyancer made it clear the fact we were using Help to Buy - Wales was a great inconvenience to her. She increased our legal fees at the last minute because of this'. A further buyer commented that 'I didn't receive any information about the scheme until after I had purchased the house'. 'Other' aspects were rated as 'Poor' by respondents and relate strongly to those issues identified by respondents in an earlier question regarding the application process, namely problems with solicitors' understanding of the scheme (n=2) and the clarity of both restrictions and repayment procedures (n=3). For example, a comment made by one respondent was that 'The specifics were only made evident to us after the process - the loan period and the interest terms are not written clear enough for the 'layman' to understand. Lots of focus on the benefits but not the paying back section, I only found out when I had signed for the house and only because I asked.'

Feedback from Buyer Interviews

6.38 Eleven interviewees stated they did not experience any problems when arranging a mortgage. Eight of these believed there was a sufficient choice of mortgage lenders available in their area that worked with the scheme. One interviewee commented, 'I was initially nervous about arranging a mortgage but it all went very smoothly.' In contrast, one interviewee said that while the mortgage process went smoothly, they had to hire a mortgage broker, which cost a significant amount of money. Another interviewee noted that their builder took longer to complete the home than expected, which caused problems with their mortgage provider resulting in extra fees. However, the interviewee acknowledged that this was not the fault of the scheme and stated that Help to Buy (Wales) Ltd were very accommodating with regard to the extended building time.

6.39 Two interviewees stated that their choice of mortgage providers who worked with the scheme was limited in their area and felt there was a lack of awareness of the scheme among mortgage providers.

Barriers to Accessing Help to Buy - Wales

Feedback from Buyer Surveys⁵⁰

6.40 Respondents were asked if there were any barriers to accessing the scheme, only 6% (n=40) said 'Yes'. Thirty-six of these commented on the barriers they experienced. Eleven buyers experienced problems organising a mortgage and so have identified the choice of lenders as a barrier to accessing the scheme, 'Limited to what mortgage provider we could use'. One of these buyers also identified an awareness problem with mortgage providers saying, 'Some mortgage providers didn't seem too aware of the details of the scheme when I first applied, even though their websites stated they were part of the scheme'.

6.41 Another 11 buyers pointed to a lack of awareness and knowledge relating to the scheme amongst solicitors, Independent Financial Advisors (IFAs) and developers (as already discussed) as a barrier; 'Awful experience with solicitor not knowing how to supply evidence to Help to Buy - Wales, so I had to go back and forth between both solicitor and Help to Buy - Wales, costing me time, effort and money. Solicitor is mostly to blame, I went with them because they had experience with Help to Buy, but it didn't show'. A further buyer commented, 'Our IFA didn't fully understand the scheme and delayed us somewhat.'

6.42 A further barrier pointed out by three respondents regarded the repayment procedures, and a lack of clarity with one reporting; 'I don't believe we were provided with the full details until we had signed up. We were not aware that you couldn't pay the scheme off bit by bit and that additional costs will be incurred for paying parts of the money back and then again when paying the final amount off'.

⁵⁰ Respondents were asked, 'Were there any barriers to accessing the Help to Buy – Wales scheme and/or relevant support?' and asked to choose either 'Yes' or 'No', respondents that choose 'Yes' were asked to specify in free text.

6.43 Additional barriers identified by three buyers included communication issues within the scheme both with Help to Buy (n=2) and with the buyers' solicitors (n=1), 'I had no idea how to get in touch or find out information about the scheme I relied on the housing agent to help me fill in the information.'

Feedback from Developer Surveys⁵¹

6.44 Just under 10% of respondents to the developer survey (9%, n=4) reported barriers to accessing Help to Buy – Wales. Three of these four developers identified credit licencing as a barrier saying, 'Registering for credit consumer licence which also costs' and 'Initially the Consumer Credit Regulations are cumbersome for SMEs but this was addressed by Help to Buy'. The remaining developer identified the scheme taking too long as a barrier.

⁵¹ Respondents were asked 'Were there any barriers to accessing Help to Buy – Wales?' Respondents were asked to select 'Yes' or 'No' and provide details in text. Base = 43 (Six respondents skipped this question.)

Alternative Schemes to Help to Buy – Wales

Feedback from Buyer Surveys

6.45 Buyers were asked if before receiving assistance under Help to Buy – Wales, had they considered any other schemes⁵², only 11% (n=74) of buyer respondents had considered an alternate scheme. These 74 respondents were then asked which schemes they considered.

Table 6:4 Alternative Schemes Considered by Applicants⁵³

Response	No. of Respondents*	% of Respondents
Mortgage Guarantee Scheme	28	38%
Homebuy	20	27%
Right to Buy/Right to Acquire	6	8%
Part exchange schemes	11	15%
Co-operative housing schemes	9	12%
Other	14	19%
Total*	74	

Source: PACEC – Help to Buy – Wales, Buyers' Survey (September 2015)

*Respondents could select more than one option

6.46 The Mortgage Guarantee Scheme and Homebuy were the two schemes most considered by Buyers. Schemes with more than one response specified by buyers in the 'Other' category include:

Help to Buy – England (n=5).

affordable housing (n=2).

Tai Clwyd⁵⁴ (n=2). and

shared ownership (n=2).

⁵² Respondents were asked, 'Before receiving assistance from the scheme, did you consider alternative schemes instead of the Help to Buy - Wales scheme?' and asked to select either 'Yes', 'No' or 'Don't recall'. Base = 664.

⁵³ The 74 respondents that answered 'Yes' when asked if they had considered any alternative schemes, were then asked to provide details on this by selecting as many options from the table as apply or entering another in free text. Base = 74.

⁵⁴ Tai Clwyd operate a number of Affordable Housing Schemes in Conwy, Denbighshire, Flintshire and Wrexham including Homebuy, Shared Equity and Shared Ownership schemes.

6.47 Other responses are 'Army LSAP (interest free loan up to 50% of annual salary)', 'Nationwide Save to Buy/Rent to Buy schemes' and 'MoD Scheme'⁵⁵.

Feedback from Successful Buyer Interviews

6.48 Twelve interviewees stated that they had not considered any other schemes before proceeding with Help to Buy - Wales. The remaining three interviewees reported considering other schemes⁵⁶ but found that Help to Buy - Wales best suited their needs. One of these interviewees noted they had researched all available schemes and came to the decision that Help to Buy - Wales was the best option for them because of the five years interest free equity loan. This interviewee also noted that when they phoned Help to Buy (Wales) Ltd staff to obtain information they were very informative and friendly, which influenced their decision to choose the scheme. Another interviewee said they were initially going to avail of Nationwide's Save to Buy Scheme but that Help to Buy - Wales gave a better mortgage rate. This interviewee also noted that they researched Rent 1st but that this scheme did not suit their needs. The remaining interviewee stated that they chose Help to Buy – Wales (over other schemes) because it was offered to them by the developer who had built the property.

⁵⁵Government MoD Forces' Help to Buy scheme, which allows forces' personnel to borrow up to £25,000 interest free (repaid over 10 years) to use as a deposit when buying a property to be used as their main home.

⁵⁶Interviewees mentioned only Nationwide's Save to Buy Scheme and Rent 1st but were unable to recall the names of other schemes they had considered.

7. WIDER IMPACT

Introduction

7.1 This section uses the Help to Buy - Wales programme management information and an analysis of the relevant, published statistics to explore how the Help to Buy – Wales scheme has:

- impacted on house prices in Wales; and
- impacted on housing supply in Wales.

7.2 As both Help to Buy – Wales and Help to Buy - England are relatively new programmes, there is a lack of data to facilitate a detailed analysis of how the schemes compare with each other, the national housing market and any impact that the programme may have had on the market. Whilst the most up- to-date published data has been used where possible, it should be noted that so far the only complete year of statistical data that is available for Help to Buy – Wales is 2014–2015 and therefore the following analysis has primarily focused on this year. It must also be noted that the house price data at a Local Authority level can vary greatly from year to year. This is often the case when analysing different segments of the market at a sub-regional level as outliers can greatly impact upon averages when population numbers are small.

7.3 Therefore, the following findings should be considered as indicative. It is expected that as both the Welsh and English schemes mature, it will be possible to undertake more robust analysis as data will accumulate in time.

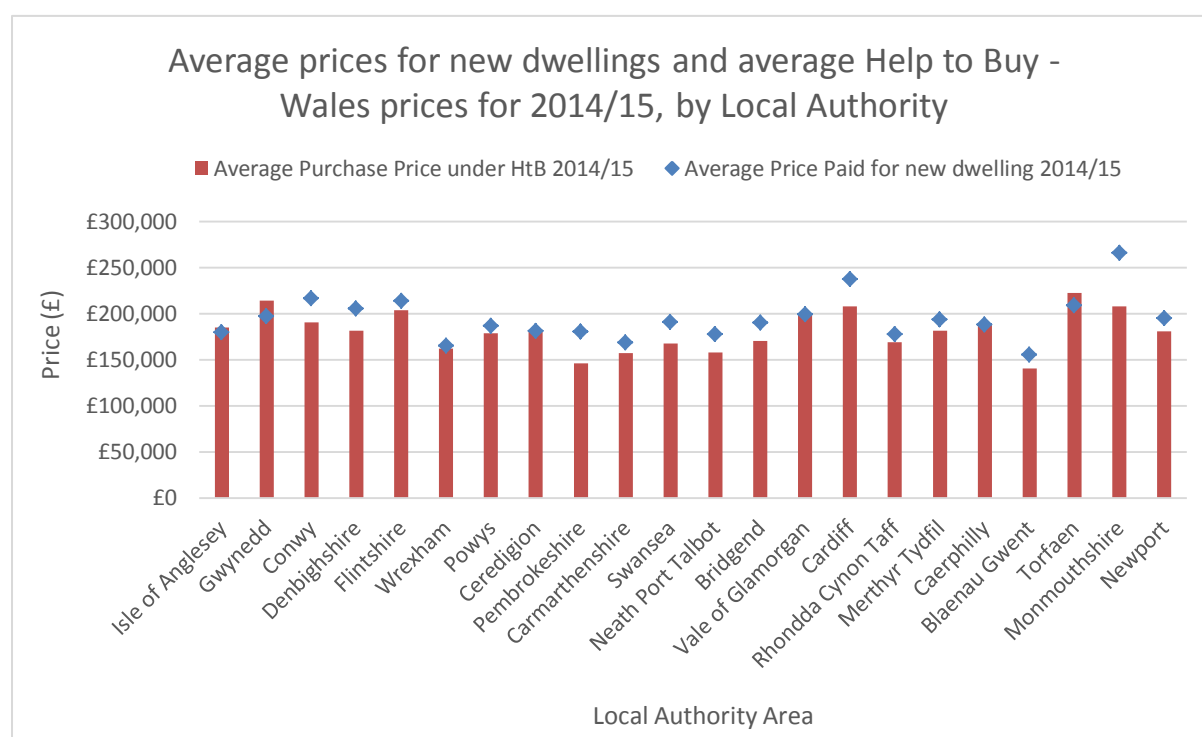
Impact on House Prices in Wales

Evidence from Benchmarking

7.4 The following paragraphs provide a comparative analysis of average purchase prices under Help to Buy – Wales and prices for new build houses across the Welsh housing market. As only one complete year of data is available at this stage, this analysis considers house prices in 2014/15 only.

7.5 In 2014/15 the average Help to Buy – Wales purchase price was £178,738, compared to the average new build purchase price across Wales of £194,126. The below figure shows the average price paid for a new dwelling overall and the average Help to Buy - Wales purchase price.

Figure 7.1 Average Price Paid for a New Dwelling with the Average Price Paid Under Help to Buy – Wales by Local Authority Area, for financial year 2014/15



Source of Purchase Price under HtB: Help to Buy - Wales 'Purchase price for completed purchases, by Local Authority and date' 1 April 2014 to 31 March 2015

Source of Average Price Paid for a New Dwelling: Land Registry (Land Registry Linked Data Open, Price Paid Data), 1 April 2014 to 31 March 2015

7.6 As shown above, the average house price under Help to Buy – Wales is very similar to the overall market for new, private sector dwellings in most Local Authority areas. The areas with greatest differences are Cardiff and Monmouthshire, where the average new house prices are higher than the rest of Wales (at £237,276 and £265,999 respectively) and therefore these areas are more likely to be impacted by the Help to Buy – Wales price cap of £300,000.

- 7.7 The average Help to Buy - Wales purchase price was only higher than the average price paid for all new properties in four areas⁵⁷. In Torfaen, the average Help to Buy - Wales purchase price was £13,242 greater than the average price paid for all new dwellings. In Gwynedd, the average Help to Buy - Wales purchase price was £17,074 greater than the average price paid for all new dwellings. Of the four, this is the largest gap observed in the 2014/15 year. There are a number of potential reasons for the variations including the type and size of house being built.
- 7.8 The average Help to Buy purchase price increased by 2.8% between Q1 2014/15 (£175,159) and Q1 2015/16 (£180,145)⁵⁸. There is no evidence that Help to Buy – Wales has impacted on house prices in the overall market as there is no correlation between Help to Buy prices and the price of new builds when analysed at Local Authority level. As shown in Figure 7.1 the difference between Help to Buy prices and the general housing market new build prices, varies by Local Authority. It is not clear what the reason for the variation is, but there are a number of factors that will impact on house prices in any area; including size, locations and market. Furthermore, a small number of very expensive purchases in an area can inflate the overall average price disproportionately⁵⁹.

Impact on Housing Supply in Wales

Benchmarking

- 7.9 This section compares changes in the types of properties being built with changes in Help to Buy purchasing activity on a regional and Local Authority basis.

⁵⁷ Gwynedd, Torfaen, Isle of Anglesey and Vale of Glamorgan.

⁵⁸ Average Help to Buy - Wales purchase price for completed purchases, by local authority and date' (StatsWales, 20).

⁵⁹ Whilst ONS House Price Index data is mixed adjusted and therefore removes the disproportionate impacts of outliers, it is not available at Local Authority level and therefore could not be used for this analysis.

