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## Your Home Finance

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### Help to Buy scheme extended by two months

Homebuyers looking to take advantage of the Help to Buy equity loan scheme have longer to do so after the government announced a two-month extension to the deadline. Construction delays caused by the pandemic have resulted in the deadline being moved from the end of December 2020 to 28 February 2021. There has been no change to the deadline for the legal completion of the sale which will remain 31 March 2021.

Homes England will also support those who had a new home reservation in place before 30 June this year. Each situation will be assessed to see whether an extension should be provided and if so, the legal completion deadline will be moved to 31 May 2021. There have been no changes to the new Help to Buy scheme which will still come into effect from 1 April 2021 and run until March 2023. The new scheme will introduce property price caps and is only available to first-time buyers.



Backed by HM Government

### New property trends emerge following lockdown

**The property market is gradually showing signs of recovery and a number of new trends are emerging. It's likely that these trends will continue to influence the market over the coming months.**

#### Sales rise due to high demand

Pent-up demand and incentives including the temporary Stamp Duty holiday have provided a much-needed boost to the property market and homes are reportedly selling faster than ever before. Research from Zoopla shows that in the 90 days to mid-August, a three-bedroom house sold in an average of 24 days – 12 days faster than the previous year<sup>1</sup>.

#### Shifting priorities

There are signs, however, that buyers are taking more time to consider what they want from their homes, with one-bedroom flats now taking the longest to sell at 34 days. Meanwhile, thanks to a rise in demand for outside space following lockdown, properties with south-facing gardens are being priced 7% higher on average<sup>2</sup>. These trends are also being seen worldwide, with a survey of buyers from 44 countries revealing that 40% and 37% are looking for waterfront and rural homes, respectively<sup>3</sup>.

#### Moving to the country

With working from home becoming the norm for many, large numbers of buyers are looking to move out of London, big cities and pricey commuter areas. Idyllic rural areas are becoming increasingly sought after as a result, with enquiries about village properties soaring by 126% in June and July compared to the same period a year ago<sup>2</sup>.

#### First-time buyers choose longer mortgage terms

Getting on the property ladder has long been a struggle for many first-time buyers. In a bid to make monthly payments more affordable, 45% of first timers opted for a mortgage term of 30 years or more in 2018–19.

#### Seek advice

Despite many lockdown restrictions being lifted, local lockdowns are likely to continue over the coming months, presenting new challenges for regional property markets. In these ever-changing times, seeking professional advice can help ensure your property aspirations go to plan – so don't hesitate to get in touch.

<sup>1</sup>Zoopla, 2020, <sup>2</sup>Rightmove, 2020,

<sup>3</sup>Knight Frank, 2020

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## In the news

### Mortgage support measures announced

For those borrowers who are still finding it difficult to make their mortgage repayments due to the pandemic, according to new guidelines issued by the Financial Conduct Authority (FCA), they should be offered 'tailored support' from their lenders.

At present borrowers are supported by the mortgage payment holiday scheme, although as at mid-September this was due to end on 31 October. The new guidelines propose a further range of short and long-term options that reflect each customer's specific circumstances. These include extending the mortgage term, restructuring the mortgage or reducing payments for a fixed period. Meanwhile, borrowers who can resume their repayments are strongly encouraged to do so, with the FCA reminding consumers that interest will continue to accrue while payments are stopped or reduced.

### Granny and Grandad help out

Nearly half (48%) of grandparents have stepped in to shore up their financially struggling children and grandchildren during the COVID-19 pandemic, research<sup>4</sup> suggests. This help has come in the form of cash (32%), childcare (8%) and even assistance with rent and mortgage payments (6%).

<sup>4</sup>Killik & Co, 2020

## Mortgage market makes 'astonishing' recovery

**Since the start of the coronavirus outbreak, positive news about the mortgage market has been hard to come by. Instead, we've seen predictions of economic disaster, soaring unemployment rates and a deep property market slump.**

However, as lockdown restrictions eased, the outlook started to look more hopeful, though infection rates started to rise in early September. Figures from mortgage technology provider Twenty7Tec<sup>5</sup> have revealed that mortgage searches in July rose to their highest levels in 2020, even beating those recorded before lockdown. Twenty7Tec has described the recovery as 'astonishing'.

### Stamp Duty 'holiday' gives helping hand

The nine-month Stamp Duty Land Tax (SDLT) cut has had a large part to play in July's mortgage boom.

The tax break, announced by the Chancellor on 8 July, raises the threshold at which Stamp Duty becomes payable on property purchases in England from £125,000 to £500,000 (though the 3% surcharge on buy-to-let and second homes still applies). Properties in the

£500k to £1m bracket also benefit and have become more accessible thanks to the huge savings that can be made, and mortgage searches for properties in this price range have jumped as a result.

The Stamp Duty holiday will remain in place in England until 31 March 2021. Different rules and thresholds apply to the Land Transaction Tax holiday in Wales.

### Rise in first-time buyer interest

The pandemic has hit first-time buyers particularly hard. At the height of lockdown, lenders withdrew hundreds of mortgage products aimed at those with lower deposits and many also tightened their lending criteria. However, there are signs confidence is returning, with figures showing searches among first-time buyers are increasing.

### Search for the right mortgage

If you're looking to take advantage of the Stamp Duty cut, don't hesitate in getting your search underway. We can help you weigh up your options in these challenging times and advise on the best mortgage for your circumstances.

<sup>5</sup>Twenty7Tec, 2020

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## Are you ready for a mortgage?

