

Affordability of Home Ownership Inquiry

Overview

The Land, Planning and Development Federation (LPDF) welcomes this inquiry into the affordability of home ownership being conducted by the Housing, Communities and Local Government Committee. The focus on the challenges faced by first-time buyers and those on lower incomes in getting on and staying on the housing ladder, as well as the role of financial products and government policies in addressing these challenges, is both timely and essential. These are critical areas that require thorough consideration if the government is to tackle the deepening housing crisis in a meaningful and sustainable way.

We wish to commend the progress made by the Labour Government since coming into office just over a year ago. The steps taken so far, particularly around planning reform, are a positive sign of intent and they provide a foundation on which to build the long-term changes needed to boost housing supply and improve affordability.

However, in order to translate these ambitions into outcomes, it is vital that the barriers faced by first-time buyers are not only recognised but actively addressed. Affordability, access to finance, and the availability of suitable homes must all be tackled with urgency if we are to meet the needs of the next generation and ensure that home ownership remains an achievable aspiration. Supporting first-time buyers will be instrumental in meeting national housing targets and delivering on the promise of a fairer, more accessible housing market.

About the LPDF

The LPDF seeks to represent the UK's leading land promoters, home builders and commercial developers.

LPDF members support the housebuilding and commercial development sectors by promoting sites through the planning system, providing "shovel-ready" land with a planning permission which can facilitate the delivery of infrastructure and serviced land parcels.

The LPDF seeks to actively engage with government on planning, housing and commercial development policy and to educate the wider public on the social, environmental and economic benefits of development through an evidence-based approach.

The LPDF encourages its members to deliver well-designed, high-quality, sustainable places which deliver a mix of housing types and tenures, commercial spaces and community uses that have a positive social, environmental, and economic impact.

Our key values include:

- Working in a positive and cooperative way with central and local government and key stakeholders, to deliver a planning system capable of supplying the homes and employment space we need.
- Promoting research and an evidence-led approach to policy development.
- Increasing the supply of new homes to meet demand and make home ownership a realistic possibility for all those who aspire to it.
- Ensuring that we build the affordable homes of all types and tenures that this country so desperately needs.



- Delivering new employment space to meet demand from businesses and support economic growth.
- Championing the impact of increased housing delivery on reducing intergenerational unfairness.
- Creating well designed, high quality and sustainable places to live and work.
- Educating and informing about the social, environmental and economic benefits of development.
- Supporting diversity of delivery in the market and championing SME developers.
- Promoting diversity and inclusivity within the sector.

Questions

1. What are the main barriers first time buyers face to owning their own homes, particularly those on lower incomes?

First-time buyers, especially those on lower incomes, face a combination of systemic and market-driven barriers that significantly restrict their ability to access home ownership. These challenges persist despite various policy interventions and must be addressed directly if the government is to meet its target of delivering 1.5 million homes this Parliament.

Accessing a mortgage remains a major obstacle. Stringent affordability assessments, high deposit requirements, and rising living costs often prevent otherwise creditworthy individuals from entering the market. The earnings-to-house-price ratio remains historically high in many parts of the country, placing home ownership out of reach without substantial family support or government-backed assistance.

Housing needs assessments which identify housing mix need to be updated more regularly than just for a Local Plan, this impacts the affordable housing mix being brought forwards and its appropriateness as well as ensuring that there is a sufficient supply of first-time buyers homes.

2. What policy options are available to the Government to support first time buyers to get onto the housing ladder?

The government has made important strides in recent months with regards to planning policy reforms and proposed reforms to planning committees and site thresholds. All of which will help to increase the delivery of much-needed housing. However more can and should be done with regards to both supply side and demand side support.

A key demand-side support option remains the Help to Buy equity loan scheme, which provides crucial financial assistance to first-time buyers struggling to meet deposit requirements. This form of equity loan helps bridge the affordability gap, making home ownership more accessible for lower-income households. A targeted Help to Buy scheme could play a significant role in supporting those who otherwise might be locked out of the market.

