

**House of Commons Housing, Communities and Local Government Committee Inquiry into the
affordability of homeownership**
Response from Propertymark
August 2025

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 19,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.¹

Overview

2. The House of Commons Housing, Communities and Local Government Committee is looking at the challenges faced by first-time buyers and those on lower incomes to getting, and staying, on the housing ladder, as well as ways that interventions such as financial products including special Individual Savings Accounts (ISAs) and mortgages as well as UK Government policies can help people overcome those challenges.

Propertymark's written evidence

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

3. There are three main barriers that first time buyers face to owning their own homes:
 - **Firstly, size of the deposit to show financial commitment and reduce the lender's risk when buying a home.** Deposit requirements have risen in recent years which means it takes much longer to save for a deposit. This is worsened for those who don't have family help or government support. Furthermore, this is harder for first time buyers who are also renting and living in certain geographical locations particularly where house prices are higher, such as in London and the South East of England. Many banks prefer first time buyers to have a 10% deposit, and a bigger deposit can help do two things. Firstly, provide more choice with mortgages, giving access to lower interest rates. Secondly, lower repayment costs, saving money in the long run.
 - **Secondly, increasing house prices relative to earnings.** While earnings have doubled since 1997, house prices have more than quadrupled.² The average UK house price in 1982 was 3.13 times average earnings; in 2024, the median average home in England, at £290,000, cost 7.7 times the median average earnings of a full-time employee (£37,600). At the same time, the UK median rent has increased from 331.08³ per month in 1996/7 to £1,344 per month in June

¹ <https://www.propertymark.co.uk/>

² <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2024>

³ <https://www.landecon.cam.ac.uk/sites/default/files/2024-01/prs-report.pdf>

2025.⁴ In some cases, it is therefore increasingly necessary to buy a property using dual income. It is also harder to save a deposit while renting, because a greater proportion of an individual's earnings are taken up in rent payments.

- **Thirdly, increasing house prices.** Home ownership has fallen most among young people aged below 35 years old who have often been first time buyers. Data from the Institute for Fiscal Studies for 2022-23 show that 39% of 25- to 34-year-olds owned their home, 20 percentage points lower than the peak (59%) seen in the year 2000.⁵ Furthermore, Leeds Building Society report that average first time buyer house prices (the prices paid by first time buyers specifically, not house prices across the entire housing market) were 16 times higher in nominal terms in 2022 (at an average of £284,300) than they were in 1982 (£17,300).⁶

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

4. There are several policy options available to the UK Government to support first time buyers to get onto the housing ladder:
 - **Help to Buy Equity Loan** – a scheme that tops up savings by 25%, up to a £3,000 maximum bonus. It has since been replaced by the Lifetime ISA scheme.⁷
 - **Lifetime ISA** – the scheme allows 18 to 39-year-olds to save up to £4,000 a year, with a 25% government bonus, as long as it's used to buy a home under £450,000.⁸
 - **First Homes Scheme** – based on an eligibility criteria first time buyer can buy a home (either new build or off the second-hand homes market) for 30% to 50% less than its market value. The home must be the person's only or main residence.⁹
 - **Mortgage Guarantee Scheme** - providing participating lenders with a government-backed guarantee, insuring them against a portion of their potential losses on those mortgages. Mortgages offered through the scheme will enable eligible first-time buyers and home movers to buy a home with a deposit as small as 5%.¹⁰
 - **Shared ownership** – they let buyers purchase a portion of a property and pay rent on the rest. They're often more accessible but come with complexities, like service charges and limited resale flexibility.¹¹
5. There are also discounting schemes like Right to Buy and Right to Acquire, and there have been tax reductions like Stamp Duty Land Tax Relief.

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

6. An increase in housing supply will not necessarily improve affordability if the increase does not outstrip any increase in demand. Absolute demand for housing will continue to increase as the

⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025>

⁵ <https://ifs.org.uk/articles/homeownership-young-adults-has-recovered-its-2010-level>

⁶ <https://www.leedsbuildingsociety.co.uk/home-and-money/home-buyers/bringing-down-barriers-home-ownership/>

⁷ <https://www.gov.uk/help-to-buy-equity-loan>

⁸ <https://www.gov.uk/lifetime-isa>

⁹ <https://www.gov.uk/first-homes-scheme>

¹⁰ <https://www.gov.uk/government/publications/2025-mortgage-guarantee-scheme>

¹¹ <https://www.gov.uk/shared-ownership-scheme>

population grows. Any increase in housing supply will only improve housing affordability if the properties are built at a faster rate than new demand, if they are built and sold at a lower cost, if incomes rise to meet the current cost of housing, or if there is significant UK Government intervention to help first time buyers. Although there are many renters who would like to buy, much of the demand is pent up because prospective buyers do not have a sufficient deposit and/or are unable to obtain the required mortgage, even though they are likely to be paying rents which cost more per month than a mortgage on an equivalent property.