**Before offering you a mortgage, lenders will review your finances to assess whether you can afford to make your monthly repayments. The following steps can help get your finances in good shape before you apply:**

**Save** – Put aside as much as you can towards a deposit as this will increase your chances of being offered a more competitive mortgage. To do this, open a dedicated savings account and look for the one paying the highest rate of interest.

**Check your credit score** – To secure a mortgage deal with a competitive interest rate, you'll need a good credit rating. Tips to improve your credit score include checking you are on the electoral roll, paying bills on time and clearing your credit card balance in full each month.

**Budget** – Regularly look at how much you have coming in and going out each month and close or cancel any accounts, subscriptions or memberships you no longer need. Lenders will examine how much debt you have, including whether you are using your overdraft. Consider using any savings to pay down existing loan or credit card debt, although remember to keep some back to cover emergencies.

**Timing is key** - Several lenders withdrew their 'high loan-to-value' (LTV) products during lockdown, which typically only require a deposit of 5% or 10%. Some high LTV products are returning to the market, so if you are a serious mover you may need to act soon.

**Seek advice** – It's important to ensure you choose the right mortgage for your circumstances, which is why it's worth seeking advice. We can help and support you through the entire mortgage process and help you find the most suitable deal.



## Home improvements rise on the back of lockdown

Spending months cooped up at home has prompted the nation to spruce up their living space, with homeowners spending an average of more than £4,000 each on renovations since lockdown began at the end of March.

The increased time at home has led to more people spending time in the garden, so it's no surprise that garden improvements (34%) were highest on the list, according to one study<sup>6</sup>. Gardeners World also received its highest ratings in 10 years as those at home enjoyed their outdoor space. Other popular renovation areas include the living room (23%), bedroom (22%) and kitchen (22%).

### Renovate to prevent 'Zoombarrassment'

One of the most common reasons homeowners chose to tackle DIY was to add value to their home (27%). However, four in ten (40%) said they carried out renovations due to 'Zoombarrassment' over the appearance of their property. Around one in four (24%) respondents said they had used money set aside for a holiday to help pay for home improvements, while a further 26% said they had dipped into their savings pot.

<sup>6</sup>Money.co.uk, Aug 2020



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# A brief history of life insurance

In the 21st century, many people have life insurance policies in place to protect their loved ones if they were to die unexpectedly. But where did it all begin?

## The Roman question

The earliest example of what we might understand as life insurance can be traced back to a Roman military leader named Caius Marius, who formed a 'burial club' amongst his fellow soldiers to help fund the cost of a dignified funeral if they died in battle<sup>7</sup>.

## Bet your life

The very first English life insurance policy was taken out in June 1583; however, this type of insurance was largely restricted to the elite. Interestingly, up until the 1770s,

life insurance policies were also used for something else entirely: gambling!

In the 1700s you could take out insurance on somebody else's life – not just your own. Gamblers took to purchasing policies on the lives of contemporary celebrities, on the off chance they might die unexpectedly and provide the policyholder with a nice payout. In one gentleman's club in the 1770s, gambling on the life of another person accounted for 25% of all 'bets' placed. The practice only stopped in 1774 with the passage of the Gambling Act, which "requir[ed] claimants to have a legitimate financial interest in the life of the insured."<sup>8</sup>

## Life insurance as we know it

Contemporary marketing materials show us that life insurance came to resemble the financial product we are familiar with today in the early 1800s. One Norwich Union prospectus advertised it as "affording a

means of providing for the widow and the orphan, the aged and infirm."<sup>9</sup>

It was in the 1900s that the marketing and advertising of life insurance really took off. As you may expect, 20th century advertising very much focused on the man as the breadwinner, with one Norwich Union advertisement from 1923 sternly asking working men: "What provision will you make for your wife?"

## And now?

The life insurance market is now more diverse and inclusive than ever before. As families and gender roles have evolved, life insurance has become understood as a product that is suitable for men and women of all ages and from all walks of life. To discuss your own life insurance needs, please get in touch.

<sup>7</sup>Family Money, 2017, <sup>8</sup>Connecticut Insurance Law Journal, 2008, <sup>9</sup>Aviva, 2015

## Major shakeup to planning system

Housing Secretary Robert Jenrick has announced major changes to England's planning system that aim to speed up the construction of new homes. The "once in a generation" proposals will streamline the process and cut red tape.

### What are the changes?

The main change will see land being divided into three zones: 'growth' zones, 'renewal' zones and 'protection' zones (such as green belt land). Planning permission for new homes constructed in growth zones will be automatically granted (councils will not be able to veto), while proposals for developments in renewal zones will be given 'permission in principle' subject to basic checks.

The proposals are expected to modernise the currently "outdated" planning system, where disputes often occur and cause long delays. Property construction should be much quicker as a result.

The proposals also align with the government's 2050 zero-carbon sustainability target, which includes ensuring all new homes are carbon-neutral by 2050. In addition, the Housing Secretary confirmed that a 'first homes scheme' would provide newly built homes at a 30% discount for key workers, local residents and first-time buyers.

### Proposals met with criticism

A number of bodies and organisations within the housebuilding sector have expressed concerns about the plans. The President of the Royal Institute of British Architects (RIBA) described

the proposals as "shameful" and said they could "lead to the next generation of slum housing." RIBA fears the proposals have not been fully thought out and this, along with the extension of permitted development rights allowing developers to convert commercial and retail buildings into housing, could lead to a rise in sub-standard housing for maximum profit.

The consultation will close on 29 October 2020

**IF YOU WOULD LIKE ANY ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.**

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**It is important to take professional advice before making any decision relating to your personal finances.**

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