

# Viewpoint

Your latest newsletter from Kingsland Financial



## Are you considering remortgaging?

### With continuing low interest rates, you may be considering remortgaging to save money.

Even if your mortgage provider has recently reduced its Standard Variable Rate (SVR), moving to a new mortgage deal could save you money. But before you're tempted by an attractive introductory rate, it's worth considering the bigger picture.

#### Should I stay or should I go?

It's true that moving to a new deal could save you money, just remember to check that you won't incur an Early Repayment Charge (ERC) if you change your mortgage before the end of your current deal. It's also worth factoring in any potential legal, valuation and administration costs that may be associated with signing up to a new mortgage deal.

#### Tougher lending rules

Mortgage regulation may also have changed since you took out your current deal. The EU Mortgage Credit Directive

of 2015 introduced stricter lending criteria which has led to mortgage lenders having to take greater steps to check affordability – including on remortgages. You can expect to be asked to show evidence of your income, such as payslips and bank statements, and your outgoings, including other debt repayments, household bills and living costs such as travel, clothing, entertainment and childcare.

#### Changing the type of deal

When looking at new deals, you may want to consider a different type of mortgage arrangement to your current deal.

For instance, you may decide you would benefit from the option of payment holidays, or a more flexible repayment arrangement. If you have significant savings, you may want to switch to an offset or current account mortgage, where you use your savings to reduce the proportion of the loan on which you pay interest.

### Are you still covered?

If you're thinking of changing your mortgage, remember to review your protection arrangements at the same time – especially if you don't already have cover in place, or your circumstances have changed since you last reviewed your cover.

The value of personal, family, or income protection should not be underestimated if it means keeping the roof over your heads when you need it most.

With so many areas to consider, it makes sense to seek professional mortgage advice. We can help you weigh up the financial benefits of remortgaging, choose the most appropriate deal, handle your mortgage application and ensure your loan is properly protected.

**If you'd like help choosing the right mortgage, please get in touch.**

**Your home may be repossessed if you do not keep up repayments on your mortgage**

# Buy to Let tax revamp

## Tax changes in the Buy to Let market announced in the 2015 Budget will impact on a landlord's tax bill and potentially hit profits.

- From April 2016 Stamp Duty Land Tax for Buy to Let property purchase increased by 3%.
- From April 2017 landlords will only be able to claim relief back on their mortgage finance costs at the basic rate of 20%, although the withdrawal of the higher rate reliefs will be phased in over four years.
- The 10% 'wear and tear' tax relief was replaced in April 2016. Landlords can now only claim tax relief when they replace furnishings.

### Tax relief to be slashed over four years

While the extra 3% stamp duty on Buy to Let properties wouldn't have gone down well with landlords, perhaps the biggest change affecting people with property portfolios relates to the relief restriction on loan interest.

At the moment, landlords can deduct mortgage interest from their profits, which can significantly reduce their tax bill. From April 2017, however, this tax relief will reduce, until April 2021 when it will be restricted to the basic rate of income tax (currently 20%). This means those on higher incomes will find themselves losing much more in mortgage interest payments.

According to the estimates from Nationwide building society, an investor with a £150,000 Buy to Let mortgage on a property worth £200,000 attracting a monthly rental income of £800, is likely to see his or her net annual profit drop from £2,160 a year to just £960.

The changes in income tax relief are being phased in from 2017 to 2021, which allows a period of time to adjust to the impact. That said, it will make a fundamental difference in the economics of property investment; rather than lock into a five year fixed rate today, landlords may be tempted by shorter-term fixed rate deals to get lower rates of interest.

### A level playing field

While the major players in the Buy to Let market will see their profits shrink, it might mean less competition for landlords on a lower income, or those new to the market.

If you're considering a first time Buy to Let purchase it's important to plan carefully. Make sure you:

- know what you want from your investment and plan thoroughly
- research the market, the area and the property before you buy
- identify the type of tenant you'd want living in your property
- ask us about the right Buy to Let mortgage deal for your circumstances

*Buy to Let mortgages are not regulated by the Financial Conduct Authority.*

*HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.*



**If you're a Buy to Let landlord or you'd like help investing in your first Buy to Let property please get in touch.**

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# Help to Buy schemes proving successful



## Over 160,000 people have been able to achieve home-ownership thanks to the government's Help to Buy housing schemes.

Of those, 118,000 were first time buyers, the average house price was £189,795 (significantly under the national average of £292,000), more than half were for new build homes and all but 5% of completions took place outside of London.