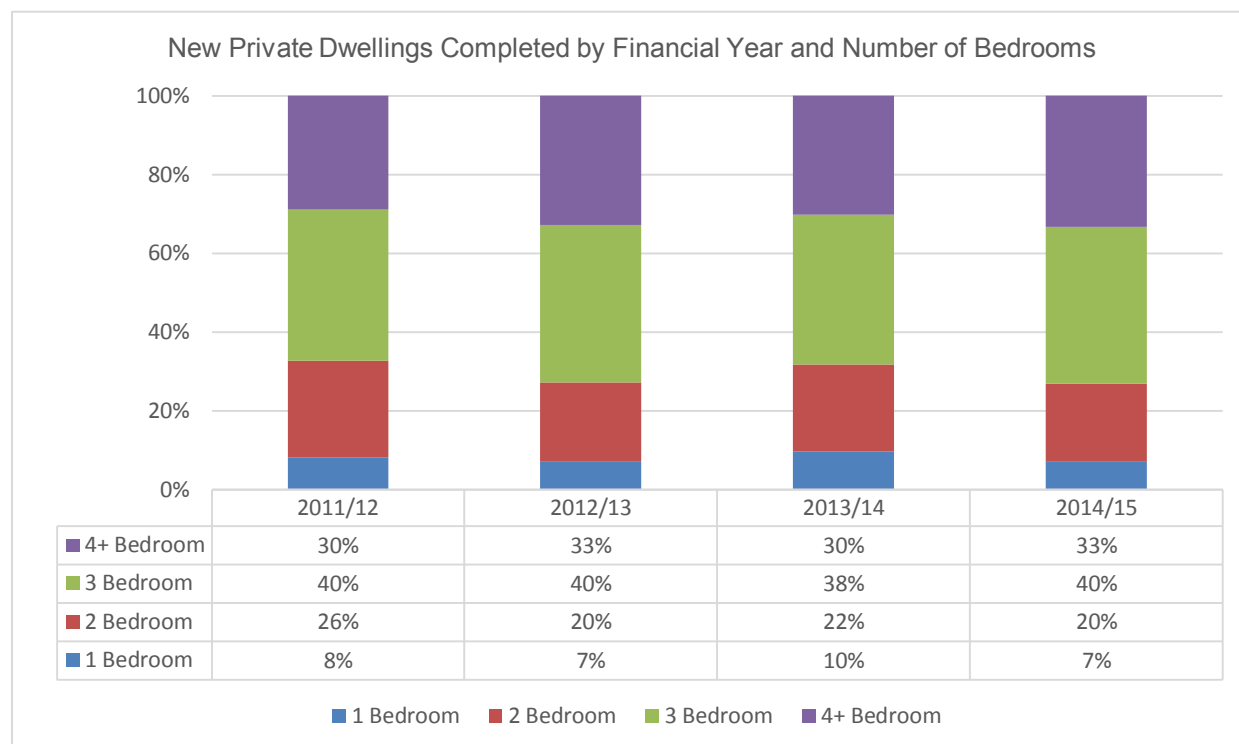
Table 7:1 Table of the proportion of completed new private dwellings that are houses and the fraction that are flats by financial year

Year	Number of Houses	Percentage of private new dwellings that are houses	Number of Flats	Percentage of private new dwellings that are flats
2011/12	3,879	82%	867	18%
2012/13	4,055	86%	652	14%
2013/14	4,127	80%	1,033	20%
2014/15	4,563	86%	770	14%

Source: StatsWales, 'New dwellings completed by area, dwelling type and number of bedrooms' (September 2015)

7.10 As can be seen from table 7:1, the number of houses completed has increased year on year and as a percentage of completed private dwellings (i.e. flats and houses) has increased by four percentage points between 2011-12 and 2014-15. The proportion of new private dwellings that are flats has dropped overall by four percentage points from 18% to 14%. It must be noted that in 2013/14, houses made up 80% and flats 20% of completed dwellings, although in 2014/15 the proportion reverted to 2012/13 levels.

Figure 7.2 Stacked bar chart of new private dwellings completed by number of bedrooms and financial year



Source: StatsWales, 'New dwellings completed by area, dwelling type and number of bedrooms' (September 2015)

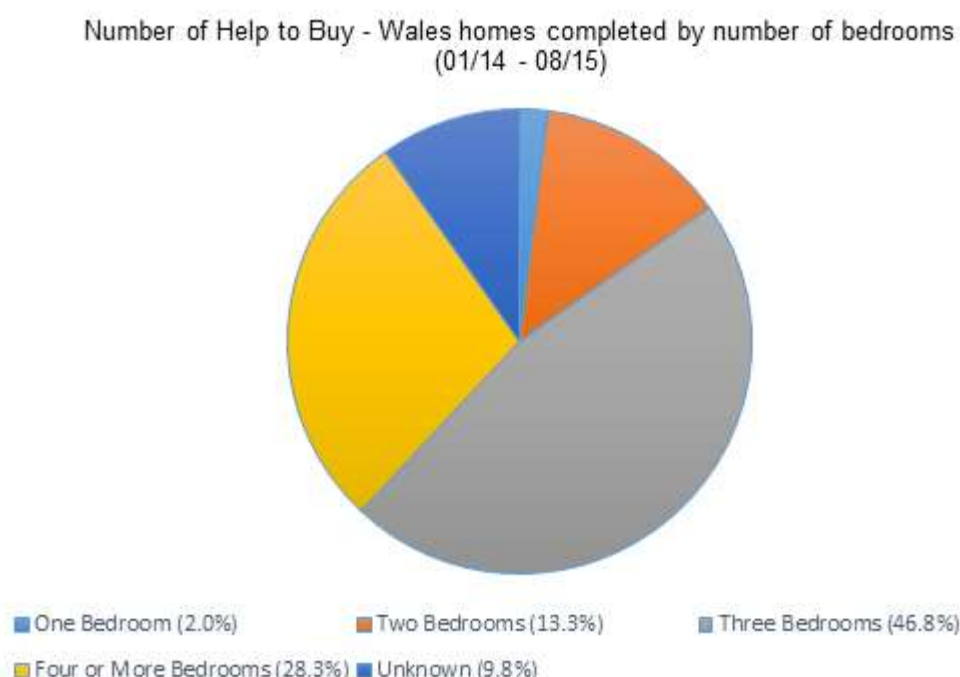
7.11 In terms of the types of houses being completed in Wales, the data shows that:

- one bedroom homes have remained relatively stable across the financial years;
- there has been a decrease in the number of two bedroom homes being developed with the proportion of two bedroom homes dropping by six percentage points across the four financial years;
- whilst there has been a slight increase in the portion of new dwellings completed that are four-plus bedroom homes between 2011-12 and 2014-15, overall the proportion has remained relatively stable across the three years; and
- whilst yearly data does not reveal many trends, comparing quarterly data from the time the scheme began to more recent quarterly data, suggests that there has been an increase in the completion of larger new build properties. For example, data from Stats Wales indicates that between Q4 2013/14 (i.e. the first quarter the scheme ran) and Q1 2015/16 the number of three bedroom new builds increased from 39% of all private new build completions to 43%. In addition to this an overall increase of seven percentage points (from 29% to 36%)⁶⁰ in the proportion of dwellings completed with four bedrooms was also observed between these two quarters; although these

⁶⁰Source: StatsWales, 'New dwellings completed by area, dwelling type and number of bedrooms' (Q4 2013/14 and Q1 2015/16).

differences may be due to quarterly fluctuations and changing preferences rather than a trend.

Figure 7.3 Completed Help to Buy - Wales homes from January 2014 to 31 August 2015, by number of bedrooms



Source: Help to Buy (Wales) Ltd, Programme Management Information (August 2015)

7.12 As noted above in Figure 7.3, close to half (46.8%) of all completed homes under Help to Buy to date were three bedroom homes and almost three-quarters (74.6%) were either three or four bedroom homes. Due to differences in the timing of when statistics are published and limited data being available on the types of houses being built under Help to Buy – Wales⁶¹, a direct comparative analysis of the size of houses completed and new builds in the general market is difficult. However it is clear from the above that the majority of properties sold under the scheme are three or four bedroom homes. This is consistent with feedback from both buyers and developers who noted increased demand for larger properties.

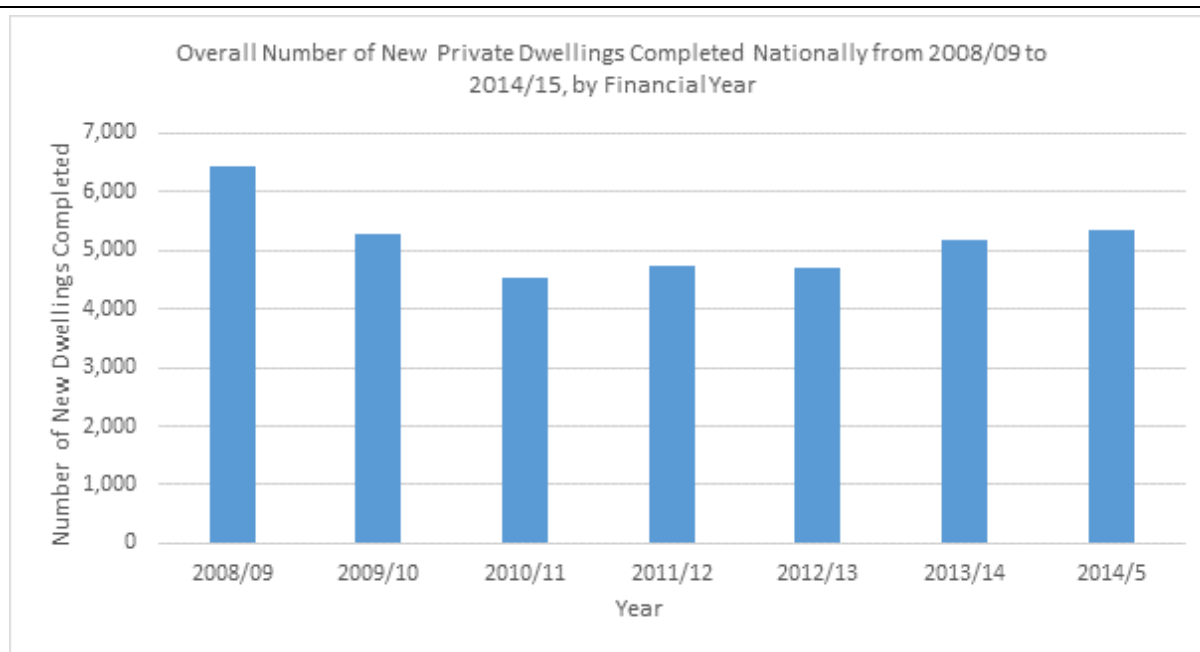
⁶¹Data surrounding the number of bedrooms homes built under Help to Buy – Wales is available in aggregate form only for the duration of the scheme (to August 2015).

7.13 Whilst qualitative data from developers and buyers indicated that the scheme has increased the level of demand for larger homes (three and four bedroom), at this stage there is insufficient quantitative data to conclude on the level of impact the scheme had on the size of houses being completed in the overall market. It cannot be concluded that any trend observed in the type of overall new dwellings completed is linked to Help to Buy – Wales activity, as a change in the type of dwellings being completed may be indicative of a general trend in the market, as opposed to just the introduction of the Help to Buy – Wales.

Review of Completed Help to Buy – Wales Purchases as Part of the Welsh Housing Market

7.14 The number of new private dwellings completed overall in Wales has been generally rising since 2010/11 following the 2008 economic downturn and, while showing year on year growth, has not yet surpassed the 2008/9 figure.

Figure 7.4 New Dwellings Completed Nationally from 2008/09 to 2014/15, by Financial Year

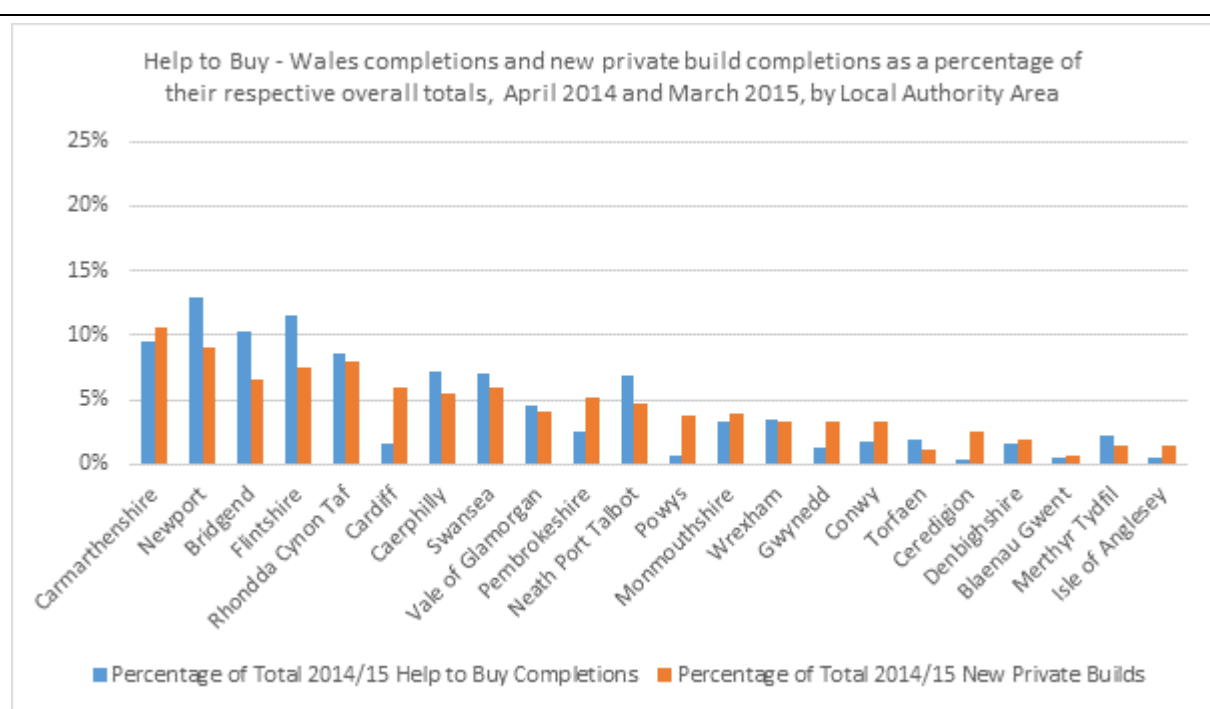


Source: 'New dwellings completed by period and tenure' (StatsWales, August 2015)

7.15 Looking more closely at the new private dwelling statistics, 5,333 new dwellings were completed in Wales between April 2014 and March 2015 (i.e. 2014/15 financial year). In the same time period the total number of completed properties in the Help to Buy – Wales scheme was 1,307. Therefore, Help to Buy – Wales completed purchases were equivalent to around a quarter (24.5%) of the overall private new build completions in Wales over this period.

7.16 The following chart sets out the proportion of Help to Buy – Wales properties compared to all private new build dwellings in each Local Authority area.

