**Written evidence submitted by the Home Builders Federation [AHO 009]**

## About HBF

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. Our members are responsible for providing around 80% of all new private homes built in England and Wales and most of our members are small or medium-sized enterprises.

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

There are multiple barriers facing today's potential home buyers – the size of deposits; house prices increasing at much faster rates than wages meaning sufficient mortgages are out of reach for many; and higher mortgage rates, meaning monthly mortgage costs are above what many can reasonably afford.

While there is widespread recognition of the plight of young people trying to get onto the property ladder, the appetite to look for solutions appears to be relatively limited within government.

For a decade, the Help to Buy scheme helped hundreds of thousands of first-time buyers onto the property ladder, with the equity loan scheme helping to overcome affordability and deposit barriers. The scheme, with its focus on new build housing as secured crucial housing supply benefits. By helping to convert latent demand for new homes into *effective demand*, Help to Buy was a significant contributor to the unprecedentedly fast doubling of housing supply recorded during the middle of the 2010s.

Looking further back, from the early 2000s onwards, recognising the growing evidence of undersupply of new housing and conscious of potential consequences of assisting demand with no supply-side component, governments focused first-time buyer support on assistance in purchasing new build homes rather than, as had previously been typical, assisting homebuyers to purchase existing properties. Examples of schemes that preceded Help to Buy include the First-Time Buyers Initiative (FTBI), Homebuy Direct, Rent to Homebuy and FirstBuy.
Since 2022, with no first-time buyer support in place and amid a consumer environment with higher prevailing interest rates, generally lower confidence and highly constrained mortgage availability for buyers of new homes, the dream of home ownership is becoming an unrealistic one for many younger households without family wealth to fall back on.

The home building industry has been a key part of supporting first-time buyers into home ownership over several decades. New homes represent a good first purchase for homebuyers, with significantly lower energy costs and minimal maintenance requirements. As explored above, for the first part of the 21st Century, governments recognised the virtuous cycle that assisting first-time buyers into new build properties also helps to underpin effective demand for new homes and leads to greater investment in new housing delivery. By contrast, generally the approach taken from the 1960s to the 1990s was either support with interest payments on mortgages (Option Mortgage Relief, Mortgage Interest Relief and Mortgage Interest Relief at Source (MIRAS)) or assistance in purchasing social housing at heavy discounts against market prices (Right to Buy).

Recognising the supply-side benefits and relieving the inflationary pressures associated with simply extending demand for a finite number of existing homes, we support the approach taken since the turn of the century and the housing supply impact of Help to Buy was undeniably vast.

The proportion of households able to get onto the housing ladder has fallen over time with home ownership becoming more concentrated in a smaller number of households. Over the last decade, for the first time, outright owners surpassed those with a mortgage, and the gap between private renters and mortgagors has narrowed. This represents a further entrenchment of wealth among property owners free of monthly mortgage repayments who are likely to be older households. It also reflects a gradual shift in the makeup of homeowners from mortgaged young families to, primarily, unmortgaged, older households.

*House prices*
House price growth has outpaced wage growth for many decades, but particularly for the last 30 years. The house price to income ratio in England is 10 – meaning that the average property is worth 10 times the average annual net salary. This rises to over 12 in the South East, South West and East of England, and is over 16 in London.

| **Region** | **Average net monthly income** | **Average FTB house price** | **House price/income ratio** |
|---|---:|---:|---:|
| England | £2,073 | £248,571 | 9.99 |
| North East | £1,796 | £132,389 | 6.14 |
| North West | £1,847 | £181,237 | 8.18 |
| Yorkshire and The Humber | £1,802 | £174,275 | 8.06 |
| East Midlands | £1,826 | £201,958 | 9.22 |
| West Midlands | £1,818 | £207,107 | 9.49 |
| East | £1,917 | £277,479 | 12.06 |
| London | £2,299 | £446,280 | 16.17 |
| South East | £1,973 | £296,095 | 12.50 |
| South West | £1,793 | £258,925 | 12.03 |
| Wales | £1,823 | £184,231 | 8.42 |

*Deposits*
HBF's Broken Ladder report looked at how long it would take the average earner to save for a deposit when also paying rent and bills, other payments which have significantly outpaced earnings for younger generations.
After bills, deposits for buyers in their 20s are nearly 4.5 times the annual discretionary income for an average renter of this age profile.