### Supporting first time buyers

The Help to Buy schemes were primarily designed to support first time buyers and began with the Help to Buy: equity loan launched in April 2013. This was designed to support purchases of new build properties up to the value of £600,000, with a maximum equity of 20% (40% in Greater London). To date, 81,014 properties have been purchased with the help of a Help to Buy: equity loan.

Then followed the Help to Buy: mortgage guarantee scheme in October 2013, offering lenders the option to purchase a guarantee on mortgage loans where the borrower has a deposit of between 5% and 20%. 78,749 mortgages have been completed with the support of this scheme and 79% of those are first time buyers.

First time buyers got a further boost in December 2015, with the launch of the Help to Buy: ISA. Since then, more than 500,000 people saving for their first home will benefit from a government bonus of up to £3,000.

## Helping people across the UK

Help to Buy is helping people throughout the UK to achieve their dream of owning a new or bigger home. It also appears to be contributing to a potential turnaround in the housing market decline: recent figures from the latest English housing survey show the number of people owning their own home has stopped reducing for the first time since 2003.

With the majority of completions outside of London, the highest number of homes completed through both the Help to Buy: ISA and mortgage guarantee schemes has been in the North West region. The equity loan is particularly popular in the South East region.

City-based first time buyers and second-steppers have been supported further by the London Help to Buy scheme launched in February 2016. The scheme supports purchases of new build homes in the capital by offering a 5% deposit backed by an equity loan of up to 40% from the government. There were 256 completions in London between 1 February 2016 and 31 March 2016 using the equity loan.

### Right to Buy

In total, more than 309,000 households have been helped to purchase a home through a government backed Right to Buy scheme in the last six years – that's 141 new homeowners a day and around 4,350 a month.

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**If you're dreaming of getting onto the housing ladder, or you need more space, please get in touch. We can help you find the perfect mortgage for your new home**

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# Britain's happiest places

## Leigh-on-Sea tops Rightmove's Happy at Home Index, with Harrogate dropping to third.

Rightmove's annual study asks 24,000 people across England, Wales and Scotland to rank where they live against 12 factors relating to their local area. The factors range from neighbourliness and how much there is to do in the area, to how safe people feel.

What makes one person happy may not be the case for another, but the report is able to conclude that things like park areas and green space, as well as friendly neighbours and good local amenities, score highly when it comes to making somewhere a nice place to live.

### Where's happiest?

Rightmove's top five span the south east corner of England to the west coast of Scotland and three of the five are on the coast:

#### Overall happiness

1	Leigh-on-Sea, East of England
2	Troon, Scotland
3	Harrogate, Yorkshire & the Humber
4	Hertford, East of England
5	Lytham St Annes, North West

National capitals Cardiff and Glasgow ranked mid-table, with Swansea taking Wales's top spot, while London's regional results varied wildly: Richmond upon Thames (39th place) topped the regional list while four other London places ranked in Britain's bottom 10.

## What matters most?

The twelve factors	Happiest	Least happy
Community Spirit	Stanford-Le-Hope	Walsall
Sense of belonging	Troon	Barking & Dagenham
I can be myself	Troon	Wallsall
I feel safe	Troon	Wellington
I earn enough to live comfortably	Ayr	Blackpool
The people are friendly and polite	Shrewsbury	Barking & Dagenham
Sports and recreational activities	Leigh-on-Sea	Spalding
Arts and culture	Leigh-on-Sea	St Helens
Opportunities to develop skills	Leigh-on-Sea	Spalding
Nature and green spaces	Harrogate	Salford
Essential local service eg. GP surgeries, schools	Wellington	Grays
Non-essential amenities eg. restaurants, pubs	Leigh-on-Sea	Bracknell

## Looking for a happier place to live?

If you're thinking of moving it's worth taking the time to explore the area you're considering. Check if there are parks or green space that you can enjoy spending time in and talk to neighbours to get an idea of the people that make up the community you'll be joining. Have a drive around to see what amenities are close by and drop into the local pub or restaurant to get a sense of how a Friday evening after a long day at work might feel.

If you'd like to see how your region or town performed, or you think it could help you decide your next property move, you can find full details of the Happy at Home index at [rightmove.co.uk/news/happy-at-home](https://www.rightmove.co.uk/news/happy-at-home)

Looking for a new place to call home? Talk to us for advice on finding the right mortgage deal for you.

Kingsland Financial  
Agriculture House  
c/o Holland and Broadbridge  
5 Barker Street  
Shrewsbury  
SY1 1QJ

01743 340333  
[george@kingslandfinancial.co.uk](mailto:george@kingslandfinancial.co.uk)

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