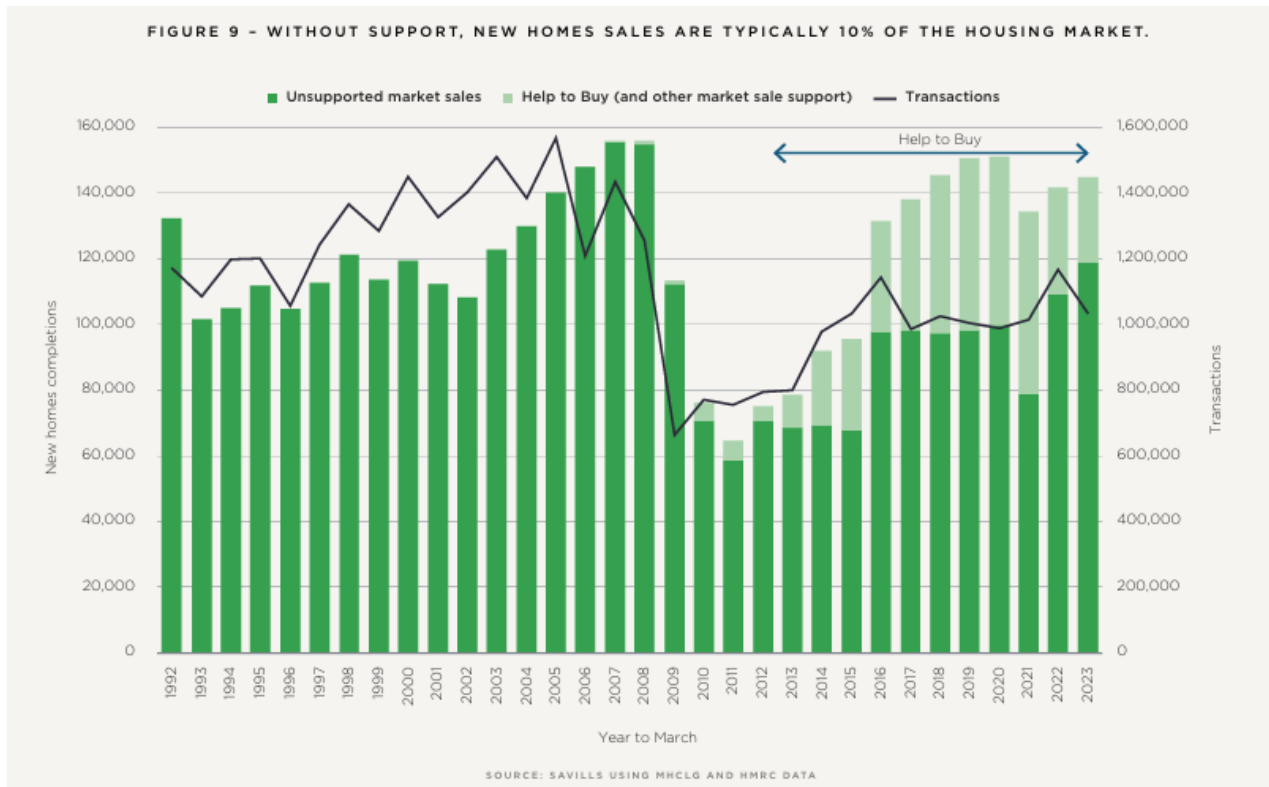
In this regard the LPDF refer to recent research prepared on the Federation's behalf by Savills, 'Land Matters'¹. This notes that although not without faults, Help to Buy was successful in boosting housing delivery and supporting home ownership. Its success derived from the competitive advantage it gave new homes over second-hand homes, thanks to an equity loan (interest-free for five years) with a smaller mortgage, easing access to finance. As a result, it broke

¹ [Land Matters.pdf](#)



the 10:1 ratio, an observation that since the 1970s, private new homes generally account for one in ten transactions across the whole market (i.e. both new and second hand).

Figure 9 from the Land Matters research (included below) demonstrates the impact of the Help to Buy scheme between 2013 and 2023.



The Land Matters research refers to the English Housing Survey data, which shows the increasing propensity to rent among 30-40 year olds was reversed during the lifetime of the scheme. Analysis suggests fewer than half of users (potentially as few as one in ten) may have been able to afford the same home without the scheme. This is largely because it filled a gap in the market for higher loan-to-value (LTV) mortgages. Although recent regulatory changes have increased availability of higher LTV mortgages, they remain a small part of the market, and thus a scheme that helps first time buyers into homeownership could still have a key role to play.

