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Dear Andrew,
Thank you for your letter of 4 March to the Rt Hon George Osborne MP, enclosing one from your constituent, Mr

regarding the Help to Buy scheme. Your letter has been passed to the department as it falls within my Ministerial duties. I apologise for the delay in sending you this reply.

I have noted Mr Waller's concerns that a number of large house builders are profiting from the Help to Buy equity loan scheme, that there is a risk of a housing bubble and that developers are land banking.

The Government is committed to making the aspiration of home ownership a reality for as many households as possible. This is why we have introduced the Help to Buy equity loan scheme and why we are advertising to make as many people as possible aware of the opportunity.

The Help to Buy scheme is enabling hard working families to access finance to buy a home, this gives certainty to builders and that is why we have seen an increase in house building. House building has increased by 23% since last year, so it is not surprising that house builders profits have also increased. The Help to Buy equity loan scheme is available to all house builders not just the largest. Around 1200 builders have signed up to deliver this scheme, and over 90 per cent of them are small and medium sized builders.

We do not agree that the Help to Buy equity loan scheme is creating a bubble. The scheme is targeted on new build only, so it directly increases supply of housing. The scheme is designed to support 74,000 transactions over the first 3 years, which is just 2- 3% of the total number of transactions expected in that period, and so unlikely to materially affect prices.

There is no evidence of widespread 'land banking' of land with planning permission by the major housebuilders (beyond what is necessary for them to maintain a pipeline of supply). According to data from Glenigan, 87 per cent of the homes with planning permission that have not yet been built have either started on site or are progressing towards a start. Of the homes yet to start, only 20 per cent are classified as on hold or shelved (down from 38 per cent in December 2011). In a report published last August, Savills noted that "some commentators have claimed development land is being hoarded unnecessarily as landowners wait for values to increase. Our analysis of the permissioned landbanks of the top eight listed housebuilders would suggest otherwise".

KRIS HOPKINS MP