Housing, Communities and Local Government Committee Inquiry into the Affordability of Home Ownership

G15 Response

August 2025

About the G15

The G15 is made up of London's leading housing associations. The G15's members provide more than 880,000 homes across the country, including around one in ten homes for Londoners. The G15 represents the largest providers of new affordable homes in London and accounts for approximately 15% of all affordable homes built across England. Over the last few years, our members have funded and delivered more than 56,000 new homes in partnership with the Mayor of London. Delivering good quality safe homes for our residents is our number one priority. Last year our members invested almost £2bn in improvement works and repairs to people's homes, ensuring people can live well. Together, we are the largest providers of new affordable homes in London and a significant proportion of all affordable homes across England. It's what we were set up to do and what we're committed to achieving. We are independent, charitable organisations and all the money we make is reinvested in building more affordable homes and delivering services for our residents.

Find out more and see our latest updates on our website: www.g15.london

The G15 members are:

- A2Dominion
- Clarion Housing Group
- The Guinness Partnership
- Hyde
- L&Q
- MTVH
- Sovereign Network Group
- Notting Hill Genesis
- Peabody
- Riverside
- Southern Housing

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Executive summary

G15 members play an important role in ensuring homeownership is attainable to people from all backgrounds. In addition to offering homes at social and affordable rent, we give attention to providing home ownership opportunities. This is because owning a home can offer a degree of stability and management over living conditions and can provide the opportunity to build personal equity over time.

Access to cash for deposits remains a significant barrier to home ownership, especially given increasingly unaffordable private rents and the ongoing cost of living crisis. As a result, homeownership has been decreasing in England: the proportion of households that owned their home dropped from 64.3% in 2011 to 62.5% in 2021[1]. The drop is steeper for those with own their accommodation with a mortgage/loan or shared ownership, from 33.5% in 2011 to 29.7% in 2021[2]. As London's largest social landlords, this issue is particularly important for us, as Londoners face the largest affordability barriers in England. This is reflected in the statistics; London is the region with the lowest level of overall home ownership (46.8%)[3] in England.

The G15 plays a key role in making homeownership attainable in London through providing affordable rental products such as London Living Rent and Intermediate Market Rent that make saving for a deposit more feasible. We build Shared Ownership homes across London allowing Londoners to get on the property ladder without leaving their home city.

Government should consider making the following policy changes to improve affordability and home ownership in the UK:

- Review shared ownership rules and reconsider whether the current income eligibility cap is still suitable.
- Exploring initiatives that support financial literacy, debunk common myths about home ownership, particularly leasehold and shared ownership, and demystify the buying process.
- Provide an adequate increase in funding for shared ownership development through the new Social and Affordable Homes Programme.
- Consider simplifying and clarifying Stamp Duty Land Tax (SDLT) rules especially for shared ownership buyers, and reforming SDLT rules in application to staircasing.

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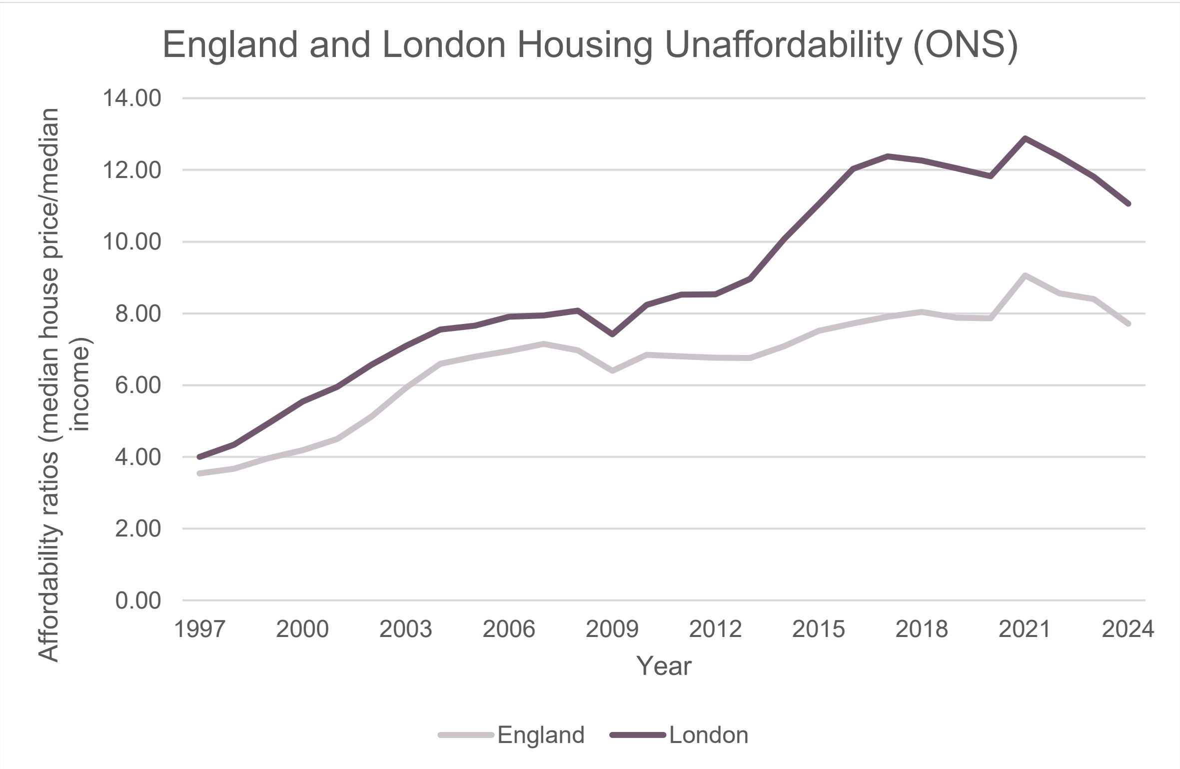
[1] Housing, England and Wales - Office for National Statistics
[2] Housing, England and Wales - Office for National Statistics
[3] Housing, England and Wales - Office for National Statistics