On the supply side, there remains a pressing need for policy reform to ensure that a meaningful proportion of new homes are genuinely designed and priced for first-time buyers. One way to achieve this would be through amendments to the National Planning Policy Framework (NPPF) to require builders to deliver a specified percentage of new homes for sale specifically targeted at first-time buyers, rather than transferring these obligations primarily to Registered Social Landlords (RSLs) for affordable rent. This shift would help increase the direct availability of starter homes for sale on the open market, broadening choice and reducing reliance on the second-hand market.

The LPDF also suggests that the definition of affordable housing should be drawn as broadly as possible allowing for different types of low-cost home ownership products such as rent-to-buy and discounted market value (subject to a minimum level of discount being applied to be specified by the Government, such as 30%).



Expanding the delivery of smaller, affordable homes and reforming mortgage lending criteria to improve access to finance without compromising financial stability are essential. Combined demand and supply side measures will be critical to ensuring that home ownership is a realistic and sustainable option for a wider group of first-time buyers.

Whilst the LPDF strongly supports the policy reforms which the government have been making to increase the delivery of housing and improve the planning system more generally, we believe that they still need to go further and faster if they are to achieve their target of delivering 1.5 million new homes this Parliament and specifically tackle the affordability issue.

3. To what extent will increases in housing supply improve housing affordability for first-time buyers?

Increasing housing supply is unquestionably a positive step toward improving affordability for first-time buyers. While it is unlikely that house prices will fall dramatically due to supply increases alone, expanding the overall supply provides greater choice across a wider range of locations, which is beneficial for buyers seeking accessible and affordable options.

Whilst there is a lot of research available regarding increasing housing supply and the impacts on housing affordability, this does not focus on first-time buyers specifically, instead focussing on those on lower incomes who need to buy cheaper homes (a group which will include most first-time buyers).

To specifically model the impact of new homes on first-time buyers requires high-quality data. You need to be able to follow moving chains; Family A moves into a brand new home, freeing up their old home for Family B, which in turn frees up a home for Family C, and so on all the way to the first-time buyer entering the chain at the bottom. This is what academics call “filtering” but is more generally referred to as “the housing ladder.” Following those chains needs accurate information on who lives where at what time and in England the data on this is unfortunately not readily available. Much of the literature is therefore from other countries. But, despite that, it is still very helpful as it reveals exactly the same pattern in countries which are very different, indicating its robustness.

Two research papers which are relevant in this regard are Evan Mast (2023)² and Bratu et al (2023)³. Key points from these are summarised below. Evan Mast (2023) looked at 52,000 residents of multi-family buildings in America and found that building a new high-end, high-priced building to house 100 families ultimately resulted in between 45 and 70 people moving out of below-median income neighbours within three years, and therefore freeing up those homes for other families on lower incomes. These moves occurred across whole metro areas, not just the neighbourhoods near the new development, so the benefits of the new development were felt city-wide with the moving chains initiated by the new homes creating connections between low- and high-income areas. Low-income housing markets are, of course, those most suitable for first-time buyers.

A similar study by Bratu et al (2023) of moving chains in Helsinki found that, by the third move in the chain, 60% of movers came from neighbourhoods in the bottom half of the income distribution (where most first-time buyers will be looking). This isn't simply wealthier residents leaving those areas either, by the fourth round of moves, half of

² [JUE Insight: The effect of new market-rate housing construction on the low-income housing market - ScienceDirect](#)

³ [JUE Insight: City-wide effects of new housing supply: Evidence from moving chains - ScienceDirect](#)



movers have below average incomes. Overall, for every 100 new market-rate homes in expensive areas, around 31 homes became available in the poorest 20% of neighbourhoods (and 66 homes in the poorest half).

Public First have published a paper in May 2025 considering these types of issues in England entitled ‘Why building more homes of all types helps first-time buyers’⁴. Using over 20 years of Land Registry data, it concluded that building more larger homes actually does more for affordability than building smaller homes. It allows buyers to “rise up” the housing ladder, reducing competition (and therefore prices) on the lower rungs. Even a modest increase in the number of larger homes makes entry-level homes around £2,500 cheaper.