Figure 7.5 Help to Buy - Wales completions and new private build completions as a percentage of their respective overall totals between April 2014 and March 2015, by Local Authority Area



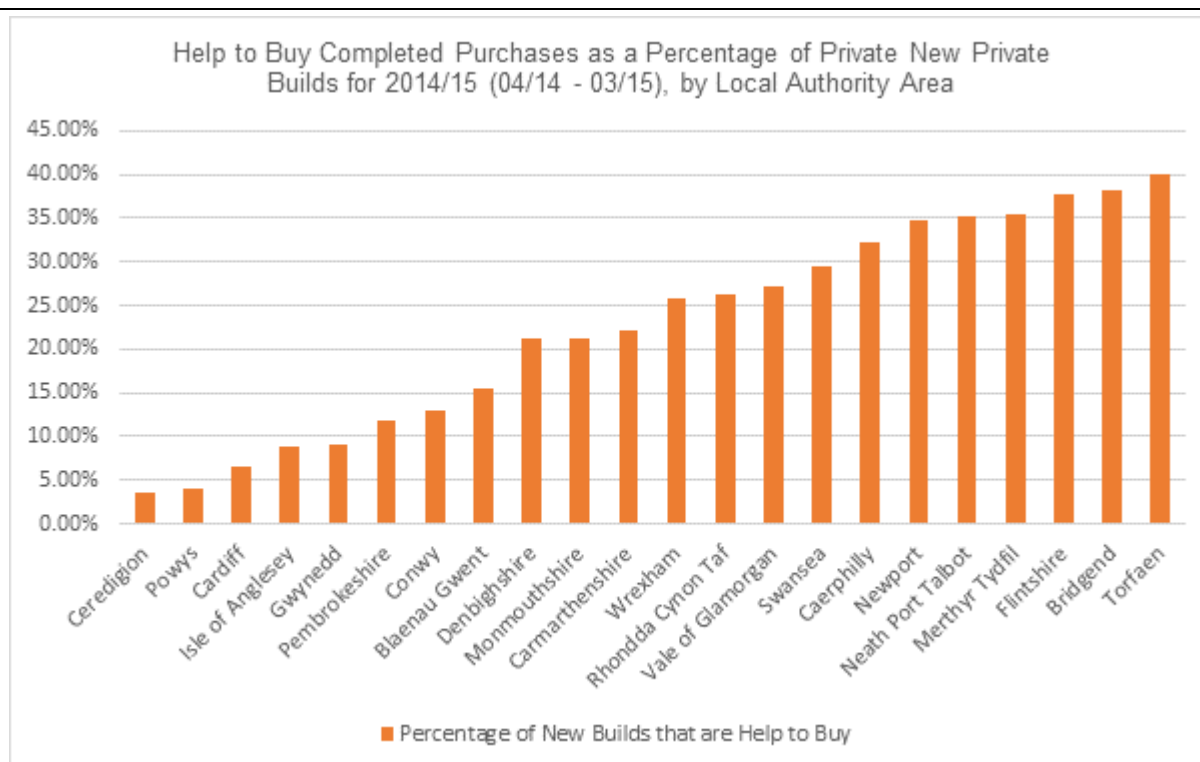
Source: 'Help to Buy - Wales completed purchases by Local Authority and date' (StatsWales, August 2015) and 'New dwellings completed by area, dwelling type and number of bedrooms' (StatsWales, August 2015)

7.17 Figure 7.5 shows that no Local Authority area was responsible for more than 13% of Help to Buy – Wales overall activity for the financial year 2014/15, with completions ranging from five in Ceredigion (0.4%) to 168 in Newport (12.9%).

7.18 Furthermore, the proportion of Help to Buy – Wales purchases that are completed in each Local Authority area tends to be reflective of the overall rate of new builds i.e. there is a positive relationship between the two. The difference between the two figures is no more than 5% for any Local Authority area and as can be seen from the chart, the largest discrepancy between the two occurs in Cardiff where the proportion of overall Help to Buy – Wales completions is 4.4% less than the proportion of overall new builds completed. This is unsurprising as Cardiff is an area of high house prices relative to the rest of Wales and so the £300,000 price cap under Help to Buy – Wales may have dampened uptake of the scheme in this area.

7.19 However, in general Help to Buy - Wales activity is spread proportionally (relative to new build completions) across all Local Authority areas.

Figure 7.6 Chart of Help to Buy Completed Purchases as a Percentage of New Private Builds between April 2014 and March 2015 (2014/15), by Local Authority Area



Source: 'Help to Buy - Wales completed purchases by Local Authority and date' (StatsWales, August 2015) and 'New dwellings completed by area, dwelling type and number of bedrooms' (StatsWales, August 2015). Data gathered for financial year 2014/15 i.e. 1st April 2014–31st March 2015.

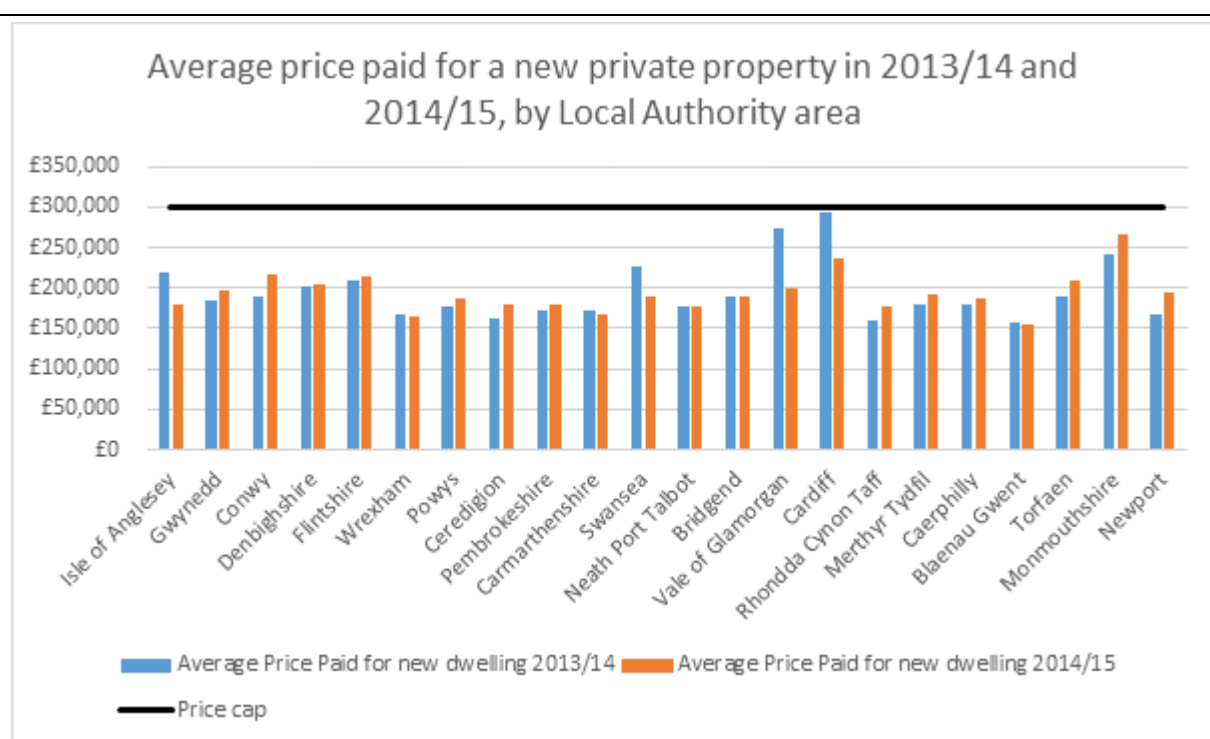
7.20 Completed purchases under Help to Buy – Wales for 2014/15 made up no more than 40% of all new private builds completed for a particular area across the same time period, with the highest occurring in Torfaen where there were 24 completed purchases under Help to Buy – Wales which is 40% of the 60 new private builds in this area. The figure shows that there has been no over investment in Help to Buy – Wales in any one area.

7.21 Scheme activity has been reasonably well spread across all areas and the number of Help to Buy – Wales completions in each area is generally in line with construction activity in the area.

Value Cap

Statistical Findings

Figure 7.7 Average Price Paid for New Private Property for Financial Years (i.e. April-March) 2013/14 and 2014/15, by Local Authority Area



Source: Land Registry (Land Registry Linked Data Open, Price Paid Data) (August 2015)

- 7.22 In the financial years 2013/14 and 2014/15 the Local Authority areas with the highest average price paid for a new dwelling were Cardiff (£294,544, 2013/14) and the Vale of Glamorgan (£274,280, 2013/14). It is unsurprising then that in Cardiff the take-up of the scheme is low which is presumably reflective of the £300,000 price cap in an area with high housing prices. The price paid for new properties in the Vale of Glamorgan did not remain at the high level it did in 2013/14 (this is potentially due to the fact that the average house prices used are not mix adjusted and/or differences in sample size; the sample size for the Vale of Glamorgan and Cardiff increased by 43 and 73 respectively between the two years). In fact for the financial year 2014/15, the Vale of Glamorgan had an average price paid of £198,914 whereas Cardiff had an average price of £237,276 with purchase prices on new dwellings ranging from £86,500 to £825,000 in 2014/15. It is worth noting that of the 224 new house price data available for Cardiff in this financial year (2015/16), 41 purchases (18%) are above the price cap.
- 7.23 For 2013/14, Monmouthshire had the third highest average price paid (£237,047). However the average price paid increases even beyond that of Cardiff for 2014/15 to £265,999 and again unsurprisingly take-up of the scheme in Monmouthshire is below average.
- 7.24 Although the average price of a property in Cardiff is close to the price cap, this is not the case for any other of the 22 Local Authorities. This would suggest that for the majority of Wales the price cap is not an issue. The feedback from both buyers and developers supports this, as the price cap was not reported to be an issue for buyers or the vast majority of developers. Only one developer (who builds primarily in the Cardiff area) noted examples of where the £300,000 was an issue. This interviewee highlighted the lack of development opportunities in the Cardiff area and the high price of land which increases average prices, but noted that this was not an issue for the rest of Wales.
- 7.25 One of the developers also noted that they would be concerned that if the value cap was raised it would have a negative impact on the amount of funds available for each potential buyer.

8. IMPACT ON BENEFICIARIES

8.1 This section analyses the key findings from the survey of buyers, in-depth interviews with successful buyers, in-depth interviews with withdrawn buyers and interviews with key stakeholders. It mainly examines the key findings in relation to:

- the impact Help to Buy – Wales has had on what houses are bought (type, size, location etc.);
- the impact Help to Buy – Wales has had on when buyers are choosing to purchase houses; and
- the impact Help to Buy – Wales has had on the size of deposit used in purchases as part of the scheme.

Impact Help to Buy – Wales has had on buyers' decision to purchase

Feedback from Buyer Surveys

8.2 First time buyers were asked if the scheme impacted upon *when* they entered the property market. Of the 494 respondents who indicated they were first time buyers, the majority (59%, n=293) reported that the scheme did have an impact on when they entered the property market, with only 23% (n=116) indicating that it did not. The respondents who answered 'Yes' (n=293) to this question were asked to provide further details and 96% (n=281) of these reported entering the property market sooner because of the scheme and only four respondents (1%) saying that they entered the property market later.

8.3 Eleven respondents (4%) selected 'Other' and left a comment:

'Enabled me to afford a house I wanted instead of having to compromise. I entered the property market due to the scheme & how helpful it was. I would have waited otherwise.'

'This was the best scheme for me and my partner, it made it possible for us to live together sooner which is great.'

'It (Help to Buy – Wales) gives people a fantastic opportunity to get onto the property ladder much sooner than they might have otherwise.'

'It meant we could get on the property ladder quicker and the house we wanted in the location we wanted.'

8.3 First time buyers were also asked if the scheme influenced their decision to buy a house and the vast majority (94%, n=439) of respondents stated that the scheme was very influential (67%, n=313) or somewhat influential (27%, n=126) on their decision⁶².

Feedback from Buyer Interviews

8.4 Twelve interviewees said that their decision to buy a property was influenced by the scheme, while three participants said that they would have bought a home at the same time in the absence of the scheme. Of the 12 participants who stated their decision to buy property was influenced by the scheme, 10 said that the scheme enabled them to purchase a home a few months earlier. One participant noted, *"Without the scheme I would have had to wait six months to enter the property market and I wouldn't have been able to afford the type of home I wanted."* Another participant noted that they would have had to wait another two years to be able to afford the same property in the absence of the scheme. The remaining participant bought property later as a result of the scheme but this was specifically because they waited until the scheme was open before purchasing a property.

Impact Help to Buy – Wales has had on what houses are bought

Feedback from Buyer Surveys

8.5 All buyer survey respondents were asked if the scheme influenced their choice of house. Of the 664 respondents that answered this question, 80% (n=532) said 'Yes', 19% (n=123) said 'No' and 1% (n=9) stated that they didn't know. Respondents who said the scheme had influenced their choice of house were asked to provide further details; their responses are summarised below:

⁶² Respondents that indicated they are first time buyers (n=494) were asked, 'How much did the scheme influence your decision to move/buy a house?' and asked to choose one from the options, 'Very Influential', 'Somewhat Influential', 'Not sure', 'Little Influence' or 'No influence'. Responses = 464

Table 8:1 Influence on Choice of House⁶³

Response	No. of Respondents*	Per cent of Respondents
I bought a larger house (i.e. more bedrooms) than I would have without the scheme	222	42%
I bought a smaller house (i.e. less bedrooms) than I would have without the scheme	5	1%
I bought a more expensive house than I would have without the scheme	225	42%
I bought a house in a new development specifically because of the scheme	389	73%
I bought a house in a more preferred location, than I would have without the scheme	112	21%
Other	5	1%
Total	532	-

Source: PACEC Applicants Survey (August 2015) *Respondents could select more than one option.

8.4 As set out above, the majority of these respondents (73%, n=389) stated they bought a property in a new development specifically because of the scheme. In addition, 42% (n=222) of respondents bought a larger and more expensive property than they would have without the scheme, while only 21% (n=112) of respondents bought a property in a more preferred location. Therefore, the scheme was more influential on the size and cost of the property bought than the location. This suggests additionality in terms of the scheme's objectives but also indicates that there may be potential displacement of purchases away from existing properties to new builds, however the scale of the displacement is unclear.

⁶³ Respondents who answered 'Yes' to the previous question, 'Did the Help to Buy – Wales initiative influence your choice of house?' were then asked 'If "Yes", how?' and asked to select all that apply from those in the table.

Feedback from Buyer Interviews

- 8.6 Feedback from buyer interviews supports the findings of the buyer survey. Of the 15 interviewees, nine stated the scheme enabled them to buy a slightly larger home, with one participant saying, *'I would have had to save for longer and would have purchased a flat rather than a house.'* These participants also reported they probably would have bought an existing build rather than a new build in the absence of the scheme. Five participants reported they would have bought the same size of property but it would have been an existing build rather than a new build. One participant said, *'A new build never even entered my mind until I found the scheme.'* Only one participant said that they would have purchased a new build in the absence of the scheme.
- 8.7 In addition, 11 participants reported being able to purchase property in their preferred location as a result of the scheme, with two noting that they bought in Wales specifically because of the scheme. The remaining four participants stated the scheme did not influence where they wanted their home to be situated.

Withdrawn Buyer Interview

- 8.8 One of the five withdrawn buyer interviewees expressed concern that the scheme could be distorting the housing market by enabling first time buyers to skip the starter home stage. This interviewee commented, *'My flat is suitable for first time buyers. But no one will buy it now because Help to Buy has enabled people to skip buying starter homes and enter the property market at a higher level.'*

Impact Help to Buy – Wales has had on the size of Deposit used in Purchases as part of the Scheme

Feedback from Buyer Surveys

Table 8:2 Completed Purchases by Deposit Range⁶⁴

Percent of Deposit Put Down by Respondents	Respondents	
	N	%
5%	463	70%
5.1%-10%	103	16%
10.1%-15%	41	6%
15.1%-20%	27	4%
20.1% or more	29	4%
Total*	663	100%

Source: PACEC Applicants Survey (August 2015) & Stats Wales - Help to Buy - Wales Completed Purchases by Local Authority and First Time Buyer (August 2015)

8.9 The majority of respondents (70%, n=463) provided the minimum deposit of 5%.

Buyers who put down a deposit of above 5% were asked why they put down more than the minimum⁶⁵, respondents reported they did this:

- to reduce their mortgage payments (47%, n=81);
- as their mortgage lender required a higher deposit (20%, n=34); or
- because they had additional money available from the sale of a previous home (14%, n=24), from savings (13%, n=23) or gifted to them by family (6%, n =10).

