

Short description

The Department for Levelling Up, Housing and Communities (DLUHC) supports communities across the UK to thrive, making them great places to live and work. Its work includes investing in local areas to drive growth and create jobs, delivering the homes our country needs, supporting our community and faith groups, and overseeing local government, planning and building safety.

This Prior Information Notice is to advise the market that DLUHC intends to issue an Invitation to Tender for an evaluation of the Help to Buy Equity Loan Scheme.

DLUHC will shortly be issuing a Request for Information (RFI) to gather intelligence to support its development of a statement of requirements for this evaluation. The RFI aims to understand the views of potential bidders for this opportunity, as well as the views of organisations and/or individuals not interested in bidding but with knowledge, insight and/or interest in the Help to Buy policy.

Description of the procurement

The Help to Buy: Equity Loan scheme provided buyers with an equity loan of up to 20% (up to 40% in London from February 2016) of the market value of an eligible new-build property. The equity loan is interest-free for the first 5 years. From the sixth year onwards, interest is charged to the equity loan amount. Households can at any time redeem or partially redeem the amount they owe by paying back at the current market valuation either the full or partial equity share. The scheme supported over 387,000 households to buy a new build home and closed to new customer applications on 31 October 2022.

To date, the scheme has undergone two independent evaluations. The first, in 2015¹, sought to assess the 'additionality' of the policy, defined as the increased production of housing as a result of the scheme, and to provide evidence of the experience of both customers and providers. Two years later in 2017², following an expansion of the scheme's take up and presence within the industry, a further evaluation was commissioned to understand the extent to which the scheme was supporting the housing market and how this might have changed over time.

In 2019, the Public Accounts Committee (PAC) held a hearing on the scheme (as part of its Help to Buy: Equity Loan Scheme progress review enquiry) to assess the progress of the scheme, its position in the housing market and reflect on lessons learnt. Following this hearing, the PAC published a report³ outlining a series of recommendations for the Department. A key recommendation was that 'The Department should undertake a further evaluation of the scheme, to understand its

¹ [Evaluation of the Help to Buy equity loan scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/53111/evaluation-of-the-help-to-buy-equity-loan-scheme-2015.pdf)

² [Evaluation of the Help to Buy Equity Loan Scheme 2017 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/61111/evaluation-of-the-help-to-buy-equity-loan-scheme-2017.pdf)

³ publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/2046/2046.pdf

value and necessity from 2017'. The Department subsequently committed to undertake a further full independent evaluation.

At this stage, DLUHC expects to follow a broadly similar approach to the previous evaluation in terms of methodology, with primary research being conducted with customers, developers and mortgage lenders, and analysis of existing data sources being undertaken to create a detailed picture of the housing market and the importance of Help to Buy within it.

However, with this evaluation covering a longer time period than the previous evaluations, and with scope potentially being broader (for example, including a more detailed exploration of customer impact and experience), there will likely be some adaptations to methodology. Additionally, DLUHC is keen to explore what further or updated analysis could provide additional insights on both the additionality of the scheme and on any price impacts of the scheme.

The budget for the service will be determined by the specification, which will be developed and informed by feedback from the RFI.

The ITT (Invitation to Tender) is expected to be published in c. February 2024 (may be subject to change). DLUHC reserves the right not to proceed with the Procurement or any part thereof, or to change the requirements at any time.

Additional information

The tender will be advertised via the Research Marketplace.

Guidance on how interested bidders can register for opportunities on the marketplace can be found [here](#).

Potential bidders interested in receiving updates on this tender, including on any market engagement activities, should respond to the Request for Information including their contact details to be included on the distribution list.