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

7. In the short term, a mortgage guarantee scheme and increased availability of high loan-to-value mortgage products allows for increased buyer access to the market, but it is not clear that this will be a sustainable approach in the long term. Such an approach lacks resilience to interest rate increases, assumes house prices will continue to increase indefinitely, and risks a repeat of the 'negative equity' phenomenon which followed the house price crash in the early 1990s. It also creates a potentially large liability for the taxpayer should there be a significant number of defaults.

Question 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?

8. We think there are two main barriers to moving to a system whereby prospective buyers' record of paying rent on time is considered as part of a mortgage application:

- **Firstly, there is no standardised format or system for recording the rent payments of tenants in a way that would be accessible and useful for decision makers on mortgage lending.** The creation of such a system may be helpful for landlords and agents in the long term, as it would lead to a more standardised referencing system, but in the short and medium term, it would create an extra administrative burden on property agents and landlords. However, given that new mortgage applicants are generally required to provide bank statements, consideration could be given to a system where a mortgage applicant provides bank statements over a longer period alongside their tenancy agreement to demonstrate a record of paying rent on time. This would remove any reporting burdens from landlords and estate agents and is not a significant change for the mortgage applicant in respect of the paperwork they need to provide.
- **Secondly, consider any mortgage or finance rules for lending which take into account overall income and deposit payments.** This is to ensure that mortgage applicants can afford mortgage payments even if interest rates rise. Furthermore, owning a house comes with additional costs whereas when renting the landlord is responsible for the costs of repairs and maintenance. Therefore, mortgage lending rules will need a review to ensure there can be an assessment alongside the affordability of home ownership that includes a rent payment record rather than just taking this into consideration on its own.

Question 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?

9. Overall, we do think that existing financial products such as special ISAs and mortgage products are effective at helping people to get on the housing ladder. However, there are a number of steps people are taking outside of these products to purchase a property where the UK Government could provide support. These include:
 - **Income booster mortgage (also known as a Joint Borrower Sole Proprietor Mortgage)**
- a product offered by some lenders that lets a family member's income be added to a first time buyer's purchase, even if they're not living in the property, to increase how much someone can borrow.¹²
 - **People moving to a cheaper area to purchase a home** – we know from conversations with our members and information from banks that in the last couple of years well over 60 per cent of first time buyers have relocated to get on the property ladder.¹³
 - **Buying a property that needs significant renovation** – these properties can be cheaper to buy, often sit empty when purchased so have no chain but mean that additional cost is required to 'do them up' over time.
10. To this end, the UK Government could look at support through advertising income booster mortgages, loans to support first time buyers who relocate and grants to support first time buyers with renovation costs with homes that need significant work, which could also be linked to energy efficiency improvements.
11. Of the products the UK Government has part of its offering to first time buyers the Lifetime ISA has been a significant intervention which has allowed some first time buyers to save effectively for a house deposit. However, an increasing number of people are making unauthorised withdrawals and incurring the withdrawal charge, which may indicate that the Lifetime ISA is not working as intended. In 2023–24, 99,650 people made unauthorised withdrawals while only 56,900 people used their Lifetime ISA to buy a home. The proportion of individuals making unauthorised withdrawals has increased from 45% in 2018–19 to 64% in 2023–24. The number of individuals paying the withdrawal charge as a percentage of total Lifetime ISA holders increased from 5% in 2021–22 to 7% in 2023–24.¹⁴ The increase is likely to reflect cost of living pressures, and the increased withdrawals are likely to have been made by those on lower incomes.
12. UK Government research suggest that the 25% withdrawal penalty is not well understood,¹⁵ although there tends to be acknowledgment from holders of Lifetime ISAs that the withdrawal bonus is a sensible incentive to encourage saving. The research also found concern about the £450,000 cap, given the price of property in London and the South East. This has to be weighed against the impact on the taxpayer, and whether it is fair for the taxpayer to subsidise property purchases above this amount. A sensible compromise might be to allow Lifetime ISAs to be used

¹² <https://www.barclays.co.uk/mortgages/mortgage-boost/>

¹³ <https://www.santander.co.uk/about-santander/media-centre/press-releases/two-thirds-of-recent-first-time-buyers-bought-in-a>

¹⁴ <https://publications.parliament.uk/pa/cm5901/cmselect/cmtreasy/607/report.html>.