⁶⁴ Respondents were asked, 'What percentage (%) of a deposit did you put down when purchasing your house?' and asked to choose one option from those in the table.

⁶⁵ Respondents were asked, 'We are aware that the Help to Buy - Wales scheme requires applicants to provide a minimum deposit of 5%. If you provided a deposit of more than 5%, can you please explain why? (Please write in)' and asked to enter their response in free text. Base = 172.

8.10 Respondents were asked if they would have been able to make a deposit on a house in the absence of the scheme⁶⁶. A third of buyers (n=187, 33%) said they would have been able to make a deposit on a house, with just over two-thirds (67%, n=383) of buyer respondents reporting they would not have been able to put down a deposit. Of those who stated they could have put down a deposit without Help to Buy - Wales, qualitative feedback from them suggests that a large proportion would have bought a less expensive house without the scheme, while others noted that they would have to save for longer, for example respondents said:

'Yes, but would have been a lower value property'.

'We could've but not for the house we wanted in the area and development we wanted'.

'Yes, but it wouldn't have been when we did as it would have taken longer to save the money.'

Feedback from Buyer Interviews

8.11 Of the 15 interviewees, 10 put down a deposit of 5%. Nine of these interviewees stated that this was all they could afford, while the other interviewee noted, *'I could have put down around 8% or 9%, but the scheme allowed me to put down five, which left money over to buy the furnishings a new build requires.'* In contrast, five interviewees paid a deposit of more than 5%, ranging from 5.1% to 20%. These interviewees stated they paid more than the minimum deposit of 5% to keep their mortgage repayments down. For example, one interviewee stated, *'I paid a 15% deposit to improve my chance of securing a mortgage and to help reduce my mortgage repayments.'*

⁶⁶Respondents were asked, 'Would you have been able to make a deposit on a house in the absence of the scheme? (For example, did you have access to additional monies to make a deposit on a house but chose not to after finding out about the Help to Buy – Wales scheme?)' and asked to fill in their answer in free text, Base = 570.

8.12 In summary, feedback from buyers via surveys and interviews, shows that the scheme had an impact on the house they bought. The majority of respondents (80%) reported the scheme influenced their choice of house; in that they bought a larger or more expensive house because of the scheme or in a more preferred location. First time buyers also noted that they entered the property market sooner (59%) because of the scheme. Furthermore, 67% of respondents noted that they would not have been able to 'put down' a deposit for the house without the scheme.

9. IMPACT ON DEVELOPERS

Introduction

9.1 This section analyses the key findings from the survey of developers, in-depth interviews with developers and interviews with key stakeholders. It examines the key findings in relation to how the Help to Buy – Wales scheme:

- has influenced development plans and how these have altered since the introduction of the scheme;
- has impacted on the type and size of houses built on sites in Wales;
- has impacted on demand for housing in Wales;
- has impacted on the competitiveness of the construction industry in Wales;
- has impacted on employment; and
- has impacted on sub-contractors.

Profile of Respondents

9.2 Just under a third (31%, n=15) of respondents' businesses began trading between 2010 and present; comparing this to the proportion of businesses that started trading prior to 2000 (28%, n=14) suggests that the Help to Buy – Wales scheme is being used more readily by newer businesses⁶⁷.

9.3 The large majority of respondents (60%, n=27) represented companies that employ up to and including 10 full-time staff in Wales. Only 7% of respondents (n=3) employ between 51 and 100 full-time staff in Wales. When asked about the employment of part-time staff, all respondents reported employing 10 or fewer part-time staff, with just under a third of these (31%, n=11) employing no part-time staff at all in Wales⁶⁸.

⁶⁷ Respondents were asked 'When did your business start trading?'. Respondents were asked to enter this in free text. Base = 49 (all respondents answered this question).

⁶⁸ Carrying on from the previous question respondents were asked 'How many of these are currently employed in Wales?'. Respondents were asked to enter free text into the categories 'Full-time' and/or 'Part-time'. For Full-time: Base = 47 (two respondents skipped this question). For part-time: Base = 34 (Fifteen respondents skipped this question).

9.4 In total, respondents indicated that their businesses currently employ 14,126 full-time and part-time⁶⁹ employees⁷⁰. Of these, 795 (6%) are currently employed in Wales consisting of 705 full-time employees and 90 part-time employees⁷¹.

The low rate of employees in Wales is accounted for by the small number of large national firms that are registered with the scheme and whose operations are primarily based in other parts of the UK.

Table 9:1 Regions in Wales where developers are most active⁷²

Response	No. of Respondents	Per Cent of Respondents
North West	6	13%
North East	10	21%
Mid Wales	4	8%
South West	18	38%
South East	13	27%
Elsewhere (please specify)	1	2%
Total number of respondents*	48	-

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Respondents could select more than one option. Base = 48 (One respondent skipped this question).

9.5 The developer respondents are representative of all regions in Wales, as shown in Table 9:1. The regions of Wales in which respondents carried out their main housing activities varied. A large minority of respondents (38%, n=18) carried out their main housing activities in the South West while only 8% (n=4) of respondents carried out their main housing activities in Mid Wales. One respondent selected elsewhere and stated that their main housing activities were nationwide.

⁶⁹Part-time is defined as less than 20 hours per week.

⁷⁰Respondents were asked 'How many people are currently employed in your business?'. Respondents were asked to enter free text into the categories 'Full-time' and or 'Part-time'. For full-time: Base = 46. (Three respondents skipped this question.) For part-time: Base = 33. (Sixteen respondents skipped this question.)

⁷¹Carrying on from the previous question respondents were asked 'How many of these are currently employed in Wales?'. Respondents were asked to enter free text into the categories 'Full-time' and or 'Part-time'.

⁷²Respondents were asked 'Where, in Wales, did you carry out your main housing activities prior to registering with the scheme?'. Respondents were asked to select as many of the options listed in the table as applied.

9.6 Respondents were also asked on average how many units they completed prior to registering with Help to Buy – Wales.

Table 9:2 Average units built per year prior to registration⁷³

Average Units	No. of Respondents	Per Cent of Respondents
1-10 units	27	56%
10-50 units	7	15%
50-100 units	10	21%
100-200 units	1	2%
200-500 units	0	0%
Over 500 units	3	6%
Total*	48	100%

Source: PACEC Developer Survey (September 2015)

*One respondent skipped this question. Therefore, the baseline is 48.

9.7 Over half (56%, n=27) of respondents built, on average, 1-10 units per year prior to registering with the scheme. Just over a fifth (21%, n=10), built between 50 and 100 units per year. None of the respondents built between 200 and 500 units per year; however three respondents built over 500 units. This suggests that the scheme was attractive to smaller developers as well as large national companies and that the survey has gathered responses from a wide range of companies.

9.8 This would suggest that the scheme was attractive to a varying range of developers based on size, from large to small developers.

Developer Objectives and Progress

9.9 This section provides an overview of developer objectives and progress under the scheme based on responses from the developer survey.

⁷³ Respondents were asked 'Prior to registering with Help to Buy - Wales, on average how many units did you build per year?' Respondents were asked to select one of the options listed in the table.

Table 9:3 Number of respondents that have built under the Scheme⁷⁴

Built under the Scheme	No. of Respondents	Per Cent of Respondents
Yes	44	90%
No	5	10%
Total	49	100%

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

Base = all (49) respondents

9.10 The vast majority of respondents (90%, n=44) have built houses under the scheme. Based on the most recent data provided by Help to Buy (Wales) Ltd (October 2015), of the 138 developers currently registered, 38% (n = 53) have not completed any homes under the scheme so far.

⁷⁴ Respondents were asked 'Have you built houses under the scheme?' Respondents were asked to select one from the options listed in the table.

Developer Objectives

Table 9:4 Developers' objectives when getting involved with the Scheme⁷⁵

Response	No. of Respondents	Per Cent of Respondents
Build more houses	24	55%
Build bigger houses	1	2%
Bigger developments (i.e. more units per development)	4	9%
Build in new locations/expand market	7	16%
Increase sales	36	82%
Increase employment	10	23%
Increase profitability	9	20%
Reduce costs	2	5%
Improve business image/reputation	13	30%
Other (please specify):	8	18%
Total Responses	114	-
Total Respondents	44	100%

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Respondents could select more than one option. Base = 44 (Five respondents skipped this question)

9.11 Just over 80% (82%, n=36) of respondents indicated that the main reason they got involved with the scheme was to increase sales; this is followed by 'Build more houses' (55%, n=24), and together these objectives make up more than half of the total responses (53%, n=60). This is unsurprising as it is one of the key objectives of the scheme showing additionality in terms of the scheme's objectives and also that the objectives of developers are in line with those of the scheme.

⁷⁵ Respondents were asked 'What were your objectives for getting involved with the scheme, i.e. what did you want to achieve?'. Respondents were asked to select as many options as applied and also given free text to specify if selected 'Other' option.

9.12 The least important objectives for getting involved with the scheme were building bigger houses (2%, n=1) and reducing costs (5%, n=2). Of the eight 'Other' objectives, responses include to secure and increase sales, offer more choice to a wider range of customers, increasing accessibility and opening up the market.

9.13 This shows that developers recognised the opportunities presented by the scheme to increase development sales and also to increase the number of developments, suggesting that at this time developers were not as focused on the types of houses that they built, but rather the quantity they built.

Table 9:5 Developers' growth objectives⁷⁶

Response	When first got involved		Now	
	No. of Respondents	Per Cent of Respondents	No. of Respondents	Per Cent of Respondents
Become Smaller	0	0%	1	2%
Stay the same size	20	41%	15	31%
Grow moderately	19	39%	21	43%
Grow Significantly	8	16%	10	20%
Not Applicable	2	4%	2	4%
Total*	49	100%	49	100%

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

* Base = all (49) respondents

⁷⁶ Respondents were asked 'How would you describe the overall growth objectives of your business both at the time you first got involved with the scheme and now?'. Respondents were asked to select one option from those listed in the table for both columns.

9.14 Table 9.5 shows the growth objectives of developers both at the time they first got involved with the scheme and now (September 2015). As the scheme has progressed, developers' growth objectives have shifted towards improving growth. Initially the slight majority of respondents aimed to stay the same size (41%, n=20) with slightly fewer aiming to grow moderately (39%, n=19). These have now changed to the majority aiming to grow moderately (43%, n=21), with a 10 percentage point (n=5) drop in the percentage of developers with objectives to stay the same size. The proportion of developers aiming to grow significantly also increased by 4 percentage points (n=2) from when developers first got involved with the scheme to now. This finding is in line with the earlier finding that developers' main objectives for getting involved with the scheme are to increase sales and build more houses.

Table 9:6 The extent to which involvement with the scheme generally satisfied business objectives⁷⁷

To what extent did the scheme generally satisfy firm objectives	No. of Respondents	Per Cent of Respondents
Wholly	11	26%
Largely	14	33%
Partly	8	19%
To a small extent	7	16%
Not at all	3	7%
Total*	43	100%

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Six respondents skipped this question therefore the baseline is 43.

9.15 The majority of respondents (33%, n=14) reported the scheme had largely satisfied their firm's objectives with just over a quarter (26%, n=11) saying objectives had been wholly satisfied. Of the 12 respondents providing more detail, most comment on the ability of the scheme to attract purchasers as well as the 'good staff' and 'efficient timescales' of the scheme. One respondent who indicated that the scheme had partly satisfied firm objectives commented that:

⁷⁷ Respondents were asked 'To what extent did your involvement with the scheme generally satisfy your firm's objectives?' Respondents were asked to select one of the options listed in the table and also provide further details in free text.

'Whereas HtBW has assisted in terms of deposit assistance etc this is somewhat offset by lenders tightening up lending criteria, affordability etc to buyers at the lower income scales. That is to say these buyers can meet deposit criteria but fail to get mortgages even though they are paying more in rent without arrears being present.'

Barriers to building in Wales⁷⁸

9.16 Just under three-quarters (72%, n=31) of developers identified barriers to building in Wales, with 19% (n=8) saying there are no barriers to building in Wales and the remainder did not know (9%, n=4). The main barriers described by developers are summarised below.

9.17 **Planning** - Planning restrictions and delays were the most frequently cited barriers to building in Wales (n=15, 48%). One developer commented that, 'The Planning process requires far too many unnecessary requirements that are both costly and lengthy'. While another compared the Welsh planning process to that of the English saying that, 'Planning process is a significant barrier (in England the planning system is smoother).'

9.18 **Building regulations** – Just under a third (n=10, 32%) of developers pointed to building regulations as one of the main barriers to building in Wales, with one developer commenting that, 'Building regulations are more onerous than in England'.

9.190 **Local Authorities** – Developers (n=6, 19%) pointed to the opposition and restrictions put in place by Local Authorities as a barrier to building in Wales with one developer commenting, 'Local Authority opposition and general unhelpfulness was incredible.'

⁷⁸ Respondents were asked 'In your experience, are there any barriers to building in Wales?'. Respondents were asked to select one of the options listed in the table and if 'Yes' to specify in free text. Base = 43. (Six respondents skipped this question and 31 respondents specified the barrier(s).)

- 9.20 Affordable Housing Restrictions/Requirements** – Four developers (13%) identified the requirements/restrictions under affordable housing as a barrier, with one developer pointing to ‘prohibitive affordable housing requirements’ as a barrier to building in Wales. Another said that Help to Buy - Wales has had a negative impact on the affordable housing market because it ‘has enabled purchasers to get on the ladder with a lower down payment. People that may have accounted for affordable housing are now discounting that and going to Help to Buy’. Whilst these comments represent a very small proportion of feedback gathered using the surveys and interviews, displacements in housing markets can be a factor that is associated with shared equity schemes. Further detailed research may be required to determine if this is a factor of Help to Buy – Wales.
- 9.21 Access to funding** - Another barrier identified by developers (n=3, 10%) is the access to funding in Wales, with developers commenting that, ‘Access to funding at competitive rates for the small to medium developer’ and ‘Development finances are easier to get in England than Wales’.
- 9.22 Land accessibility** – Access to land has also been identified (n=3, 10%) as a barrier to building in Wales with one developer saying that ‘There is a lack of access to affordable land for smaller developers’.
- 9.23 Affordability/Access to Mortgage** – Affordability has also been identified (n=3, 10%) as a potential issue in some areas across Wales. Developers noted specific problems in the Valleys where there is a ‘lack of people who are able to obtain appropriate mortgages’.

Help to Buy – Wales’ Influence on Development Plans and the Impact on the Type and Size of Houses Built on Sites in Wales

Evidence from Developer Surveys

9.24 Fifty-nine per cent of developers (n=26) reported the scheme has influenced their development plans⁷⁹. These 26 were then asked how their development plans have been influenced, their responses are outlined in Table 9:7.