In reality, potential buyers would not be able to save all of their discretionary income. Looking at a more realistic saving of 50% of discretionary income, the average deposit in England would take almost nine years to save for.
For the more expensive regions, this rises further:

- In London, it would take more than 13.5 years to save the necessary deposit, based on a saving of 50% of discretionary income.
- In the South East, it would take just over 13 years.
- In the East of England, it would take over 10.5 years.

According to the English Housing Survey, 40% of last year's first-time buyers used inheritance or money gifted from family towards a deposit for a house. Gifts and loans from the Bank of Mum & Dad (BOMAD) totalled £9.6 billion in 2024. 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. Overall, Bank of Mum & Dad has provided £38.5 billion of assistance over the past four years. This is 71% more than the previous four years (£22.5 billion), as a result of a more stringent mortgage market and higher mortgage rates.

*Mortgage rates and payments*

The proportion of income spent on mortgages has increased significantly over the past 20 years. While a period of lower interest rates in the years preceding the 2022 mini-budget meant monthly payments were somewhat more affordable, with mortgage rates now more comparable to historic averages, the average monthly payments have increased far quicker than wages.

In 2004, based on a 90% LTV mortgage for an average priced home, the monthly mortgage payment was 47% of average income. It was the same proportion in 2014. As of 2024, this has risen 20 percentage points, with the payment on a 90% LTV mortgage 67% of income.

| | **House price** | **Deposit** | **Mortgage rate** | **Monthly payment** | **Monthly payment as % of net salary** |
|---|---|---|---|---|---|
| 2004 | £103,392 | £10,339 | 5.07% | £504 | 47% |
| 2014 | £139,316 | £13,932 | 4.34% | £623 | 47% |
| 2024 | £248,571 | £24,857 | 5.45% | £1,263 | 67% |

Most banks and building societies will lend buyers between four and five times their salary, although this is an area that is now improving. As house prices have risen at much faster rates than wages, the mortgages that FTBs qualify to borrow are not sufficient for local housing markets.

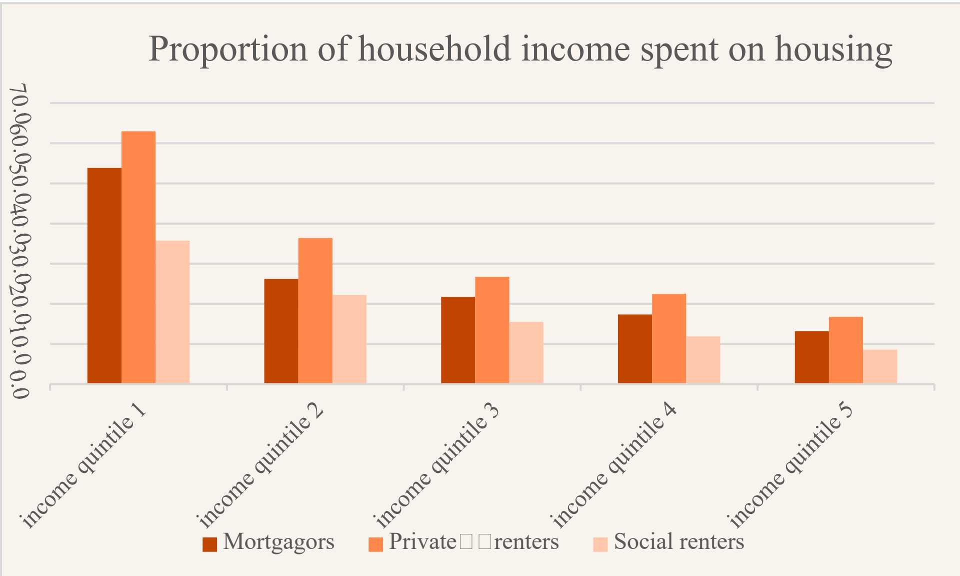
| **Region** | **Annual** | **Potential likely mortgage amount based on 4.5x salary** | **FTB house price** | **Remaining required (necessary deposit)** |
|---|---|---|---|---|
| England | £29,669 | £133,511 | £248,571 | £115,061 |
| North East | £25,043 | £112,694 | £132,389 | £19,696 |
| North West | £25,901 | £116,555 | £181,237 | £64,683 |
| Yorkshire and The Humber | £25,137 | £113,117 | £174,275 | £61,159 |
| East Midlands | £25,539 | £114,926 | £201,958 | £87,033 |
| West Midlands | £25,419 | £114,386 | £207,107 | £92,722 |
| East | £27,058 | £121,761 | £277,479 | £155,718 |
| London | £33,434 | £150,453 | £446,280 | £295,827 |
| South East | £28,000 | £126,000 | £296,095 | £170,095 |
| South West | £25,000 | £112,500 | £258,925 | £146,425 |
| Wales | £25,487 | £114,692 | £184,231 | £69,540 |

