

# Versatile lenders can help new build buyers.

***Tom Denman-Molloy, Intermediary Sales Manager, Mansfield Building Society***

The coming 12 months promise to be a time of change for the new build market. For almost a decade, this segment of the property world has had the helping hand of the Help to Buy scheme.

And it has been an incredibly effective helping hand, with the most recent data from the Government showing that since its launch in 2013 the Help to Buy equity loan scheme has assisted with the purchase of a whopping 369,000 properties, with the total value of those properties coming to an enormous £103.2 billion.

However, the Help to Buy scheme is now nearing its end. Applications had to be in by the end of October 2022, with completions required to meet a 31 March 2023 deadline. The only thing brokers can do now with Help to Buy cases is to try to rally the parties involved in order to meet that deadline.

## **Rocketing house prices**

The appeal of the Help to Buy scheme was easy to understand. House price growth in recent years has been little short of extraordinary - between October 2021 and 2022 the average price of a property grew by 12.6% to an average of £296,000, according to figures from the Office for National Statistics. In cash terms, that's a rise of £33,000.

With prices rising at that sort of rate, no wonder the idea of an equity loan was so appealing, providing would-be homeowners with the helping hand needed to get onto the housing ladder.

There can be challenges on the loan-to-value side (LTV), with some lenders limiting the maximum LTV to 85%, or even 75% when it's a flat. Building a deposit of this size is going to be enormously challenging, even if prices do drop somewhat in the year ahead.

But restrictive LTVs aren't necessarily the biggest challenge faced by would-be new build buyers. We know that lenders can also take an overly cautious approach to the way that they assess borrowers, particularly those with what they would term 'complex' needs. It might be that the client has varied sources of income, or a zero hours contract, and these perceived hurdles may be enough for the lender to back away from the case.

## **Aspiring to home ownership**

The desire among people across the UK to own their own home won't have disappeared simply because the Help to Buy scheme has been withdrawn.

We are traditionally a nation of homeowners, putting our faith in bricks and mortar. With the likelihood of a fall in property prices this year, there will be some aspiring buyers who view this as their opportunity to get onto the ladder, and pick up the new build home they have dreamed of at a more affordable price.

Of course, in order to do so they will need the help of an understanding mortgage lender.

### **Considering cases on their merits**

Rather than take a tickbox approach, which can be little more than finding reasons not to lend, we instead empower our underwriters to really get to grips with the important factors in each individual case and make a common sense decision.

It's because of this approach, and our determination to understand everything involved in an application, that we are able to support more borrowers who are crying out for a more flexible approach.

Those hoping to buy a new build home face enough challenges without the Help to Buy scheme in place and lenders throwing further hurdles in the way. Embracing a human approach means we can support more buyers with quirky circumstances achieve their new build purchase dreams.

### **A common sense approach**

If you've got a case on your desk that requires a common sense approach to lending then please pick up the phone to our Broker Support team on 01623 676360 or visit <https://www.mansfieldbs.co.uk/intermediaries/>.