So, the above evidence tells us that building more “luxury” larger homes initiates moving chains that very quickly free up homes in less expensive neighbourhoods which would be accessible for first time buyers. Thereby improving the housing affordability and accessibility for first time buyers.

Notwithstanding the above, boosting supply must be accompanied by measures that incentivise delivery. Simply building more homes is not enough; there must be a functioning market where buyers can access the finance they need. By making mortgage finance and other financial support more readily available to first-time buyers, the government can stimulate demand, creating a viable market for builders to respond to. This dynamic is essential to ensure that increased supply translates into genuine affordability and opportunity for those entering the housing market. Increasing supply is a necessary foundation but not a standalone solution. It must be paired with demand-side policies that improve access to finance and encourage delivery if we are to meaningfully improve housing affordability for first-time buyers.

4. Will the creation of a permanent mortgage guarantee scheme and increased availability of high loan-to-value mortgage products improve affordability for buyers?

Yes, the creation of a permanent mortgage guarantee scheme, alongside the increased availability of high loan-to-value (LTV) mortgage products, has the potential to improve affordability for many buyers, particularly first-time buyers who typically face the greatest barriers to saving for large deposits.

High LTV mortgage products reduce the upfront financial burden by enabling buyers to secure mortgages with smaller deposits, making home ownership more accessible to those who may have stable incomes but limited savings. A permanent mortgage guarantee scheme can provide lenders with greater confidence to offer these products sustainably, by mitigating some of the risks associated with lending at higher LTVs.

However, while these measures can increase access to finance, they should be part of a broader, coordinated approach to affordability. A permanent mortgage guarantee scheme and increased availability of high LTV mortgage products can play an important role in improving affordability by easing access to finance. But to deliver lasting impact, they must be complemented by policies that increase the supply of affordable homes and address wider market dynamics.

5. What are the barriers to moving to a system whereby prospective buyers’ record of paying rent on time is considered as part of a mortgage application?

⁴ [Why building more homes of all types helps first time buyers - Public First](#)



One of the main barriers to incorporating prospective buyers' rent payment history into mortgage applications is the lack of a standardised, universally accepted system for recording and independently verifying rental payment data. Unlike credit scores or other financial records, rent payments are often not reported consistently to credit reference agencies, and there is no centralised database that lenders can reliably access.

Without a robust, transparent, and independently verifiable mechanism, lenders may be reluctant to consider rent payment history as part of their affordability assessments. Ensuring data accuracy, preventing fraud, and establishing clear standards for how rent payment information is collected and shared are critical prerequisites for such a system to be effective and widely adopted.

Developing this infrastructure would require collaboration between landlords, tenants, credit agencies, and financial institutions, alongside clear regulatory guidance. Until such a framework is in place, rent payment history remains a challenging metric to incorporate fairly and consistently in mortgage underwriting.

6. How effective are financial products, such as special ISAs and mortgage products, at helping people get on the housing ladder, and how can they be improved?

Financial products like special ISAs and tailored mortgage schemes can provide valuable support by helping first-time buyers save for deposits and access financing. However, their effectiveness is often limited by wider affordability issues such as rising house prices and strict lending criteria. To improve their impact, these products should be better targeted toward lower-income buyers, offer greater flexibility, and be complemented by policies that increase the supply of affordable homes. Simplifying access and improving awareness of these products would also enhance their usefulness.

7. Are current reliefs on stamp duty land tax sufficient to support first-time buyers to purchase their first homes?

Current stamp duty land tax (SDLT) reliefs provide meaningful support to first-time buyers by reducing upfront costs, which can ease the financial burden during the purchase process. However, while helpful, these reliefs alone are not sufficient to overcome the broader affordability challenges faced by many first-time buyers. Issues such as high house prices, limited supply of affordable homes, and difficulties in securing mortgage finance remain more significant barriers. Therefore, SDLT reliefs should be seen as one small part of a wider package of measures needed to improve access to home ownership.

8. What can the Government do to support first-time buyers with the costs of the home-buying process itself, for example fees paid to conveyancers and estate agents?