Table 9:7 Influence of Help to Buy – Wales on development plans⁸⁰

Response	No. of Respondents	Per Cent of Respondents
Now building houses in Wales (e.g. rather than England/elsewhere)	1	4%
Building more houses in Wales than planned	16	62%
Building bigger units (i.e. 3,4,5 beds)	2	8%
Building smaller units (i.e. 1,2 beds)	2	8%
Sought new locations in Wales for development	7	27%
Higher market price	5	19%
Lower market price	0	0%
Built in different locations within Wales	0	0%
Other (please specify):	7	27%
Total*	26	-

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Respondents could select more than one option. Base = 26 (Only asked of the 26 that responded ‘Yes’ to previous question⁷⁹).

⁷⁹Respondents were asked ‘Has the existence of Help to Buy – Wales influenced your development plans?’. Respondents were then asked to select one from the options ‘Yes’, ‘No’ or ‘Don’t Know’. Base = 44. (Five respondents skipped this question.)

⁸⁰Following the previous question, respondents were asked ‘If “Yes”, how?’. Respondents were asked to select all that apply of the options listed in the table and if ‘Other’ to specify in free text.

9.25 The majority of these respondents (62%, n=16) indicated that the scheme has influenced future development plans as more houses in Wales have been built than was planned (potentially suggesting additionality). Developers (27%, n=7) also said that they were seeking new locations in Wales for development, because of the scheme. This is consistent with the findings from the interviews with developers, namely that as there has been improved sales, developers can move on to their next development more quickly and thus build more houses. One respondent also said that they will have to plan the timing of future new builds to match the duration of Help to Buy – Wales⁸¹.

Impact on location⁸²

9.26 Five respondents elaborated on how the scheme influenced their decision on where to build in Wales by reporting that the scheme opened up the possibility to carry out projects in different locations, namely: Newport, Pontypool, South Wales, Neath Port Talbot, Swansea and an unspecified site in Mid Wales. One respondent stated that:

'The scheme enables those who could not purchase a new home in less prosperous areas of south Wales to afford to purchase their new home. We are now able to consider development in areas that previously were unable to support new home building due to lack of affordability. This can however be affected significantly by Section 106 and latterly CIL requirements. The ongoing availability of Help to Buy will enable us to have confidence to construct new homes in locations that we may not have considered viable prior to the scheme being introduced.'

9.27 While the above outcome may not be one of the main objectives of the scheme, it is undoubtedly a valuable outcome. However, it is contradictory to the feedback outlined in Section 0 in which three developers identified affordability as a barrier to building in Wales. The comment suggests that increased Help to Buy - Wales activity may help alleviate the affordability barrier.

9.28 Other respondents remarked:

⁸¹ Respondent feedback: 'Have to plan the time duration of HtBW'.

⁸² Respondents were asked 'If Help to Buy – Wales influenced your decisions about where to build in Wales, can you tell us about that change (e.g. which areas), and please explain why?'. Respondents were asked to write their response in free text. Base = Five.

'I have more confidence to commit to a land purchase as HtBW assists in selling the houses.'

'The scheme has influenced this decision due to how easy new buyers found the scheme and were assisted.'

'Opened up the possibility to carry out projects in different locations'.

Development plans in the absence of the scheme

Table 9:8 How development plans would differ in the absence of the scheme⁸³

Response	No. of Respondents	Per Cent of Respondents
We would have built less houses	20	80%
We would have built bigger houses (i.e. 4/5 bedrooms)	1	4%
We would have built in a different location (outside of Wales)	4	15%
We would have built smaller houses (i.e. 1/2 bedrooms)	3	12%
We would have built in a different location (but still within Wales)	3	12%
Other	3	12%
Total Responses	34	-
Total Respondents*	26	-

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Respondents could select more than one option. Base = 26

⁸³ Asked of the 26 respondents that answered 'Yes' to the question 'Has the existence of Help to Buy – Wales influenced your development plans?' were asked 'How would your development plans have been affected in the absence of the scheme?'. Respondents were asked to tick all options that apply from those listed in the table and if 'Other' then to specify in free text.

9.29 Of the 26 respondents who reported Help to Buy – Wales has influenced their development plans, over three-quarters (80%, n=20) report they would build fewer houses in the absence of the scheme. Other than 15% (n=4) of developers saying that if the scheme was not available they would have built in a different location outside of Wales, all other options received under 15% of the responses. Again this could indicate the influence of the scheme on the quantity of developments in Wales and the limited influence on the size of homes with only three respondents (12%) stating they would build smaller homes.

Impacts of Help to Buy – Wales on developer business.

Table 9:9 Help to Buy – Wales impact on developers' businesses⁸⁴

Impact	No. of Respondents	Per Cent of Respondents
Encouraged us to explore new locations for developments	13	33%
Increased sales	30	75%
Increased (local) employment	17	43%
Increased profitability	15	38%
Improved business image / reputation	13	33%
Increased the range /type of units or developments	7	18%
Entered into new markets/locations	8	20%
Increased business with sub-contractors	12	30%
Other (please specify):	4	10%
Total Responses	119	-
Total*	40	-

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Respondents could choose more than one response. Base = 40 (Skipped by nine respondents)

⁸⁴ Respondents were asked 'Has Help to Buy - Wales had any of the following impacts on your business?' Respondents were asked to select as many options as applied from those listed in the table and if 'Other' to specify in free text.

9.30 As summarised in the above table, developers (75%, n=30) noted that the key impact of Help to Buy - Wales has been increased sales since the introduction of the scheme.

9.31 Other than this, the impacts of the scheme on respondents' business are quite evenly split across a variety of categories, such as increasing employment (n=17), increasing profit (n=15) exploring new locations (n=13) and improved image (n=13).

Developments under the scheme⁸⁵

9.32 Thirty-eight developers noted that they are planning to build 2,337 Help to Buy - Wales houses of which 845 have been started; 11 (27%) of the 38 developers are planning to build over 100 houses.

9.33 Based on feedback from 40 developers, 1,074 houses have been completed with 10% (n=4) of developers having completed over 50 houses. Ten per cent of respondents (n=4) have not completed any homes.

Building in Wales without the scheme.

Table 9:10 Would developers still build in Wales without the scheme?⁸⁶

Response	No. of Respondents	Per Cent of Respondents
Definitely	26	59%
Probably	7	16%
Possibly	7	16%
Probably not	4	9%
Definitely not	0	0%
Total*	44	100%

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Five respondents skipped this question therefore the baseline is 44.

⁸⁵ Respondents were asked 'How many houses have you started building under the scheme to date and how many are complete?' Respondents were asked to enter in free text the number of houses planned, the number started and the number completed under their respective columns.

⁸⁶ Respondents were asked 'Would you still build in Wales without Help to Buy - Wales?' Respondents were asked to select one of the options listed in the table.

9.34 Three-quarters of developer (75%, n=33) respondents reported they would definitely or probably still build in Wales without the scheme, with only 9% (n=4) saying they would probably not. Of the 33 developers who reported they would definitely or probably still build in Wales, 39% (n=13) would try to access another form of government support, with one respondent specifying the 'Property Developments Loan'⁸⁷.

Impact on type and size of houses being developed⁸⁸

9.35 Respondents who indicated the scheme impacted on the type and size of houses built in Wales were asked to elaborate on this impact. All three respondents noted the scheme had increased the number of three bedroom homes being developed and sold. One commented:

'The scheme has enabled purchasers to purchase a larger home than they may have been able to afford previously. This has been a significant advantage for purchasers who need a larger home to accommodate their family. We have found a larger percentage of bedroom homes now being sold as a direct result of the scheme.'

Evidence from Developer Interviews

9.36 Half (50%, n=5) of interviewees reported the scheme had an impact on their businesses' development plans. These interviewees noted that the scheme had helped their businesses sell houses quicker and influenced the size and type of houses they chose to build. Comments included:

"It increased our sales rate, which means we sell more houses per year. So, we have to allow for that increase in sales in our development plan."

"It increases sale rates, which means I have to look for my next development site sooner."

"We wouldn't have built as many four bedroom properties and we would have scaled back the size of development sites in the absence of the scheme."

⁸⁷The 33 respondents that said they would 'Definitely' or 'Probably' build in Wales without HtB were asked 'If Definitely or Probably, would you try to access any other Government support (e.g. Property Development Loan)?'. Respondents were asked to select one of the options 'Yes', 'No' or 'Don't know' and those that selected 'Yes' were asked to provide details in free text. Base = 33.

⁸⁸Asked the four respondents that indicated in the previous question (see footnote 83) that there would be a change in the types of houses being built 'If the scheme impacted on the type and size of houses built on site in Wales please explain how (e.g. building more four bedrooms or semi-detached than planned, etc.)'. Respondents were asked to enter their response in free text. Base = 3.

9.37 The remaining interviewees stated that the scheme did not have much of an influence on the type/size of houses built, but suggested that the company's rate of sale has increased dramatically because of the scheme:

"The size of houses we build depends on the surrounding area of the development site. In more affluent areas we build bigger houses, in socio-economically deprived areas we build more affordable housing. We've found that the scheme genuinely helps people get on the property ladder. They may buy a slightly bigger house than they would have in the absence of the scheme but they wouldn't stretch beyond their means. However, the scheme has increased our rate of sale. In the absence of the scheme we would have to allow for a much longer time period for the sale of the houses we build."

9.38 It was the overall perception of the developers who were interviewed that people were buying larger houses than would have been the case without Help to Buy - Wales. One interviewee noted that their company is moving away from building two bedroom homes that would have been traditionally bought by first time buyers as Help to Buy - Wales is helping people move straight into a three bedroom home.

Help to Buy – Wales’ Impact on the Demand for Housing in Wales

Impact on the level of demand for housing in Wales

Table 9:11 Help to Buy – Wales’ impact on the level of demand for housing in Wales⁸⁹

Response	No. of Respondents	Per Cent of Respondents
Positive	36	84%
Negative	1	2%
No impact	6	14%
Total*	43	100%

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Six respondents skipped this question therefore the baseline is 43

9.39 The large majority of developers (84%, n=36) noted a positive impact on the level of demand for housing in Wales as a result of Help to Buy – Wales. Eighteen of these developers provided further details of these positive effects reporting that the scheme had increased the demand for housing in Wales by increasing accessibility and assisting first time buyers with entering the housing market. Some key comments include:

‘Massive confidence builder as a direct result of the ability to purchase before having to wait to save a suitable deposit to obtain an affordable mortgage. Has enabled many who were previously only able to rent to proceed to purchase a new home. Over 45% of our reservations are now assisted by Help to Buy - Wales’.

‘It has had a positive effect in the urbanised areas of North and South Wales but very limited in Mid Wales where the planning policies and their effect on lenders have virtually wiped out building by the small rural developers.’

‘Encouraged first time buyers, improved housing supply to meet demand’.

‘This is the most important support possible to assist first time buyers enter the housing market.’

⁸⁹ Respondents were asked ‘In your view, has the existence of Help to Buy - Wales had any impacts on the level of demand for housing in Wales?’. Respondents were asked to choose one of the options listed in the table and asked to provide further details in free text.

9.40 This finding indicates additionality arising from the scheme as well as a positive influence on the demand for housing in Wales which is directly related to the objectives of the scheme.

9.41 Key stakeholders who were interviewed noted that it is difficult to value a new build property for mortgage purposes which can act as a deterrent to some providers. One key stakeholder noted that they believed, 'If a mortgage surveyor values a property and they know it is for Help to Buy we have found that they tend to down value the property'. However, this was not an issue picked up elsewhere in the research.

Table 9:12 Impact on the demand for types of houses in Wales⁹⁰

Impact	No. of Respondents	Per Cent of Respondents
Increased demand for larger units (3,4,5 bed)	17	44%
Decreased demand for larger units (3,4,5 bed)	2	5%
Increased demand for smaller units (1,2 beds)	19	49%
Decreased demand for smaller units (1,2 bed)	1	3%
Increased demand in preferential areas	5	13%
Increased demand for all other non-detached (e.g. semis, apartments etc.)	10	26%
Increased demand for detached units	10	26%
Other (please specify):	7	18%
Total Responses	71	-
Total*	39	-

Source: PACEC – Help to Buy – Wales, Developers Survey (September 2015)

*Ten respondents skipped this question therefore the baseline is 39.

9.42 Just under half of the respondents to the survey (49%, n=19) reported there has been an increase in the demand for smaller units (one, two bedrooms). Whilst, a similar proportion (44%, n=17) attributed an increase in the demand for larger units (three, four, five bedrooms) to the scheme.

⁹⁰ Respondents were asked 'In your view, has the existence of Help to Buy - Wales had any impact on demand for certain types of houses in Wales'. Respondents were asked to select all options that apply from those listed in the table.

- 9.43 The same percentage of respondents (26%, n=10) note an increased demand for detached units as note an increase in demand for all non-detached units (e.g. semis, apartments etc.).
- 9.44 This would indicate that developers have not perceived a clear impact on size or type of house.
- 9.45 All other impacts were observed by fewer than 15% of respondents. Of the seven developers that selected 'Other', two commented that there had been no impact, four commented that the level of demand was equally spread among different types of housing and one commented that they have noticed 'increased demand for houses up to around £125k'.
- 9.46 Similar percentages of developers note an increased demand for larger units as noted an increased demand for smaller units, as well as similar percentages noting an increased demand for non-detached as noting an increased demand for detached. This would suggest that overall there has been no proportional change in the levels of demand for housing across Wales, at least at a national level, but rather as the 'Other' comments suggest, that demand is equally spread across housing types: 'It is a complete mix'.

Impact on the Competitiveness of the Construction Industry

- 9.47 The rest of this section considers the impact of the Help to Buy - Wales scheme on the competitiveness of the construction industry in Wales. A report by Reading University⁹¹ noted that there is no consensus on what is meant by competitiveness or how it is best measured within the construction industry. For the purposes of this study we have considered supply, demand and price and draw on feedback gathered from the survey of registered scheme developers as well as the in-depth interviews with developers and key stakeholders.

⁹¹ Flanagan, R., Jewell, C., Ericsson, S., Henricsson, P. Measuring Construction Competitiveness in Selected Countries.

9.48 There is some evidence to suggest that Help to Buy – Wales has stimulated the demand for housing (as evidenced through the 73% (n=389) of the 532 buyers who said the scheme had an influence on the type of house saying that they bought a new house because of the scheme) and 84%(n=36) of developers who responded to the survey agreed that the scheme has had a positive impact on the demand for new houses.

Feedback from Developer Interviews

9.49 Interviewees were asked if they believed the scheme had impacted on their companies' competitiveness. All interviewees noted that their properties would have taken longer to sell in the absence of the scheme and that it has provided a boost to the construction industry in Wales. One interviewee noted:

'The building sector would still be in recession if it wasn't for Help to Buy. Without it many Welsh builders would not have survived.'

9.50 Developers were also asked if they would have refocused their business to England in the absence of the scheme. All the smaller Welsh companies said that it would not have been possible for them to start operating in England (due to geographies and differences in planning laws etc.) and therefore the Welsh scheme is the only form of support they have received.

9.51 The scheme appears to have been less influential for the larger, UK-wide organisations; one interviewee noted 'Wales is a relatively small part of our overall market, so it did not change our plans, but we are selling houses quicker because of the scheme'.