Questions:

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

Over the past two decades, house price growth has consistently outpaced income growth, making home ownership increasingly unattainable. Although affordability saw a slight improvement following the pandemic, the situation remains very challenging for many, particularly in London, where average house prices are now 11 times the median annual income[4]. This marks a near-historic level of unaffordability, compared to ratios of under 6 times in 2000 and 8 times prior to the 2008 Global Financial Crisis[5]. Across England, the ratio stands at 8 times annual income[6], which still falls into the category of severe unaffordability by international standards, where anything above five times income is considered inadequate[7].



Rising house prices have made it almost impossible for middle- and low-income households to come up with the deposit required for a mortgage. 41% of property sales fell through in Q2 2025, with 45% of failed sales being attributed to difficulty securing a

4 House price to workplace-based earnings ratio - Office for National Statistics
5 House price to workplace-based earnings ratio - Office for National Statistics
6 House price to workplace-based earnings ratio - Office for National Statistics
7 Demographic International Housing Affordability, 2024 Edition

mortgage[8]. In 2023–24, the average deposit for a first-time buyer in England was £55,372 [9], meaning a deposit is 1.5 times greater than the average person's annual income in England[10]. The average in London is £124K, close to three times the average income[11]. Mortgages are increasingly only accessible to those in higher income brackets, and in 2023/24 32% of mortgages were accessed by individuals in the fourth income quintile and 28% in the fifth[12].

Londoners face even greater barriers to homeownership due not only to higher property prices but also because they spend a larger share of their net income on rent: 38.8% compared to 32.6% in the other regions of England[13]. If households can't afford to buy where they currently live, they are forced to make difficult decisions between staying in high-cost rented housing near work, schools and local networks, or moving further out of London to less expensive areas.

This issue is particularly challenging for individuals who don't have access to generational wealth or financial support from family, often referred to as the "Bank of Mum and Dad." According to Savills, 173,500 first-time buyers received assistance last year, receiving on average £55,572. This equates to just over half (52%) of all first-time buyers, which, although lower than the proportion that received assistance in 2023 (57%), is still higher than every other year since 2012 (53%)[14]. Relying on substantial financial support from parents is simply not a viable option for most people, especially in the context of a post-COVID economy and an ongoing cost of living crisis.

Saving for a deposit is particularly difficult for those on low incomes, especially young families trying to enter the housing market. Research from the Resolution Foundation highlights that families with lower incomes face disproportionately high housing costs relative to their earnings. While fewer than one in four young families spend over 30% of their income on housing, this figure rises to more than half among those in the lowest income quintile. Although homeownership rates among 25- to 34-year-olds have increased since 2015–16, the growth has been concentrated among middle- and high-income families[15].

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8 Q2 2025 Fall Through Rate Press Release - Quick Move Now - PDF.pdf
9 Chapter 2: Housing costs and affordability - GOV.UK
10 House price to workplace-based earnings ratio - Office for National Statistics
11 How Much Deposit Do I Need To Buy A House In 2025? - HomeOwners Alliance
12 Chapter 2: Housing costs and affordability - GOV.UK
13 2025-31-july-homelet_dataloft_rental-report_72.pdf
14 Savills UK | Bank of Mum & Dad paid out £9.6 billion in gifts and loans in 2024
15 Housing hurdles • Resolution Foundation

This emphasises the need for affordable housing in London that allows households to save for a deposit such as intermediate rent, London Living Rent, and Rent to Buy schemes that G15 members provide. It also emphasises that affordable homeownership options like shared ownership which allow those in middle income brackets to get onto the property ladder.