While we recognise that transactional costs such as conveyancing and estate agent fees can be burdensome, particularly for first-time buyers, these costs are often absorbed into the overall mortgage borrowing and therefore rarely present the primary barrier to home ownership.

From the LPDF's perspective, the most meaningful support the Government can provide is to improve access to mortgage finance. High deposit requirements and strict lending criteria remain the most significant obstacles for first-time buyers, far more so than ancillary purchase costs. By focusing efforts on enhancing mortgage availability, such as through targeted equity loan schemes or a permanent mortgage guarantee programme, the government can have a far greater impact on enabling first-time buyers to enter the market.

In short, while reducing transactional costs may be helpful at the margins, the priority must be ensuring that first-time buyers can access the capital they need to buy a home in the first place.



9. What impacts will recent and proposed changes to the Right to Buy scheme have on the ability of social housing tenants to own their home?

The LPDF noted the 'Reforming the Right to Buy' consultation which took place earlier this year and submitted a response to this⁵. This response aligned with many of the views of the National Housing Federation (NHF) and specifically recognised the need for reforms to ensure an appropriate and fair balance in the provision of affordable housing and retention of affordable housing stock.

A significant amount of affordable housing stock (particularly social rented properties) was lost through Right to Buy over the last few decades which has had a negative impact on the availability of much-needed affordable housing. If the government is to achieve its aim of delivering 1.5 million new homes, whilst providing the biggest increase in social and affordable housing in a generation, changes such as those proposed through the Right to Buy reforms will be of critical importance.

The LPDF recognises that recent and proposed changes to the Right to Buy scheme are likely to reduce the number of tenants purchasing their homes, which may help retain much-needed social rented stock. In the current housing context, maintaining an adequate supply of genuinely affordable homes for rent is important, particularly for those on the lowest incomes.

However, we also believe there is scope for local authorities to do more to actively communicate the home ownership options available to long-term tenants. Many social renters, particularly those who have consistently paid rent for over five years, may not be aware that home ownership could be within reach, and in some cases, monthly mortgage payments may be comparable to or even less than their current rent.

Long-term renters also often have little incentive to move, even when their circumstances change, such as when children move out or household income increases. This can contribute to the under-occupation of valuable social housing and limit the availability of homes for those in more urgent need. A more proactive and personalised approach from councils could help to unlock opportunities for tenants to buy, while also improving the efficient use of existing stock.

Given these dynamics, we suggest that the government and local authorities consider a broader review of how the social rent system functions, particularly in relation to mobility, ownership options, and long-term tenancy patterns. Any changes to Right to Buy must be considered as part of a wider strategy that balances the protection of affordable rented homes with the aspiration of home ownership for those who are able and willing to pursue it.

10. Do existing routes to affordable home ownership such as Shared Ownership, provide genuinely affordable routes to owning homes, and how could they be improved in the new Social and Affordable Homes Programme?

The LPDF recognises that schemes like Shared Ownership have helped many people take a first step onto the housing ladder who may not have otherwise been able to do so. However, while these schemes offer an important route into home ownership, there are growing questions around how genuinely affordable they are, particularly in areas with high market values or where rent and service charges are significant alongside mortgage payments.

⁵ [Right to Buy Reforms - LPDF January 2025.pdf](#)



In practice, Shared Ownership can still leave households facing a high overall cost of living, and the process of staircasing to full ownership is often slow, costly, or out of reach entirely. In some cases, buyers remain ‘trapped’ in partial ownership, with limited control over their property and rising outgoings. These challenges can undermine the long-term benefits and security that home ownership is meant to provide.

We believe there is an opportunity to reform and improve the delivery of affordable home ownership products. This could include reviewing rent-setting mechanisms, improving transparency around service charges, and reducing the complexity and costs associated with staircasing. Ultimately, affordable home ownership products must be designed around the needs of the buyer, not just as a mechanism to meet delivery targets. A rebalanced programme that puts long-term affordability, choice, and buyer empowerment at its core would deliver better outcomes both for households and for the housing system overall.

11. What impact will the provisions of upcoming legislation, including the Renters’ Rights Bill and the Draft Leasehold and Commonhold Reform Bill, have on the affordability of homes for first-time buyers?