9.52 Interviewees also noted that they were not aware of any other scheme to support people enter the property market. Comments included:

'The scheme helps young people get on the property ladder. Most don't have an existing home to sell. They are coming out of rented accommodation, so the scheme enables them to buy property they wouldn't have otherwise been able to afford.'

‘The scheme was launched at the right time. There is a feel good atmosphere in the market at the minute. People are keen to own their own homes and the scheme is helping them do that.’

Feedback from Developer Surveys

9.53 In the survey, developers were also asked if they believed the scheme had made their company more competitive. Eighty-four per cent noted that it had increased demand for new properties and 95% noted that it had increased sales.

9.54 It should also be noted that access to the scheme was open to all developers and registration was considered to be a relatively simple process, therefore access to the scheme was not a competitive process. Over 90% of developers (91%, n=39) reported no barriers to accessing Help to Buy – Wales⁹². Only four developers said that there were barriers; three of these identified credit licencing as a barrier saying, ‘Registering for credit consumer licence which also costs’ and ‘Initially the Consumer Credit Regulations are cumbersome for SMEs but this was addressed by Help to Buy’. The remaining developer believed that the registration process took too long.

9.55 The high levels of developer satisfaction with the scheme’s application process as well as the limited number of barriers identified by developers suggests that all developers in Wales could potentially access the Help to Buy - Wales market if they wished.

⁹² Respondents were asked ‘Were there any barriers to accessing Help to Buy – Wales?’ Respondents were asked to select ‘Yes’ or ‘No’ and provide details in text. Base = 43. (Six respondents skipped this question.)

9.56 In addition to the feedback from developers, it is also worth noting that Help to Buy – Wales accounted for no more than one-third of the overall housing market in any one Local Authority area; this would suggest that as Help to Buy – Wales is a relatively small proportion of the overall housing market, there are other factors that may have a greater impact on the competitiveness of developers in Wales. There are a number of studies that have shown that whilst supply and demand can impact on competitiveness in local housing markets, there are other factors that will impact on competition in the construction industry. These are primarily access to finance (for builders and buyers) and availability of land/planning permission⁹³.

9.57 Therefore, at this stage there is no conclusive evidence to suggest that the scheme has impacted on competitiveness. However, developers report that the scheme has increased demand for their houses and increased their rate of sale.

⁹³Understanding Supply Constraints in the Housing Market. FTI consulting for Shelter (2011).

Employment Impacts

Feedback from Developer Surveys

- 9.58 Thirty-seven developers provided details on the number of additional staff that are employed in Wales as a result of the scheme. In total, 37 developers estimated that over the life of the scheme they have employed 160 additional staff averaging roughly at just over four additional staff per developer respondent (the additionality of these jobs is discussed later). In addition, 33 of these respondents stated that 18 of their additional staff were previously unemployed⁹⁴. Fifteen apprenticeships⁹⁵ have been created (based on feedback from 34 developers) and seven traineeships⁹⁶ (based on feedback from 30 developers), with two developers being unsure of the number of apprenticeships/traineeships created and a further developer saying that traineeships and apprenticeships had been created 'via Jobs Growth Wales'⁹⁷.
- 9.59 Sixteen developers stated they had not taken on any additional staff, however two of these developers said they had increased staff hours and another developer said they had not yet taken on new staff but, 'Intend to take on more staff in the future depending on how the scheme goes'⁹⁸.

⁹⁴ Respondents were asked 'With regard to impacts of the scheme on your business, please provide the following: Number of additional staff who are employed, who were previously unemployed'. Respondents were asked to enter in free text the number. Base = 33.

⁹⁵ Respondents were asked 'With regard to impacts of the scheme on your business, please provide the following: Number of apprenticeships provided'. Respondents were asked to enter in free text the number. Base = 34.

⁹⁶ Respondents were asked 'With regard to impacts of the scheme on your business, please provide the following: Number of traineeships provided'. Respondents were asked to enter in free text the number. Base = 30.

⁹⁷ Jobs Growth Wales is a programme funded by Welsh Government with the support of the European Social Fund which provides six months' opportunity in a job paid at least the National Minimum Wage.

⁹⁸ Respondents were asked 'With regard to impacts of the scheme on your business, please provide the following: Number of additional staff who are employed in Wales'. Respondents were asked to enter in free text the number of additional staff. Base = 37.

- 9.60 Based on responses from 28 developers, a total of £5,241,000 was spent on people living in Wales who were/are employed by developers as a result of the scheme (e.g. salary costs), averaging at £187,179 per developer, with four developers being unsure and one stating that all their spending was as a result of Help to Buy - Wales⁹⁹.
- 9.61 Respondents who reported an increase in local employment as a result of the scheme were asked to elaborate on what occupations this employment created. The majority of responses (94%, n=16) reported that skilled labour (i.e. electricians, plumbers etc.) employment has been created followed by semi-skilled labour (71%, n=12). Other occupations that have reportedly seen employment creation as a result of the scheme, include unskilled labour (47%, n=8), Sales/marketing (35%, n=6) and to a lesser extent Surveyors/Architects/Planners/Engineers (29%, n=5), Management (18%, n=3) and Finance/Accounting/Administration (18%, n=3) employment¹⁰⁰.
- 9.62 Developers were asked if they would have employed the additional staff without Help to Buy – Wales¹⁰¹; just under half (47%, n=15) said either ‘Definitely not’¹⁰² or ‘Probably not’¹⁰³ compared to 21% (n=9) saying they either ‘Definitely’¹⁰⁴ or ‘Probably’¹⁰⁵ would have employed the additional staff. A further 14 respondents (33%) were unsure and said ‘Possibly’. Therefore, there were 126 additional jobs created under the scheme (created by developers who stated that they ‘Definitely’ or ‘Probably’ would not have hired additional staff without the scheme) and a further 34 jobs were created by developers who stated that they ‘Definitely’ or ‘Probably’ would have hired the additional staff without the scheme (may have been created without the scheme so only partially additional).

⁹⁹ Respondents were asked ‘Approximately how much was spent on people living in Wales who were/are employed by your company as a result of Help to Buy developments (i.e. salary costs)?’. Respondents were asked to write in free text the number. Base = 28

¹⁰⁰ The 17 respondents that said they had increased local employment in a previous question were asked ‘If you selected ‘Increased (local) employment’ in the previous question, can you say for what occupations?’. Respondents were asked to select all of the options listed in the table that apply and if ‘Other’ to specify in free text. Base = 17

¹⁰¹ Respondents were asked to select one from the five options ‘Definitely’, ‘Probably’, ‘Possibly’, ‘Probably not’ or ‘Definitely not’. Base = 43. (Six respondents skipped this question.)

¹⁰² ‘Definitely not’ (12%, n=5).

¹⁰³ ‘Probably not’ (35%, n=15).

¹⁰⁴ ‘Definitely’ (7%, n=3).

¹⁰⁵ ‘Probably’ (14% per cent, n=6).

9.63 Therefore there are indications that the scheme has impacted on current employment and employment creation in Wales, both through direct job creation and retention in developer organisations but also indirectly through increased business to contractors and the creation of apprenticeships and traineeships.

Feedback from Developer Interviews

9.64 Interviewees were asked if the scheme had impacted upon the number of people they have employed or sub-contractors that they are working with. The majority (75%) of interviewees stated they had employed or sub-contracted additional staff as a result of the scheme. This impact was most significant for small and medium sized firms, for example some medium sized developers noted:

'We have taken on staff from all trades, from foundations to completion. Approximately 30 or 40 people.'

'We have employed five additional people and taken on 30 more sub-contractors, all of whom are local people, as a result of the scheme'.

9.65 A common theme amongst the developers interviewees was that they are now building more houses at any one time than would have been the case without the scheme. Therefore, they require more staff, but this is potentially for a shorter time. For example, one developer noted

'We have brought forward development plans and we are now completing two developments concurrently rather than doing one after another. This means we need twice the amount of labour at one time'.

Impact on Sub-Contractors

Feedback from Developer Surveys

9.66 Thirty per cent (n=12) of respondents stated they had increased business with sub-contractors as a result of the scheme¹⁰⁶. Sixty-nine additional contracts have been created (based on feedback from 11 developers) and 66 contracts with sub-contractors have been extended (based on feedback from 11 developers) as a result of Help to Buy – Wales, totalling roughly £13,915,000 (based on feedback from 10 respondents). Based on feedback from 14 developers, the vast majority of these sub-contractors are based in Wales (averaging 96% across 13 developers¹⁰⁷) and carry out all trades associated with constructing a housing development. Just over half (54%, n=22) of developers said that their main or sub-contractor was able to retain staff who would have otherwise been made redundant without the work provided via Help to Buy – Wales¹⁰⁸.

9.67 Again the survey has found evidence of the scheme generating increased business for sub-contractors, particularly those based in Wales and also that the scheme has had positive employment impacts on sub-contractors in Wales.

9.68 Furthermore, 60% (n=25) of developers thought there have been, or will be, positive effects on their sub-contractors¹⁰⁹. These positive effects were identified by developers as additional workload and improved security and employment. Developers' comments include:

'Increased volume of workload and related ability to employ further workforce as a result of longer and larger scale contracts'

¹⁰⁶ Respondents that said they had increased business with sub-contractors were then asked 'If you selected 'Increased business with sub-contractors' in relation to how the Help to Buy - Wales scheme impacted your business, please provide details below:' and asked to enter in free text the 'Number of new/additional contracts', 'Number of contracts extended as a result of Help to Buy – Wales', 'Approximate total value of new and extended contracts to date', 'Typically what type of role is undertaken by sub-contractors (e.g. bricklaying, plastering, etc.)' and 'To the best of your knowledge, what percentage of these sub-contractors are based in Wales'.

¹⁰⁷ One developer simply stated they were 'Unsure'.

¹⁰⁸ Respondents were asked 'Has Help to Buy - Wales allowed the main or sub-contractor to retain staff who would have been made redundant without work provided via the scheme?'. Respondents were asked to choose either 'Yes' or 'No'. Base = 41. (Eight respondents skipped this.)

¹⁰⁹ Respondents were asked 'Have there been, or are there likely to be, any positive or negative effects on your sub-contractors?'. Respondents were asked to choose one of the options 'Positive effects', 'Negative effects' or 'Not sure' and asked to provide further details in free text. Base = 42.

*'Knock on effect, if the properties are selling then the subcontractors
feel benefits'*

'New vehicle to sell houses. Helped stimulate the market.'

9.69 None of the 42 developers could identify any negative effects of the scheme on sub-contractors.

10. CONCLUSIONS AND RECOMMENDATIONS

Summary

10.1 The research concludes that Help to Buy - Wales is:

- Underpinned by a clear rationale.
- Suitably conditioned to ensure the scheme is targeted for the desired intervention.
- Widely accepted by the industry.
- Having a positive impact on house buyers as evidenced by the 84% of respondents to the survey, who noted that they bought a larger or more expensive house or a house in a preferred location as a result of the scheme.
- Helping first time buyers get onto the property ladder sooner (albeit also causing first time buyers to purchase larger/ more expensive homes than they would have in the absence of the scheme).
- Having a positive impact on developers, as feedback from developers indicates that it has increased sales of new houses and increased employment in the construction sector since the start of the scheme.
- Administratively effective, with positive feedback from buyers and developers.
- Being utilised across all local authorities in Wales.
- Capped in line with house prices (acknowledging that a sub-regional cap is not feasible).
- Is driven by supply-side factors, such as the supply of development land, and not evidently correlated to demand-side factors.

Introduction

10.2 The following paragraphs summarise the key findings from each stage of the research.

Rationale for the Help to Buy Scheme

- 10.3 Help to Buy - Wales has two key objectives: help house building activity in Wales return to pre-crises levels and ensure that the Welsh construction sector remains competitive and continues to attract investment. Therefore, the primary focus of the scheme is on regenerating the housing market (and the wider construction sector) and not on house buyers, who are undoubtedly also direct beneficiaries.
- 10.4 The feedback from developers regarding the impact of the scheme was positive with the research concluding that Help to Buy – Wales has had a significant and positive impact on the construction industry in Wales in that there is clear evidence of increased sales, increased rate of sale, increased demand for new properties and increased employment opportunities.
- 10.5 Employment in the construction industry fell to 6.5% in 2013, from a high of 7.9% in 2006. This represents a decrease of 17,600 employee jobs in the construction industry during the period 2006–2013. Similarly, the completion of new build housing fell to 5,500 completion per annum, from a peak of 8,988 in 2006/07 and an average of over 7,000 per annum for the preceding decade¹¹⁰.
- 10.6 In addition, the research recognises the positive indirect impact that the house building industry has on the wider economy (HM Treasury estimate that 21 jobs are created annually for every £1 million spend). There is also the potential to aid affordability issues (in an economy where house prices increased by £60,000 in Wales in four years (2003-2007) and remain at similar levels today, and wage growth has averaged 1.6% per annum since 2008) as further supporting basis for the Help to Buy - Wales scheme.

¹¹⁰ Source: StatsWales, housing statistics, new house building

The criteria and up-take

- 10.7 Help to Buy - Wales was set up in January 2014, with £170 million of funding for a shared equity initiative. The scheme is eligible only for new build properties, must be the purchasers' only residence and has a house price cap of £300,000. The purchasers must be able to fund 80% of their selected property through a conventional repayment mortgage and have a 5% deposit, at which point the Help to Buy - Wales scheme will provide a shared equity loan up to the value of 20% of the property.
- 10.8 The research concludes that the criteria on which the Help to Buy - Wales are based are sensible. The criteria appear to target the scheme at the desired market, ensure buyers can afford the property they wish to purchase and manage the risk of the scheme being abused by those who do not need it.
- 10.9 However, the Help to Buy - Wales scheme does not appear to have a lever to manage against deadweight (i.e. bringing forward what would have happened anyway). From an economic perspective, this is less concerning: boosting the house building sector and wider construction industry are the key objectives of the scheme and thus deadweight is an appropriate trade-off. Although the properties sold via Help to Buy – Wales may have sold anyway, feedback from developers indicates that the scheme has increased the rate of sale of these properties which developers view as a benefit.
- 10.10 Help to Buy - Wales has been widely accepted by the industry and is being widely utilised by buyers, with 12 major financial providers currently offering mortgages alongside Help to Buy and 138 developers signed up to the scheme. The scheme has supported 1,865 house purchases in the first 18 months, at a total value of £66.1 million and 75% of buyers have been first time buyers. Help to Buy activity has occurred across all local authorities in Wales.