This means that, even as availability of 90% LTV mortgages for FTBs has increased in recent years, home ownership is not necessarily closer for many.

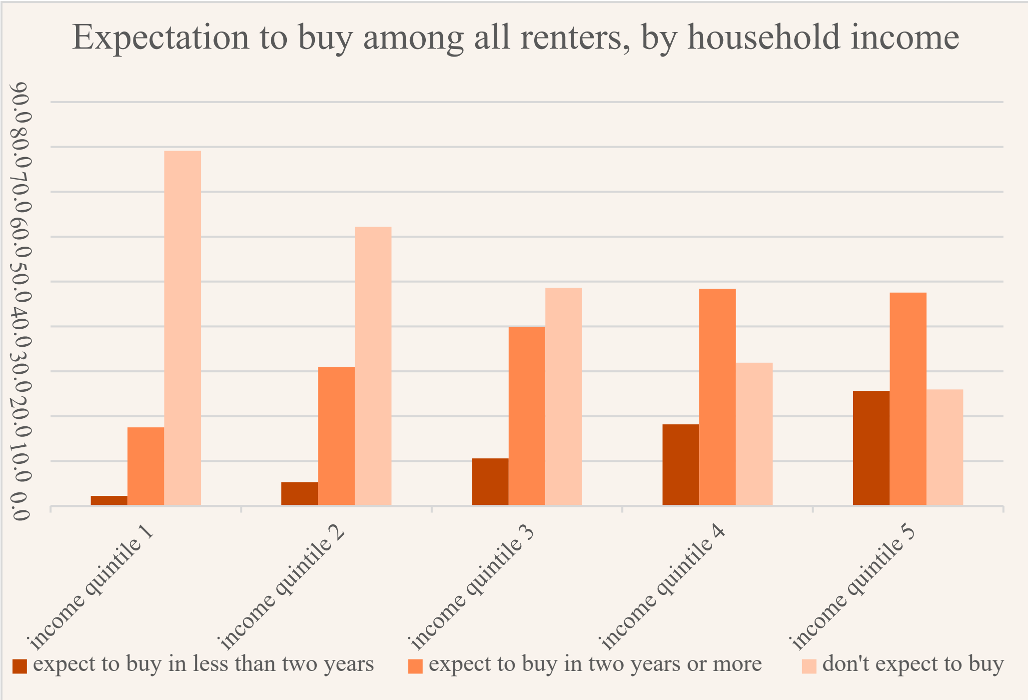
| Description | Remaining required (necessary deposit) | Annual average income after rent/bills | Deposit to annual remaining income ratio |
|---|---|---|---|
| England | £115,061 | £5,629 | 20.44 |
| North East | £19,696 | £9,715 | 2.03 |
| North West | £64,683 | £8,424 | 7.68 |
| Yorkshire and The Humber | £61,159 | £8,390 | 7.29 |
| East Midlands | £87,033 | £8,356 | 10.42 |
| West Midlands | £92,722 | £7,645 | 12.13 |
| East | £155,718 | £5,549 | 28.06 |
| London | £295,827 | £6,552 | 45.15 |
| South East | £170,095 | £4,476 | 38.01 |
| South West | £146,425 | £4,380 | 33.43 |
| Wales | £69,540 | £9,254 | 7.51 |