From the perspective of the LPDF, while these legislative reforms are important for improving tenure conditions, their effect on the affordability of homes for first-time buyers is likely to be indirect and marginal.

The Renters’ Rights Bill, by enhancing tenant protections and making renting more secure and transparent, could help renters build stronger credit profiles and feel more financially stable. In principle, this could support their ability to save and prepare for home ownership in the longer term. However, these reforms do not directly reduce the cost of purchasing a home or help with deposit accumulation.

The Draft Leasehold and Commonhold Reform Bill, by reforming onerous leasehold terms, ground rents, and enabling an easier pathway to commonhold, may reduce costs and uncertainty for current and future homeowners. Yet again, the direct impact on first-time buyers’ affordability is limited.

These Bills are a welcome step for enhancing tenure fairness and consumer confidence, and may support first-time buyers indirectly. However, a more meaningful improvement in affordability will depend on complementary measures, such as increased housing supply, enhanced access to mortgage finance, and targeted support schemes focused on helping buyers get onto the ownership ladder.

Conclusions

The LPDF welcomes this vital inquiry into the affordability of home ownership. Affordability remains one of the most pressing challenges facing individuals and families across the country, and we strongly support the need for a coordinated and long-term approach to tackling it.

We recognise that the Labour government has already taken encouraging steps to address the housing crisis. The early policy focus and commitment to delivering 1.5 million new homes over this Parliament are clear moves in the right direction. However, to meet this target and to deliver meaningful improvements in affordability, the government must go further and act with greater urgency. Increasing the supply of housing and as part of this ensuring plurality of sites (both types and sizes) being brought forwards is critical, so that purchasers, including affordable housing purchasers, have a greater choice of where to live and the type of product that is available to purchase. This will increase sales rates, and in turn will increase delivery.



What is clear, is that in order to start addressing affordability we need to be consistently delivering significantly more housing. In this regard we refer to recent research by the Centre for Policy Studies (CPS) 'How many homes does the UK need?'⁶. This research outlines that decades of low building coupled with a growing population has made homes unaffordable for many. The CPS research refers to an earlier study by the Centre for Cities entitled 'The housebuilding crisis: The UK's 4 million missing homes'⁷. This 2023 research highlighted a shortfall of 4.3 million homes compared to similar European countries. The CPS research updates this figure and outlines that this housing shortfall has now risen to a shocking 6.5 million homes, of which England accounts for 5.85 million. To address this significant shortfall in housing will required decades of delivery at 300,000, even assuming lower net migration.

It is also worth noting that the new build market is particularly important for first-time buyers for a number of reasons. New build first buyer homes are not held up in housing chains meaning that a buyer can execute more smoothly and quickly. Additionally, the living costs are lower in new build homes (utility bills and maintenance), which is better for first-time buyer budgets.

Improving the speed and efficiency of the planning process is essential. Delays in determining planning applications, caused in part by under-resourced local authorities and systemic bottlenecks, are holding back permissions for much-needed homes. The scale of the delays in determining planning applications is highlighted through recent research undertaken by Lichfields on behalf of the LPDF entitled 'How long is a piece of string?'⁸ This research outlines that a decade ago, 78% of outline major applications were determined in less than a year, whereas in 2024 only 36% were. These delays have a direct impact on housing delivery and, ultimately, on affordability. Faster, better-resourced planning departments will be key to unlocking supply in the short term.

However, it is critical to recognise that increasing supply alone is not enough; demand-side support is also needed. Boosting housing delivery must be accompanied by policies that create a functioning, accessible market, particularly for first-time buyers. Access to mortgage finance and targeted financial support are essential to stimulate demand and create a viable, responsive market for builders. Without such measures, the benefits of increased housing supply may not translate into real opportunities for those looking to step onto the housing ladder.

We urge the government to take an integrated approach, one that accelerates planning reform, incentivises delivery, and improves access to finance. Only by tackling all parts of the system can we hope to deliver the scale of change needed to improve affordability and expand access to home ownership across the country.

⁶ [How many homes does the UK need?](#)

⁷ [The housebuilding crisis: The UK's 4 million missing homes](#)

⁸ [How Long is a piece of string?](#)