Impact on Beneficiaries

- 10.11 Help to Buy - Wales had a positive impact on house buyers, with 89% (n=532) citing that the scheme had an influence on their decision to buy a property. Of these 532, 42% (n=222) of buyer survey respondents bought a larger house and 21% (n=112) purchased a house in a preferred location as a result of the scheme. Furthermore, 73% (n=389) of respondents noted that they bought a house in a new development specifically because of the scheme, suggesting that the scheme's objectives have resonated strongly with house buyers.
- 10.12 The scheme has also had a significant positive impact on first time buyers; 75% (n=494) of respondents were purchasing their first home, with 59% (n=293) noting that the scheme had an impact on their ability to purchase a new home. The ability to overcome affordability issues and afford a new house (as opposed to a second-hand property) were common citations.
- 10.13 However, there is some evidence of potential displacement, as 80% (n=532) of respondent buyers suggested that Help to Buy - Wales had an impact on their choice of house, with 42% (n=222) of these (33% of all respondents) suggesting they chose a larger house than they would otherwise have done. Similarly, 42% (n=225) bought a more expensive house than they would otherwise have done, although the impact of this is less significant when considering that in the absence of the scheme, the user may have opted for a lower priced existing home (thus not stimulating the market for new houses), suggesting that Help to Buy – Wales has displaced the sale of smaller existing houses.
- 10.14 The evidence also suggests that the Help to Buy scheme may have brought forward a buyers decision to buy a house, and thus had a limited impact on stimulating house purchases for those who would not have bought a home without the scheme. This could be considered deadweight activity, but as noted above, this is not the objective of the scheme and thus does not warrant significant concern.

- 10.15 It was noted that the Help to Buy scheme may potentially be having a negative impact on those wishing to 'move up the property ladder', as 80% of buyers (n=532) reported the scheme had an influence on the type of home they purchased. As discussed, 42% (n=222) of buyers who indicated that the scheme influenced their decision to buy a property, indicated buying a bigger house with 73% (n=389) of these buyers indicating they bought a new build house because of the scheme. Feedback from a small number of developers and applicants suggest that this may make it more difficult to sell smaller, second-hand homes.
- 10.16 In conclusion, the research suggests a positive impact on house buyers (particularly for first time buyers), however the potential for displacement in other parts of the market should be kept under review.

Impact on the Industry

- 10.17 Help to Buy – Wales has had a significant impact on the house building industry, with the evidence suggesting additionality. For example, of the 59% of developers (n=26) reporting the scheme had influenced their development plans, of these 62% (n=16) noted that they were building more homes as a result of the scheme.
- 10.18 Demand for new homes has increased for 84% (n=36) of developers and 75% (n=30) have experienced an increase in sales. House building activity has been stimulated, with 27% (n=7) of developers actively seeking new locations in Wales which they report they would not have done in the absence of the scheme.
- 10.19 A cumulative analysis of our survey suggests that developers have estimated that developers created at least 160 jobs while the scheme was running. Of these, 126 are fully additional and the remaining 34 are partially additional with other developers citing an increase in the hours of existing staff as opposed to creating additional employment. It is not possible to link these findings to the official employment data due to the range of other factors, but the conclusions are positive nonetheless.

10.20 In addition, the evidence suggests Help to Buy – Wales has led to increased activity for sub-contractors, with 30% (n=12) of developers stating that they had increased business with regular sub-contractors and just over half stating that their main sub-contractor was able to retain staff that may otherwise have been made redundant.

10.21 To date, there is no evidence that the scheme has not influenced the size and number of units built as only 8% (n=2) of developers stated that the scheme had an influence on the size of units they were developing. As noted above, the majority of developers are building more homes than they would have without the scheme. However, developers who were interviewed noted that it takes a long time to plan a development and get planning permission, therefore this phase of Help to Buy – Wales would not have impacted on the types of units that have been completed under the scheme so far due to the timescales involved in development.

10.22 The research concludes that Help to Buy – Wales has had a significant and positive impact on the construction industry in Wales. There is clear evidence of increased sales, increased rate of sale, increased demand for properties and increased employment opportunities.

Process Evaluation

10.23 Buyers, developers and other key stakeholders all noted high levels of satisfaction with the administration of the scheme. Between 77% and 86% of buyers noted various aspects of the Help to Buy - Wales process as good or very good; 70% of developers were happy with all aspects of the scheme. In particular, it was noted that the staff were particularly good at keeping all those involved up-to-date and the guidance provided by them was particularly helpful.

10.24 However, it was suggested that the Welsh language elements of the scheme could be improved. Only seven buyers and no developers chose to complete the survey in Welsh, of these; three rated the service as 'Good', with one saying it was 'Fair', two being 'Not sure' and the final Welsh speaking buyer rating the service as 'Poor'.

10.25 The marketing of the scheme could also be improved (from both developers' and buyers' perspectives), with 21%, (n=9) of developers suggesting their customers were not aware of Help to Buy – Wales before developers identified it. In addition, solicitors and financial advisors should also be aware of the scheme and have good knowledge of the administration processes that go with it.

Comparative Analysis

10.26 The Help to Buy - Wales scheme was compared to similar schemes in England. There are subtle differences in the schemes; as a result, the comparisons are not straightforward, but do provide indications. The research finds that the Welsh scheme has a wider impact, with the comparative English scheme having a more acute impact at the lower end of the market.

10.27 Help to Buy - Wales has been utilised across all Welsh Local Authorities, albeit to different degrees. There was no evidence of any socio-economic drivers of Help to Buy - Wales usage across the Local Authorities and therefore the uptake of the scheme is driven by supply-side factors, such as the availability of land for new developments, which is difficult to statistically measure. It is noted, from official data¹¹¹ over the period January 2014–June 2015 (i.e. data available during the operation of Help to Buy – Wales), that an increase in Help to Buy completions as a percentage of new builds is correlated with an increase in the proportion of new builds which are larger houses as opposed to flats. Although there is no conclusive evidence at this stage that there is a link between the two.

10.28 This and some qualitative feedback from buyers and developers suggests that Help to Buy - Wales may have led to deadweight or displacement in the wider housing market. However more research would be required to determine the extent of any displacement that may have occurred in other parts of the housing market.

¹¹¹'Help to Buy - Wales completed purchases by local authority and date' (StatsWales, August 2015) and 'New dwellings completed by area, dwelling type and number of bedrooms' (StatsWales, August 2015).

10.29 The research concludes that the £300,000 cap was an appropriate level at the time, although it should be noted that two local authorities now record average new build house prices close to the cap (Cardiff and Monmouthshire). Although not evident in the performance data at this stage, there is potential for the scheme to under-perform in these local authorities in the longer term. (The data should be noted on an ongoing basis, using a degree of caution given the underlying volatility.)

10.30 It should be noted that the Help to Buy scheme is still in its infancy, and thus the impact of the scheme is not yet fully felt in the market nor evident in official statistics (particularly in sub-regional statistics, which traditionally have a greater time lag).

Recommendations

10.31 In all, the mid-term evaluation is positive, but the following recommendations are made (in no particular order):

- the Welsh Government should put in place an improvement programme to enhance the Welsh language offering of Help to Buy - Wales;
- a marketing strategy (and associated budget) should be developed (allocated) and implemented to promote Help to Buy - Wales. In particular, a focus should be on promoting it to buyers, solicitors and financial institutions;
- in order to ensure that the application process remains efficient and timely Help to Buy (Wales) Ltd, should offer training/refresher training to all solicitors and Independent Financial Advisors on the Help to Buy processes;
- the Welsh Government should consider additional research on the impact of Help to Buy - Wales on those seeking to sell a property (particularly those wishing to move up the housing ladder). This could take the form of a survey with house sellers and/or estate agents and would provide supplementary evidence of displacement on the second-hand market;
- the sub-regional impact of the Help to Buy – Wales scheme should be monitored closely, as it is unlikely the full impact of the scheme has been fully felt across all Local Authorities. Given that property prices vary sub-regionally, there is potential for spatial bias in the longer term. Monitoring this can ensure that, if a bias does become apparent, mitigating actions can be taken to

address it (although we note that a price cap that varies across Wales is unfeasible); and

- the results of this analysis should be kept up-to-date and tracked against official statistics when they become available. The quality/ robustness of official statistical estimates on – for example house prices by Local Authority - should also be reviewed to ensure accuracy.

11. APPENDIX A

Terms of Reference for the Evaluation of the Help to Buy – Wales Initiative

Requirements

This interim evaluation will include elements of both a process and impact evaluation in order to fulfil the aims outlined above.

Impact Evaluation - Direct Impact on Beneficiaries

The aim of the impact evaluation is to determine the impact of Help to Buy - Wales on those most directly affected by it – the buyers and developers, with a specific view on whether and how the existence of the scheme has influenced buyer and developer behaviour. As such, consideration of the counterfactual is key for this aim.

Relevant research questions include:

Buyers

Has Help to Buy - Wales influenced the behaviour of either first time or repeat buyers?

Has Help to Buy - Wales reached all buyer types (age, family type, income etc.)?

Has Help to Buy - Wales had an impact on what houses are bought (type, size, location etc)?

Has Help to Buy - Wales had an impact on when buyers are choosing to purchase houses?

Has Help to Buy - Wales had an impact on the size of deposit used in purchases as part of the scheme?

How does the behaviour of Help to Buy - Wales' buyers compare to those buying outside of the scheme?

What difference has Help to Buy - Wales made to buyers' expectations in purchasing property? For example, have buyers purchased larger properties than they would have without the scheme? Have they purchased property in a more preferred location etc.?

Has Help to Buy - Wales had any impact on entry into the property market?

Has the scheme enabled buyers to meet a housing need that without this support would have been unachievable?

Developers

Has the existence of Help to Buy - Wales influenced development plans? If so how?

Have development plans altered since the introduction of Help to Buy -Wales?

Would those plans have been different in the absence of Help to Buy -Wales?

Has the existence of Help to Buy - Wales influenced decisions regarding where to build in Wales?

Has Help to Buy - Wales impacted on the type and size of houses built on sites in Wales?

Has the existence of Help to Buy - Wales had any impact on demand for housing?

Do developers actively promote Help to Buy - Wales?

What do developers view as the strengths of the scheme?

What do developers view as the weaknesses of the scheme?

Impact Evaluation - Wider Impact

The aim of this element of the impact evaluation is to assess whether the scheme has had any wider economic and industry-related impacts. As with aim (ii) outlined in section 3 above, an understanding of the counterfactual both now and going forward is key to this element of the evaluation. The following research questions are relevant.

Has the Help to Buy - Wales scheme had any impact on house prices in Wales?

Has Help to Buy - Wales had any impact on housing supply in Wales?

Has Help to Buy - Wales had any impact on the competitiveness of the construction industry in Wales?

Is there any evidence of any unintended consequences of the Help to Buy - Wales at this wider economy/industry level?

What wider economic/industry level impacts can realistically be linked to the Help to Buy - Wales initiative?

What data is required, and at what level, to provide evidence of wider impacts?

Process Evaluation

A process evaluation is required to meet aim (iii) as outlined in section 3 above. The process evaluation will need to establish how well the scheme has been implemented and operates, with a view to supporting the continuous improvement of the service. As the indicative research questions outline below, the focus of the process evaluation is to assess the application process itself and the service of Help to Buy Wales Ltd who administrate the scheme, in terms of clarity/accessibility, speed and efficiency.

Buyers

What are buyers' experience of the Help to Buy - Wales application process in general?

What are buyers' experience of the service provided by Help to Buy - Wales Ltd?

How useful was the Help to Buy - Wales scheme information and documentation, provided by Help to Buy - Wales Ltd?

How accessible was the Help to Buy - Wales scheme information and materials?

Were there any barriers to accessing the scheme and relevant support?

Did buyers consider any other alternatives to Help to Buy - Wales (e.g part exchange schemes etc.)?

Are buyers aware of their ongoing obligations and restrictions imposed by the scheme?

For applicants who did not proceed to completion, why did they withdraw their application (excluding not meeting the scheme criteria)?

Developers

What are developers' experience of the Help to Buy - Wales application process in general?

What are developers' experience of service provided by Help to Buy - Wales Ltd?

How useful was the Help to Buy – Wales scheme information and documentation, provided by Help to Buy - Wales Ltd?

How accessible was the Help to Buy – Wales scheme information and materials?

Were there any barriers to accessing Help to Buy - Wales and relevant support?

For developers who submitted a registration form only, an assessment of the reason why they did not proceed to full registration is required.

Potential contractors are invited to suggest additional ways in which the effectiveness and impact of the intervention can be understood at the macro level.

12. APPENDIX B

Buyer Survey Sample Representation

Table 12:1 Developers' Survey

Category	No. of Contacts	Percentage of Registered Developers
Contacts provided in database	134	105.5%
Number of registered developers	127	100.0%
Duplicate	5	3.9%
Contacted	129	101.6%
Contacts spoken to directly over the phone (i.e. leaving voicemails/messages with colleagues not included)	82	64.6%
Contacted and survey completed	49	38.6%
Contacted and survey partially completed	7	5.5%
Opted out	3	2.4%
No contact name provided by HtB	9	7.1%
No contact phone number provided by HtB	20	15.7%
Incorrect contact number provided by HtB	6	4.7%
Incorrect contact email provided by HtB	4	3.1%
Uncontactable through phone (i.e. No number or a broken number provided and no alternate number could not be located online)	4	3.1%

Source: PACEC Survey

There have been some issues with the developer contact details provided. For example, some telephone numbers were no longer active and no additional contact details were provided.

The table below details the number of completed purchases by region for successful applicants, survey respondents and applicant interviewees.

Table 12:2 Completed Purchases by Region¹¹²

Area	Applicants		Survey Respondents	
	N	%	N	%
North West – Isle of Anglesey, Conwy, Gwynedd	97	5	39	6
North East – Wrexham, Flintshire, Denbighshire	357	17	117	18
Mid Wales – Ceredigion, Powys	18	1	9	1
South West – Pembrokeshire, Carmarthenshire, Swansea, Neath Port Talbot, Bridgend	698	33	177	27
South East – Vale of Glamorgan, Cardiff, Torfaen, Monmouthshire, Merthyr, Blaenau Gwent, Newport, Rhondda Cynon Taff, Caerphilly	924	44	321	48
Total*	2,094	100	663	100

Source: PACEC Applicants Survey (August 2015) & Stats Wales - Help to Buy - Wales Completed Purchases by Local Authority and Date (August 2015)

*664 respondents stated that they had completed purchases through Help to Buy - Wales. One of these respondents did not indicate their area of residence in Wales. Therefore, the baseline for the number of respondents in this table is 663.

As shown above, the proportion of responses to the survey is representative of the percentage of scheme applicants from each area.

The table below shows the number of first time buyers and repeat buyers for successful applicants and survey respondents.

¹¹² Respondents were asked, 'In which area of Wales do you currently reside?' and asked to choose one option from those listed in the table.

Table 12:3 Completed Purchases by Buyer Type¹¹³

Category	Applicants		Respondents	
	N	%	N	%
First Time Buyers	1,563	75	494	75
Repeat Buyers	531	25	169	25
Total*	2,094	100	663	100

Source: PACEC Applicants Survey (August 2015) & Stats Wales - Help to Buy - Wales Completed Purchases by Local Authority and First Time Buyer (02/01/2015 – 31/08/2015)

*664 respondents stated that they had completed purchases through Help to Buy - Wales. One of these respondents did not indicate if they were a first time buyer or repeat buyer. Therefore, the baseline for the number of respondents in this table is 663.

Three-quarters (75%) of the respondent sample were 'first time buyers' and a quarter (25%) were 'repeat buyers'. As demonstrated in the table below, this is identical to the actual buyer profile of all successful applicants.

The table below lists the number of completed purchases by deposit range for successful applicants and survey respondents.