The barriers facing first time buyers are felt the most acutely by those on lower incomes. The English Housing Survey's latest results highlighted that private renters (34%) spent the highest average proportion of their income on housing, followed by social renters (26%) and mortgagors (19%). In London, these costs soar even higher, with renters spending 46% of income on housing.

This becomes even more problematic when looking at the proportion spent on housing for different income quintiles. For all tenures, those in the lowest income quintile spent a greater proportion of their income on housing compared to households in the highest income quintile. In particular, private renters in the lowest income quintile spent 63% of their income on rent, significantly higher than the 17% spent by those in the highest income quintile.



This level of housing cost severely limits people's ability to save for a deposit or secure a mortgage, effectively shutting many – especially those on lower incomes – out of homeownership altogether. Among the lowest-income renters, 72% don't believe they'll ever own a home. In contrast, the majority of high-income renters are optimistic, with many expecting to buy within the next two years. This stark divide shows that home ownership is no longer a universal goal but a luxury, reserved for those with the wealth or family support to attain it.

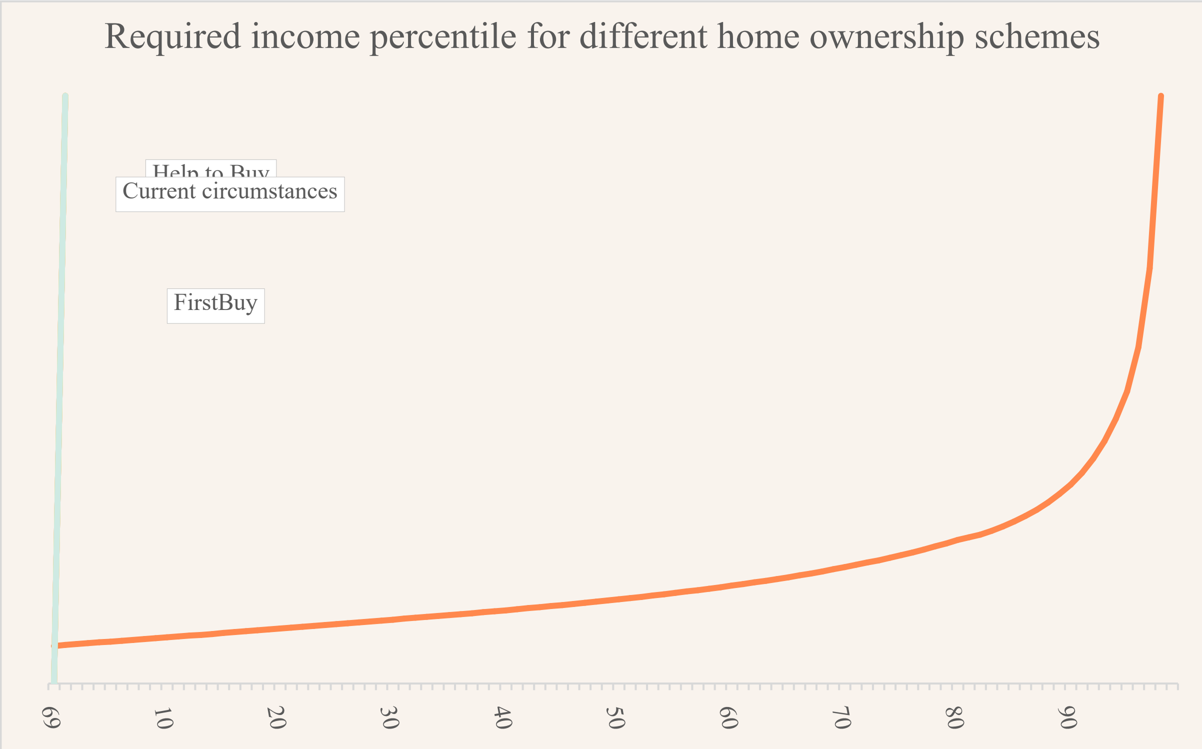



2. **What policy options are available to the Government to support first time buyers to get onto the housing ladder?**

For the best part of 60 years, government initiatives aimed at supporting more people into home ownership have featured in the housing market. Since the 2000s, these have mostly been varying iterations of equity loan or shared equity schemes, funded by the government, or by a mix of the government and participating developers, covering a percentage (typically 20-50%) of the property's value. These schemes make home ownership more accessible by lowering the value of the mortgage required for those households that can't otherwise raise a mortgage to cover the full price, and by lowering initial mortgage costs. Since 2015, the Mortgage Credit Directive has made it very difficult for home builders to offer their own shared equity products and so the focus has increasingly been on equity loans offered by government.

The most recent of these, the Help to Buy: Equity Loan Scheme, could be considered the most successful. Over its decade lifespan, almost 400,000 properties were purchased under the scheme, 85% of which were bought by first time buyers. The latest data on the scheme's performance shows that by the end of March 2025, around 47% of all Help to Buy Equity Loans issued by the government between 2013 and 2022 had been fully repaid, generating a profit on those loans against the origination values of just over £1bn, an uplift of around 10% on original loan values.

