

# Mortgage Market: Will Help-to-Buy be Changed?



The build up to the Autumn Budget is beginning, with the usual what will he do questions surfacing. As has become usual in recent years, now is the time to show different mortgage market proposals to the public to measure public reaction before making a final pronouncement.

Since its introduction in 2013 by then Chancellor George Osborne, the scheme has been met with criticism. With time, this criticism has gained traction and reached a fever pitch.

In all this noise, it's easy to lose sight of why the scheme was introduced in the first place. First time home buyers were in low supply when few [mortgage broker services](#) offered 95% loan-to-value mortgages, and builders were afraid to develop because they didn't know if there would be an end consumer.

Therefore, Help to Buy served as a crutch for builders and developers and [first time home buyers](#), helping them build, sell, and build again. It was intended to address some supply-side issues in some ways, but it primarily served to increase demand while supply remained limited.

As with anything that increases demand, this allowed builders to raise prices, which, when combined with ultra-low mortgage rates, led to the current situation, with many of the scheme's initial fears coming true.

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## Will It Be Raised?



It is clear that there are many happy property owners, with 170,000 families supported since its start, who would not have been able to get on the property ladder without it; however, it is worth noting that a fifth of these were not first time buyers at all.

It's also worth noting that the average income of a Help-to-Buy applicant has risen to £50,000 (a staggering £72,000 in London), according to the [mortgage market](#), suggesting that the programme is benefiting the wrong people. Of course, earnings have increased because higher prices mean that only those with greater salaries can afford a mortgage! You can see the problem.

With this, mortgage broker service and developers are eager to keep this continuing as long as possible, and it looks like it will be extended another two years, to 2023, from the present March 2021 deadline. This extension, on the other hand, could come with many changes. The scheme may be restricted to [first time buyers](#) only, with an income ceiling for applicants or a drop in the £600,000 maximum house value limit.

## Mortgage Rates:

The good news is that mortgage lenders are coming to the market, and current lenders are lowering their prices, increasing the 95% LTV rates supply. Borrowers now have many options with only a [5% deposit](#), so they aren't as dependent on Help to Buy as they once were. Interest rates start at roughly 3%, historically being a fairly competitive level.



Borrowers can still acquire 2-year fixes for 1.39% (3.72% APRC) and 5-year fixes for 1.83% (3.72% APRC) elsewhere (3.88% APRC). 1.24% is the average of variable discounted rates. Those looking in a [buy to let](#) can still get things for a 2-year fix from 1.39% (4.57% APRC).

**Also Read:** [Know About First Time Home Buyer Schemes Essential Facts](#)

**Conclusion:**

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