¹⁵ <https://www.gov.uk/government/publications/understanding-the-use-of-the-lifetime-isa-qualitative-research/understanding-the-use-of-the-lifetime-isa-qualitative-research>

to purchase property over £450,000 without incurring a withdrawal penalty, and without the 25% bonus being paid by the UK Government.

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

13. Since 1 April 2025, first time buyers pay no stamp duty on a property they buy up to £300,000 or five per cent stamp duty on the portion from £300,001 to £500,000. Based on the average property price in England of £290,000¹⁶ then the current relief is broadly sufficient. However, house prices are higher in some places and if the purchase price is over £500,000 a first time buyer cannot claim the relief. Furthermore, if they purchased a property for £500,000, they would pay £10,000 in stamp duty (5% on the remaining £200,000 = £10,000). Therefore, currently, we do not think that the current reliefs on stamp duty land tax are sufficient to support first time buyers to purchase their first home.

14. To provide greater support to first time buyers and the wider housing market, Propertymark suggests the UK Government do two things: Firstly, there needs to be more regular updates to the stamp duty bands linked to changing property values. This would allow for a potentially higher starting purchase price for first time buyers to avoid paying stamp duty. Secondly, have lower rates of stamp duty or a flat low rate across the board to reduce the cost for consumers and increase the number of transactions.

Question 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?

We think the UK Government can do several things to support first-time buyers with the costs of the home buying process itself:

- **Create a First Time Buyer Decision Tool** – via GOV.UK first time buyers should be able to calculate indicative costs from professional services and submit personal information that guides them to UK Government financial support schemes for which first time buyers may be eligible.
- **Higher band of first-time buyer stamp duty relief** – introduce a higher starting purchase price for first time buyers to avoid paying stamp duty and increase the threshold for first time buyer relief.
- **Support with mortgages** – encourage the finance sector to support more long-term, fixed-rate mortgages for first time buyers. Skipton Building Society provide first time buyer mortgages where no mortgage repayments are due for the first three months after completion; discounted home surveys; and terms of up to 40 years.¹⁷
- **More practical advice to support purchases** – for example if buying a property, negotiating white goods or fixtures and fittings into the sale. Securing some essentials, such as the fridge

¹⁶ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025>

¹⁷ <https://www.skipton.co.uk/mortgages/first-time-buyers>

freezer, a radiator cover, or a bespoke pair of curtains can often save buyers £1,000 or more in the long run.

- **More awareness about the cost of removal services** – lots of removal companies offer cheaper rates mid-week rather than the popular moving day of a Friday. Research suggests that Wednesdays and Sundays are the cheapest days to move due to lower demand.

Question 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?

15. Propertymark has questioned the impact of the Right to Buy Scheme, and in particular, of the lack of any mechanism to ensure that sufficient social housing is built in order to replace the homes that were purchased by their occupants. Propertymark therefore welcomed the decision to allow local authorities to retain 100% of receipts, which makes the Right to Buy scheme more sustainable. However, it is highly likely that the changes will restrict the ability of social housing tenants to own their own home. Newly built social housing in England will be exempt from Right to Buy for 35 years, under UK Government plans to further scale back the policy. Social tenants will also have to live in their properties for much longer before qualifying for the scheme. The discount allowed will be £16,000-£38,000, down from £102,400 to £136,000. Given that all the changes are restrictive, we can reasonably expect fewer tenants to take advantage of the scheme. Housing association tenants will be particularly disadvantaged, as the scheme will not be extended to their properties.

Question 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?

16. While still an important route to home ownership for lower income households, Shared Ownership properties are not as accessible as they used to be. Between 2010 and 2024, the average (mean) market price of shared ownership properties has increased from £164,600 to £309,700, an increase of 88%¹⁸. This is above the wider housing market, which saw an 80% increase in house prices, likely reflecting higher pressure housing markets where shared ownership homes are located. As house prices increase, so do the value of deposits. The average (mean) deposit in 2022/23 was £23,200¹⁹, the highest value since this was first reported in 2008/09. Nonetheless, this remains far below the UK average deposit for a first-time buyer, which Halifax say was £53,414 in 2023,²⁰ and shared ownership properties provide an important route to home ownership for lower income households.