When considering the Exchequer's interest income related to the scheme and the uplift in equity values at repayment, last year taxpayers cleared around £1.2m of profit on the scheme every day.
HBF's research found that the absence of a first-time buyer scheme is locking tens of thousands of would-be buyers out of the market. Under the various schemes, plotted on the graph below, first time buyers in lower income percentiles were able to qualify for mortgage lending. Now, without any support in place, only the top 30% of households earn enough to buy an average priced home.




HBF would welcome the introduction of a new equity loan scheme, targeted at aspiring homeowners.

Outlined below, we have included a worked example of a new equity loan scheme which would:

- boost first-time buyers' deposits, giving them access to new build mortgages which are priced more affordably
- see developers paying a fee similar to the 'commercial fee' payable by mortgage lenders for access to the Mortgage Guarantee Scheme
- involve developers covering a portion of the upfront investment in the form of a fee which would see HMG retain the full equity share.

Under this proposed scheme, FTBs would require a 5% deposit. This would be matched in the form of a 15% equity loan from Government, which would include a developer fee from the participating developer, equivalent to 1% of the sales price which could increase depending on how many customers of a particular home builder avail themselves of the product.

As a result, home buyers would gain access to a greater range of mortgage deals at far lower rates. 80% Loan to Value (LTV) mortgages are priced significantly cheaper than those above this level because of mortgage regulations governing capital requirements on LTV lending and risk weightings applied to portions of lending above 80%. By providing a government equity loan of 15% and reducing the LTV to 80%, buyers are more likely to benefit by falling below 4.5x Loan-to-Income ratios and thus, again, having access to more mortgage deals and cheaper pricing.

A homebuyer purchasing a £275,000 new, energy efficient home using a 5% deposit (£13,750) would be able to access a new build mortgage and would see monthly repayments reduced from around £1,450 to approximately £900.As the developer will not retain an equity stake, house price inflation benefits would be taken only by the homeowner and the Exchequer.