Government should also consider the influence that a lack of financial literacy and information sharing can have on home ownership rates. This particularly creates a barrier for those who are the first to purchase homes in their family, and those don't have the same access to knowledge that others do. In 2018 MHCLG published a Call for Evidence and government response on "Improving the home buying and selling process" which emphasised the unnecessary financial and emotional stress to first time buyers that may delay their decision to move. Research from BEIS (Department for Business, Energy & Industrial Strategy) revealed that inexperienced first-time buyers were most vulnerable to this pressure with 47% regretting the speed or level of their offer, compared to 36% of experienced buyers[16].

Research indicates that information about purchasing a home, particularly through shared ownership, is often perceived as fragmented and incomplete. Compared to older age groups, younger age groups are much less aware about shared ownership even though the product is most suited for them according to research by Leeds Building Society. Only 40% of 18 to 24-year-olds were even aware of the product's existence. In contrast, 83% of people over 50 understood what shared ownership entails[17]. Many new buyers would benefit from clearer guidance on the step-by-step process of buying a home, as well as earlier and more accessible information about how shared ownership works.[18] Government could explore implementing evidence-based support measures, such as free and accessible one-on-one sessions and workshops, both in-person and remote, with qualified financial advisors. Research suggests that these interventions can help first-time buyers feel more confident navigating the housing market, improve their credit scores, reduce mortgage arrears, and lower the risk of repossession[19][20][21].

[16] Research on buying and selling homes
[17] 60% Of Young People Unaware Of Shared Ownership
[18] CAST Shared ownership report Feb2019.pdf
[19] HUD First-time Homebuyer Study | HUD USER
[20] Financial Education and Counseling—Still Holding Promise - COLLINS - 2010 - Journal of Consumer Affairs - Wiley Online Library
[21] The Influence of Homebuyer Education on Default and Foreclosure Risk: A Natural Experiment - Brown - 2016 - Journal of Policy Analysis and Management - Wiley Online Library

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

n/a

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

We do not believe that increasing supply, on its own, would improve affordability significantly. Building new homes is shown to have a small positive impact on house prices in a hyper-local area, but little beyond this. For example, research from the GLA shows that building market-rate housing marginally increases the availability of homes affordable to low-income households over time by creating chains of vacancies and moves that can reach across an entire housing market area[22]. The most effective way to improve affordability is to invest in delivering homes for social rent and shared ownership.

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

High loan-to-value mortgage products have been available for some time. However, we find that there isn't a high uptake of this product as although it allows buyers to purchase with a lower deposit, the mortgage payments at 95% LTV are unaffordable those on middle and low incomes, especially in London. Higher LTV products generally command higher mortgage rates, which worsen affordability. Additionally, the risk of negative equity makes buyers wary of high LTVs.

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?

Incorporating rental payment history into mortgage assessments could be particularly beneficial for first-time buyers, as it would provide a more complete picture of their

[22] HRN 10 (2023) The affordability impacts of new housing supply: A summary of recent research – London Datastore

financial reliability. However, some barriers limit the feasibility of this approach. First, verifying rent payments often requires contacting landlords or property managers, which adds administrative complexity and time. Second, current credit scoring systems are not designed to incorporate rental data. Integrating this information would require significant changes to lender risk models and credit assessment frameworks. Third, rental payment records typically rely on landlord references or participation, which can be inconsistent and potentially open to manipulation. Without standardized reporting mechanisms, lenders may be hesitant to rely on this data.

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?

Lifetime ISAs (LISAs) are widely used by first-time buyers, including those purchasing through private sale and shared ownership. They are effective in helping individuals save for a deposit, offering a government bonus that boosts savings. However, buyers are increasingly experiencing delays in accessing their Lifetime ISA funds during the home-buying process. This can jeopardise transactions and adds unnecessary stress. ISAs require individuals to have spare income to save effectively. For many, especially those on lower incomes or facing high living costs, this is a significant barrier, limiting the impact of the tax advantages. Additionally, withdrawals can only be used towards purchasing a first home in the UK with a maximum property value of £450,000. However, this currently grants access to only a small portion of the London housing market, where property prices often exceed this threshold.

To improve LISAs, we suggest simplifying and speeding up the process of accessing funds at the point of purchase. Also, we recommend raising awareness of LISAs among young people as this could encourage earlier saving habits and improve long-term outcomes. Government should also consider reviewing the maximum property value for LISA withdrawals or create a London-specific value ceiling.

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

Despite existing reliefs, SDLT continues to be a significant upfront cost for many first-time buyers. This is especially challenging as it must be paid in addition to the deposit and other costs, placing further strain on affordability.