Table 12:4 Completed Purchases by Deposit Range¹¹⁴

% of Deposit	Applicants		Respondents	
	N	%	N	%
5%	1,409	67	463	70
5.1%-10%	377	18	103	16
10.1%-15%	131	6	41	6
15.1%-20%	73	4	27	4
20.1% or more	104	5	29	4
Total*	2,094	100	663	100

Source: PACEC Applicants Survey (August 2015) & Stats Wales - Help to Buy - Wales Completed Purchases by Local Authority and First Time Buyer (August 2015)

*664 respondents stated that they purchased a house through Help to Buy - Wales. One of these respondents did not state the percentage of deposit they paid on their home. Therefore, the baseline for the number of respondents in this table is 663.

As demonstrated above the profile of deposits put down by survey respondents is reflective of the actual deposit profile of all successful applicants.

¹¹³ Respondents were asked, 'Are you a first time buyer or a repeat buyer?' and asked to choose one option from those listed in the table.

¹¹⁴ Respondents were asked, 'What percentage (%) of a deposit did you put down when purchasing your house?' and asked to choose one option from those in the table.

Overall, the tables above show that our sample is largely representative of Help to Buy – Wales applicants.

Table 12.5 Respondents by Age Group¹¹⁵

Response	Survey Respondents	
	N	%
18-25	117	17%
25-35	375	55%
35-45	140	21%
45-55	45	7%
55+	4	1%
Total*	681	100%

Source: PACEC Applicants Survey (August 2015)

*One respondent skipped this question. Therefore, the baseline is 681.

The majority of respondents were aged 25-35. Only 1% (n=4) of survey respondents were aged 55 or older.

¹¹⁵ Respondents were asked, 'What is your age group?' and asked to choose one option from those in the table.

Table 12.6 Respondents by Family Type¹¹⁶

Response	Respondents	
	N	%
Single	150	22
Married or living as a couple without children	287	42
Married or living as a couple with children	218	32
Sharing/Buying with friends	–*	*
Sharing/Buying with other family members	*	*
Other*	20	3
Total**	680	100

Source: PACEC Applicants Survey (August 2015)

*Respondents that selected 'Other' identified themselves as single parents in free text, one interview identified themselves as 'Engaged to be married'

**Two respondents skipped this question. Therefore, the baseline is 680.

Table 12.7 Respondents by Household Income¹¹⁷

Response	Applicants		Respondents	
	N	%	N	%
£0-£19,999	103	5	30	4
£20,000-£29,000	558	27	126	19
£30,000-£49,000	1,038	50	327	48
£50,000 and over	395	19	198	29
Total*	2,094	100	681	100

Source: PACEC Applicants Survey (August 2015), Supplemented with HtB (Wales) Ltd Programme Management Information (August 2015)

*One respondent skipped this question. Therefore, the baseline is 681.

¹¹⁶ Respondents were asked, 'What is your age group?' and asked to choose one option from those in the table.

¹¹⁷ Respondents were asked, 'What is your household income bracket (per year)?' and asked to select an option from those listed.

Buyer Interviewee Profile

Table 12.8 Respondents by Age Group¹¹⁸

Response	Interviewees	
	N	%
18-25	2	13%
25-35	9	60%
35-45	1	7%
45-55	3	20%
55+	0	0%
Total	15	100%

The majority of respondents were aged 25-35. No buyer interviewees were aged 55 or older.

Table 12.9 Respondents by Household Income¹¹⁹

Response	Applicants		Interviewees	
	N	%	N	%
£0-£19,999	103	5%	*	*
£20,000-£29,000	558	27%	5	33%
£30,000-£49,000	1,038	50%	5	33%
£50,000 and over	395	19%	*	*
Total	2,094	100%	15	100%

Source: PACEC Applicants Survey (August 2015), Supplemented with HtB – Wales Ltd Programme Management Information (August 2015)

*** less than five respondents*

¹¹⁸ Respondents were asked, 'What is your age group?' and asked to choose one option from those in the table.

¹¹⁹ Respondents were asked, 'What is your household income bracket (per year)?' and asked to select an option from those listed.

A third of interviewees had a household income of between £20,000 and £29,000 (33%, n=5), the same proportion of interviewees had a household income of between £30,000 and £49,000. The typical gross income of a first time buyer household in Wales was £32,217 in the first quarter of 2015 compared to the typical gross income for repeat buyers which was £44,823¹²⁰, this is in line with the incomes of interviewees.

¹²⁰ Source: 'First-time buyers in Wales borrow £260m in first quarter, unchanged on last year', (CML, May 2015 <https://www.cml.org.uk/news/press-releases/first-time-buyers-in-wales-borrow-260m-in-first-quarter/>)

Developer Survey Analysis

Table 12.10 Year that respondent business started trading¹²¹

Year	No. of Respondents	Per Cent of Respondents
2010-2015	15	31%
2000-2009	17	35%
1990-1999	2	4%
Before 1990	12	24%
Not Known	3	6%
Total	49	100%

Source: PACEC Developer Survey (September 2015)

Base = all (49) developer respondents

Table 12.11 Current full-time employees per developer in Wales

Number of Full-Time Employees	No. of Respondents	Per Cent of Respondents
0-10	27	60%
11-20	8	18%
21 – 50	7	16%
51 – 100	3	7%
Total*	45	100%

Source: PACEC Developer Survey (September 2015)

*Base = 45 (Four respondents skipped this question)

¹²¹ Respondents were asked 'When did your business start trading?'. Respondents were asked to enter this in free text.

Table 12:12 Current part-time employees per developer in Wales

Number of Part-Time Employees	No. of Respondents	Per Cent of Respondents
0	11	31%
1-5	19	54%
6-10	5	14%
11+	0	0%
Total**	35	100%

Source: PACEC Developer Survey (September 2015)

* Base = 35 (14 respondents skipped this question)

Strategic Context

Table 12:13 Welsh Construction Industry Employment (2001–2013)

Year	Figure	Percentage of Total Industry Employment
2003	86,400	6.7%
2004	92,900	7.1%
2005	95,900	7.2%
2006	105,800	7.9%
2007	103,800	7.7%
2008	106,100	7.8%
2009	94,500	7.2%
2010	91,000	7.0%
2011	88,100	6.7%
2012	89,700	6.8%
2013	88,200	6.5%

Source: StatsWales – Workplace Employment by industry and Area (October 2014)

<https://statswales.wales.gov.uk/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Jobs/Whole-Workforce/WorkplaceEmployment-by-Industry-Area>

Programme Management Information

Table 12:14 Completed Purchases from January 2014 to 31 August 2015 by Local Authority and Buyer, 2013/14– 2015/16

Local Authority	First time buyers	Per cent of Completed Purchases	Repeat buyers	Per cent of Completed Purchases	Total Completed Purchases
Isle of Anglesey	6	86%	1	14%	7
Gwynedd	33	77%	10	23%	43
Conwy	34	72%	13	28%	47
Denbighshire	18	60%	12	40%	30
Flintshire	166	65%	90	35%	256
Wrexham	64	90%	7	10%	71
Powys	11	85%	2	15%	13
Ceredigion	5	100%	0	0%	5
Pembrokeshire	49	92%	4	8%	53
Carmarthenshire	145	82%	32	18%	177
Swansea	99	76%	32	24%	131
Neath Port Talbot	104	75%	35	25%	139
Bridgend	148	75%	50	25%	198
Vale of Glamorgan	97	76%	31	24%	128
Cardiff	32	82%	7	18%	39
Rhondda Cynon Taff	131	72%	52	28%	183
Merthyr Tydfil	31	62%	19	38%	50
Caerphilly	101	71%	42	29%	143
Blaenau Gwent	6	86%	1	14%	7
Torfaen	15	54%	13	46%	28
Monmouthshire	37	69%	17	31%	54
Newport	231	79%	61	21%	292
Total	1,563	75%	502	25%	2,094

Source: StatsWales – Help to Buy - Wales Completed Purchases by Local Authority and First Time Buyer (August 2015)

Table 12:15 Total Number of Completed Purchases from January 2014 to 31 August 2015, by Purchaser Deposit Level and Type of Purchaser

Deposit Band	First Time Buyer Number of Completions	First Time Buyer Per Cent of Total Completions	Repeat Buyer Number of Completions	Repeat Buyer Per Cent of Total Completions	Total Completions	Per Cent of Total Completions
Up to 5%	1,109	53%	300	14%	1,409	67%
5.1% to 10%	273	13%	104	5%	377	18%
10.1% to 15%	83	4%	48	2%	131	6%
15.1% to 20%	48	2%	25	1%	73	4%
20.1% or more	50	2%	54	3%	104	5%
Total	1,563	75%	531	25%	2,094	100%

Source: Help to Buy (Wales) Ltd (31 August 2015)

**Table 12:16 Average Purchase Price under Help to Buy – Wales from January 2014 to 31 August 2015
by Local Authority and Buyer Type**

Local Authority	Average price first time buyer (£)	Average price repeat buyer (£)	Total average (£)
Isle of Anglesey	173,566	249,950	184,478
Gwynedd	205,022	247,248	214,842
Conwy	181,585	211,045	189,734
Denbighshire	164,613	209,950	182,748
Flintshire	189,007	230,667	203,653
Wrexham	160,096	187,747	162,822
Powys	171,536	171,500	171,530
Ceredigion	180,000	.	180,000
Pembrokeshire	147,719	149,000	147,815
Carmarthenshire	149,273	191,432	156,895
Swansea	156,962	182,806	163,275
Neath Port Talbot	150,620	193,302	161,367
Bridgend	159,959	202,093	170,599
Vale of Glamorgan	183,112	227,272	193,807
Cardiff	162,809	258,570	179,997
Rhondda Cynon Taff	161,522	200,274	172,533
Merthyr Tydfil	174,660	193,025	181,638
Caerphilly	175,864	201,349	183,349
Blaenau Gwent	128,391	209,950	140,042
Torfaen	207,418	251,190	227,740
Monmouthshire	202,971	222,763	209,202
Newport	173,217	203,843	179,615
Total	168,794	208,917	178,968

Source: StatsWales – Help to Buy - Wales average purchase price for completed purchases
by Local Authority and buyer (August 2015)

Table 12:17 Number of mortgage providers used by buyers under Help to Buy across Local Authority areas to 31 August 2015

Local Authority	Number of Mortgage Providers
Isle of Anglesey	4
Gwynedd	6
Conwy	8
Denbighshire	6
Flintshire	9
Wrexham	9
Powys	3
Ceredigion	2
Pembrokeshire	7
Carmarthenshire	9
Swansea	9
Neath Port Talbot	8
Bridgend	9
Vale of Glamorgan	8
Cardiff	7
Rhondda Cynon Taff	9
Merthyr Tydfil	6
Caerphilly	8
Blaenau Gwent	3
Torfaen	7
Monmouthshire	7
Newport	11

Source: Help to Buy Ltd (Wales), Programme Management Info (August 2015)

Table 12:18 Average Equity Loan to August 2015, by Local Authority and Date

Local Authority	2014/15 (£)	Running Total (from January 2014 to 31 August 2015)
Isle of Anglesey	37,000	37,000
Gwynedd	43,000	42,000
Conwy	38,000	38,000
Denbighshire	36,000	37,000
Flintshire	40,000	41,000
Wrexham	32,000	33,000
Powys	36,000	33,000
Ceredigion	36,000	40,000
Pembrokeshire	29,000	29,000
Carmarthenshire	31,000	31,000
Swansea	33,000	33,000
Neath Port Talbot	31,000	32,000
Bridgend	34,000	34,000
Vale of Glamorgan	40,000	39,000
Cardiff	42,000	36,000
Rhondda Cynon Taff	33,000	34,000
Merthyr Tydfil	35,000	35,000
Caerphilly	37,000	36,000
Blaenau Gwent	28,000	28,000
Torfaen	44,000	45,000
Monmouthshire	41,000	42,000
Newport	36,000	36,000
Total	35,000	36,000

Source: StatsWales – Help to Buy - Wales Average Equity Loan by Local Authority and Date (August 2015)

Table 12:19 Average Equity Loan under Help to Buy from January 2014 to August 2015 by Local Authority and Buyer

Local Authority	Average first time buyer equity loan (£)	Average repeat buyer equity loan (£)	Average equity loan (£)
Isle of Anglesey	35,000	-	37,000
Gwynedd	40,000	49,000	42,000
Conwy	36,000	42,000	38,000
Denbighshire	33,000	42,000	37,000
Flintshire	38,000	46,000	41,000
Wrexham	32,000	38,000	33,000
Powys	33,000	-	33,000
Ceredigion	36,000	-	40,000
Pembrokeshire	29,000	30,000	29,000
Carmarthenshire	29,000	38,000	31,000
Swansea	31,000	36,000	33,000
Neath Port Talbot	30,000	38,000	32,000
Bridgend	32,000	40,000	34,000
Vale of Glamorgan	37,000	45,000	39,000
Cardiff	33,000	52,000	36,000
Rhondda Cynon Taff	32,000	38,000	34,000
Merthyr Tydfil	34,000	39,000	35,000
Caerphilly	35,000	39,000	36,000
Blaenau Gwent	26,000	-	28,000
Torfaen	42,000	50,000	45,000
Monmouthshire	40,000	45,000	42,000
Newport	35,000	41,000	36,000
Total	34,000	41,000	36,000

Source: StatsWales – Help to Buy - Wales Average Equity Loan by Local Authority and Buyer (August 2015)

Table 12:20 Completed Purchases by Purchase Price to 31 August 2015

Purchase Price	Running Total to 31 August 2015	
	No. of completions	Per cent of completions
£50,000 - £100,000	39	1.9%
£100,001 -	206	9.8%
£125,000		
£125,001 -	369	17.6%
£150,000		
£150,001 -	502	24.0%
£175,000		
£175,001 -	419	20.0%
£200,000		
£200,001 -	211	10.1%
£225,000		
£225,001 -	209	10.0%
£250,000		
£250,001 -	139	6.6%
£300,000		
Total	2094	100.0%

Source: StatsWales – Help to Buy - Wales completed purchases by Local Authority and house prices (August 2015)

Table 12:21 Average Help to Buy Purchase Price by Local Authority

Local Authority	2014/15 (£)¹²²	Running Average to 31 August 2015 (£)
Isle of Anglesey	184,478	184,478
Gwynedd	213,929	215,230
Conwy	190,454	189,741
Denbighshire	181,266	178,741
Flintshire	203,243	203,595
Wrexham	161,914	164,027
Powys	178,312	171,530
Ceredigion	180,000	180,000
Pembrokeshire	145,796	148,985
Carmarthenshire	156,893	157,075
Swansea	167,475	162,633
Neath Port Talbot	157,630	161,334
Bridgend	170,466	170,323
Vale of Glamorgan	199,879	192,092
Cardiff	207,934	184,107
Rhondda Cynon Taff	168,504	173,518
Merthyr Tydfil	181,874	184,078
Caerphilly	186,923	183,947
Blaenau Gwent	140,058	140,042
Torfaen	222,268	227,740
Monmouthshire	207,692	208,857
Newport	180,567	178,348
Total	178,738	178,871

Source: StatsWales – Help to Buy - Wales Average Purchase Price for Completed Purchases by Local Authority and Date (August 2015)

¹²²Data refers to the average purchase prices for each local authority during the 2014-15 financial year.