Supporting around 20,000 transactions per year (split 85/15 outside London/in London) would require the origination of equity loans worth £900m per year, of which more than £60m would be covered by developer fees.

*Equity loan scheme: Worked example*

- First-time buyer purchasing a £275,000 property:
- 5% buyer's deposit (£13,750)
- 15% Government 'deposit boost' equity loan (£41,250), of which:
- 14% from Government (£38,500)
- 1% from developer (£2,750)

When the equity loan is paid off, Government would receive 15% of the value of the property despite the net upfront contribution having been 14% of the property value at origination. This is assuming that after three or five years, before interest is payable, the homeowner remortgages and repays the equity loan. This is the typical experience with Help to Buy. Should the value of the property have increased by 10% to £302,000 (1.9% compound HPI per annum assuming a five-year interest free period), the buyer repays Government £45,321.

| **ORIGINAL PURCHASE PRICE** | **£ 275,000** |
|---|---|
| **5% BUYER DEPOSIT** | £ 13,750 |
| **15% 'DEPOSIT BOOST'** | £ 41,250 |
| **(OF WHICH DEVELOPER 'FEE')** | £ 2,750 |
| **NET VALUE OF HMG EQUITY LOAN** | £ 38,500 |
| **REDEMPTION PROPERTY VALUE (+9.9%)** | £ 302,137 |
| **REPAYMENT TO HMG** | £ 45,321 |
| **UPLIFT ON ORIGINAL LOAN VALUE** | £ 6,821 |
| **% CHANGE** | 17.7% |

*Equity loan scheme redemptions*
Such a scheme would not only support home ownership but would prove extremely profitable for government. The data on Help to Buy loan repayments finds:

- The profit on repaid Help to Buy loans has passed £1bn – a 10% uplift on original loan values.
- Through a combination of positive returns on equity loans and interest income, the government has now received £1.4 billion in profit from the scheme.
- A £305m positive return on investment was recorded in 2024/25 alone, an 18.6% uplift on the original value of the loans repaid during the year.
- When combined with interest income, the Help to Buy scheme generated £1.2m of profit per day for taxpayers during 2024/25.
- 47% of the 387,000 loans originated through the scheme are now fully repaid.

*Green mortgages*
Elsewhere, the Government could work with the industry and lenders to facilitate improved green mortgage offers. Despite the energy efficiency benefits new build homes provide, consumers are often unable to reap the full financial benefits of choosing a more energy efficient property. While mortgage providers frequently market "green mortgages", these often see homebuyers benefit from a one-off cashback payment of a few hundred pounds. Therefore, although welcome, in practice they amount to more of a marketing tool rather than a proper green incentive for consumers.

HBF considers that buyers should benefit from the financial and environmental savings that the most energy efficient homes can offer, and that the actual running costs of the property being purchased should be factored into mortgage affordability calculations. To put the scale of the potential savings into context, the average new build home is powered by 57% less energy, saving hundreds of pounds in energy costs every month.

Despite the considerable differentials in the cost of heating new build homes compared with older properties, and the increasing percentage of monthly running costs that energy bills now represent, most mortgage affordability calculations include a single national average energy bill across all types of home regardless of the property's efficiency.

The mortgage lending industry is effectively incentivising consumers through cheaper mortgage finance and higher loan-to-values to purchase older, inefficient homes which will see homeowners face significantly higher long-term costs for maintenance, heating and, potentially, retrofitting.

In a modern market economy, customers should be assessed against the actual expected running costs of the property they will be purchasing rather than a national average energy bill. This would incentivise homebuyers to make eco-conscious decisions and ultimately lead to energy efficiency becoming a more important factor in determining a property's value.

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

Increasing housing supply plays a crucial and positive role in improving affordability for first-time buyers, by reducing upward pressure on prices. Over time, a sustained increase in the number of homes available can moderate house price growth, making it easier for first-time buyers to enter the market.

