

Deposit boost for first-time buyers

THE Government is set to unveil a radical plan to insure the deposits of first-time buyers so they can get access to the best mortgage rates.

The proposal for a “mortgage indemnity guarantee” is likely to be part of a housing strategy to be unveiled by Prime Minister David Cameron this week.

First-time buyers with a 5 per cent deposit would have access to the same savings rates as those with 20 per cent downpayments. The Government would insure the difference for lenders.

The plan has usurped proposals for a tax-free savings wrapper which was being examined by the Treasury to help first-time buyers save up a large deposit.

Fears have been mounting that an entire generation is being locked out of home ownership due to the need for large deposits.

As well as boosting the housing market, it is hoped the strategy

By **Tracey Boles**

will help promote the construction industry. The UK is facing a huge housing shortfall, plus a scarcity of affordable property.

It is also designed to tackle issues such as rising demand in the rental market and lengthy planning procedures.

One proposal being examined is releasing public land, including Ministry of Defence shrubland, to build on.

Ministers are hoping to get at least 200,000 new construction sites under way as soon as possible.

But Marc Vlessing, co-founder of developer Pocket, said: “To get to equilibrium with demand, we need 300,000 units a year for the next 10 years.”

Pocket aims to fill the divide between social and private housing. It provides “intermediate” housing for those who earn too much to

qualify for social housing, but not enough to buy their own home.

Vlessing believes there would be huge transport and infrastructure costs associated with using MoD land. Instead he wants local authorities offered “carrots and sticks” to release land for house building. It is believed half the land in Southwark, for example, is owned by the local authority.

Vlessing said: “The UK is bad at data. We need to create a 21st-century Domesday book, or land registry, for Britain by getting the public to map public land that they see.”

Financing of the housing sector is also an issue that needs to be addressed. Vlessing believes that lenders should invest a higher proportion of their mortgage book in the first-time buyer market.

Pocket is building 100 small, one-bedroom units a year in London which are sold at 20 per cent below the market average.