17. One concern about shared ownership properties relates to service charges and is essentially the same issue facing the wider leasehold sector with the issue being particularly acute in London.²¹ One significant issue that troubles the Shared Ownership model is the liability for service charges-

¹⁸ <https://www.gov.uk/government/statistics/social-housing-sales-and-demolitions-2022-23-england/social-housing-sales-and-demolitions-2022-23-shared-ownership>

¹⁹ <https://www.gov.uk/government/statistics/social-housing-sales-and-demolitions-2022-23-england/social-housing-sales-and-demolitions-2022-23-shared-ownership>

²⁰ <https://www.lloydsbankinggroup.com/media/press-releases/2024/halifax-2024/almost-two-thirds-of-first-time-buyers-teaming-up.html>

²¹ https://www.savills.co.uk/research_articles/229130/363436-0

the owner of a Shared Ownership home is responsible for 100% of the service charge, despite not owning 100% of the property. One policy change in order to remove this unfairness could be that the owner pays a percentage of the service charge in proportion to their percentage stake in the property. This would incentivise the housing association or private developer to be more robust in negotiating charges levied by freeholders and to limit their own charges. Alternatively, service charges could be capped. The Levelling Up, Housing and Communities Committee report on Shared Ownership in 2024 noted ‘that increases in the service charge over time (in addition to other rising costs such as rent) have led to frustration, as they have prevented users from staircasing as planned. Many as a result regretted having made the purchase in the first place.’²² A similar issue arises with costs for maintenance and repairs, where the buyer is expected to meet 100% of such costs despite not owning all of the property.

18. Reform of the Shared Ownership model might also reduce or remove staircasing fees, as the evidence suggests that the solicitors’ fees and costs are too high to do so. The UK Government should consider a model closer to mortgage overpayments, where up to a certain limit, householders can overpay without penalty to secure increased equity more quickly.

Question 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?

19. Under the Renters’ Rights Bill, fixed term assured tenancies will be abolished and replaced by a system where all tenancies will be periodic. This means that tenants will be able to stay in their home until they decide to end the tenancy by giving two months’ notice. Landlords will need to use one of the grounds for possession in order to evict the tenant or get the property back to live in or sell. For prospective first-time buyers who are renters this could mean two things: Firstly, they will be able to stay in a property indefinitely which means they have longer to save for a deposit to buy their first home should they wish to do so. Secondly, there will be a regulatory cost to landlords in order to comply with the provisions of the Bill, alongside increased minimum energy efficiency standards, which will likely increase the cost of renting. Furthermore, should landlords reject the changes and leave the market, and demand continues to outstrip supply, market rents will increase. This will mean that prospective first-time buyers who are renters will have less money to save to purchase a home and more of their money will go on the cost of renting.
20. In respect of the Draft Leasehold and Commonhold Reform Bill, if the legislation is effective and successful in its aims, we think it will have a positive impact on the affordability of homes for first-time buyers. This is because it is often the case that purchasing a flat is a way that many first time buyers get on the housing ladder. Additionally, the legislation intends to do two things. Firstly, tackling and regulating ground rents for existing leasehold property so costs are more regulated, removed and made affordable. This will have a huge impact on leaseholders and first time buyers because the UK Government estimate that 86 per cent of leaseholders in England pay a ground rent, averaging almost £300 per year.²³ Furthermore, ground rent contracts that rapidly escalate

²² <https://committees.parliament.uk/publications/44088/documents/218475/default/>

²³ <https://www.gov.uk/government/publications/kings-speech-2024-background-briefing-notes>

can become unaffordable over time for leaseholders. In a recent survey Propertymark undertook with its members, 78 per cent said that a leasehold property with an escalating ground rent will struggle to sell, even if priced correctly.²⁴ Secondly, reinvigorating commonhold and restricting the sale of new leasehold flats will impact affordability as a result of an increase in supply because of increased confidence in properties which were previously unattractive because of leasehold arrangements and concerns about ever-increasing charges and fees.

²⁴ <https://www.propertymark.co.uk/resource/leasehold-2023-has-anything-changed.html>