The rules governing SDLT reliefs are often unclear, particularly for first-time buyers navigating the process for the first time. This confusion is even more pronounced in shared ownership schemes, where buyers may not understand when and how much stamp duty is due. While shared owners can initially avoid SDLT by purchasing a smaller share, this can become a barrier later. As they staircase and buy additional shares, the SDLT liability increases significantly, potentially discouraging progression to full ownership.

Government should consider simplifying and clarifying SDLT rules especially for shared ownership buyers. The flexibility for shared owners is welcome, but rules can be confusing and remain a barrier to staircasing and homeownership more generally.

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?

n/a

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?

We support the government's ongoing reforms of Right to Buy. That said, the reforms will impact some individuals by reducing the ability of social housing tenants to purchase their homes. However, we feel it is crucial that steps are taken to help retain social housing given the acute housing crisis.

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 G15 welcomes the financial support Government has pledged through the successor to the new Social and Affordable Homes Programme, which promises to fund shared ownership[23]. Shared ownership is one of the best routes for those who would not be able to afford a deposit otherwise to get on the property ladder. Research from Leeds Building Society has shown that shared ownership is set to become more affordable than private renting in 93% of areas across England over 10 years[24]. Capital repayments and house price increases are forecast to make shared owners on average £29,000 better off as a result of equity growth, rising to £42,000 in London[25].

The G15 would support a review of the shared ownership income cap in London, which is currently set at £90,000[26]. This could exclude, for example, two key workers living together and earning more than £45,000 each from accessing the product.
Two teachers living together, paid on the standard teaching income scale and receiving standard yearly pay rises, would earn too much to qualify for shared ownership by 5-6 years after qualifying.

Given the extremely high cost of living (and particularly of renting privately) in London, a couple in this situation may well find it challenging to save for a shared ownership deposit in that time, while being even less likely to do so for a home for outright sale.

Modelling from one G15 member suggests the number of Londoners able to access the Shared Ownership tenure has decreased dramatically in the decade since the cap was introduced, creating a pool of households who can't afford a deposit in market sale but also aren't eligible for shared ownership. While we do believe that shared ownership should only be accessible to those who genuinely cannot afford to buy on the private market, the existing cap went into effect in 2016 and has not been adjusted to account for the current economic environment and wage inflation. Nominal median wages in London have increased significantly in the past decade, though this does not translate into credible real income growth due to inflation at a similar rate. Government should use an evidence-based approach when deciding what the new income cap should be.

One of the biggest issues for shared owners is service charges, for which they are fully liable despite only owning a fraction of the equity. We recognise that service charges

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[23] Letter from Housing Minister to registered providers of social housing: Spending Review 2025 - GOV.UK
[24] Shared ownership set to become more affordable than private rent in 93% of areas across England* article
[25] Shared ownership set to become more affordable than private rent in 93% of areas across England* article
[26] Shared ownership homes: buying, improving and selling: Who can apply - GOV.UK

have increased over time, particularly in London, which has created affordability challenges for shared owners. This is largely due to the high costs associated with managing large and complex buildings in a city with elevated living expenses. The G15 is aware of the impact this has on shared owners, and we are actively working to ensure that service charges remain as manageable and fair as possible.

The income cap also creates an issue when shared owners who have partially staircased try to sell. As a result of the higher up-front equity share, the downpayment on the property increases, creating a limited pool of those who are below the income cap but can afford the downpayment. This discourages some shared owners from staircasing as they believe this will restrict them when selling. It also forces housing associations to sell on the open market when they can't find a buyer below the income cap, meaning shared ownership stock is decreasing.

Government, local councils, and the GLA should ensure that there is consistency in shared ownership guidance across London. While we fully respect that local authorities have the discretion to set their own eligibility criteria for shared ownership, we would like to highlight that additional borough-level restrictions, particularly those below the £90,000 income cap set out in the Capital Funding Guide (CFG), can unintentionally contribute to delivery challenges. Extended exclusivity periods for borough residents, while well-intentioned, may also increase void periods and holding costs for housing providers, especially given the acute shortage of affordable housing across London. We recognise that Section 106 agreements are a vital tool for securing local benefits, but when they override London-wide criteria, they can sometimes result in unsold homes and missed opportunities to meet broader housing needs. A consistent, pan-London approach would improve clarity, reduce costs, and support more effective delivery of shared ownership homes.

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?

Commonhold has the potential to offer better value in terms of management costs and service charges, depending on how residents choose to manage their properties. However, Government should carefully consider how these reforms will interact with how Shared Ownership is built and managed to ensure that Shared Ownership is still a viable option for those who would like to get onto the property ladder.

We also welcome the Renter Rights Bill as this is an important step towards improving the stability of tenure for those in the private rented sector and also the conditions of privately rented homes.