Crucially, increasing supply also expands choice. When more homes are built, especially those suited to first-time buyers, these buyers are less likely to be crowded out by higher-income households or investors. This increased availability of suitable homes directly benefits new entrants to the housing market and can reduce the need for expensive and long-term renting.

Furthermore, building more homes helps to ease pressure across the entire housing system. When higher-income households move into new developments, their previous homes become available for others, creating a chain of movement that can open up opportunities further down the ladder, including for first-time buyers.

While housing affordability is influenced by a range of factors, including wage growth and mortgage availability, boosting supply remains one of the most effective long-term strategies. When combined with targeted policies such as planning reforms, infrastructure investment, and support for affordable housing delivery, increasing housing supply can significantly improve the prospects of first-time buyers.

Supply and demand side measures need to work together to improve availability and affordability of housing. Modelling undertaken by Public First for HBF found that a new equity loan scheme, in combination with the positive changes to the planning system, could provide up to 100,000 additional homes over the next five years.

Such a scheme would also provide an additional 490,000 people the opportunity to buy a home, an increase of 80% on the baseline. In London an additional 91,000 people would be in a position to buy their first home compared to the baseline, an increase of over 200%. It would bring home ownership into the reach of more Londoners who are currently locked out of the market due to such high house prices.

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

No. High loan-to-value (LTV) mortgage products are already available across the market, with mainstream lenders currently offering 95% LTV mortgages without the need for government-backed

guarantees. However, few of these lenders offer 95% LTV mortgages on new build properties disadvantaging such buyers and limiting effective demand for new homes and, thus, housing supply overall. Our understanding is that only one MGS lender uses the scheme to support new build purchasers and this only applies to those buying a new build house, not an apartment.
The Mortgage Guarantee Scheme continues to have minimal impact on the market and it is understood that several of the lenders that participated when the MGS was launched have subsequently withdrawn.

Higher LTV lending, with sensible protections ought to be a core part of the business of mortgage lending without the need for government to eliminate the lender's risk. A decade of Help to Buy was expected to provide lenders with a new build back book with which to reassess the relative risks of new build lending. However, despite the high performance of the scheme which is touched on above and low levels of arrears, when the scheme was withdrawn by government, lenders largely reverted to minimal support for new build purchasers.

The Mortgage Guarantee Scheme fails to tackle the broader and more pressing affordability challenges that first-time buyers face. These include persistently high house prices relative to incomes, constrained housing supply and the difficulty many households experience in saving for a deposit or passing lender affordability tests, even when they could manage monthly mortgage payments. Simply enabling access to higher LTV loans does little to change these underlying structural barriers.

In terms of scale, the scheme's projected impact appears modest. Government statistics suggest it has support around 53,000 home purchases over the last four years, or roughly 13,000 completions per year. This is relatively limited when compared with previous interventions such as the Help to Buy equity loan scheme, which supported over 50,000 completions annually at its peak. As such, the mortgage guarantee scheme is unlikely to move the needle on national affordability or ownership trends in a meaningful way.

Rather than reintroducing or continuing such schemes, policy should focus on measures that address the root causes of housing unaffordability; most notably by increasing the supply of  homes, reforming planning processes to boost delivery, and supporting income growth among younger households. Without these broader changes, the benefits of schemes like the mortgage guarantee scheme will remain marginal and short-lived.

**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 a prospective buyer's record of paying rent on time into mortgage assessments could help more renters transition into homeownership. In principle, recognising rent payments as part of mortgage assessments is a fair and practical step, especially in a system where renters often pay more monthly than homeowners. However, several safeguards would be necessary to ensure responsible lending and financial stability for both borrowers and lenders:

- A consistent rent payment history does not always reflect overall income stability. While a tenant may have managed rent payments successfully, lenders still need to assess the reliability and predictability of their income to ensure they can meet future mortgage obligations over the long term. A good rental record should complement, not replace, robust income verification.
- Rent payments need to be broadly comparable to expected mortgage payments. If rent is significantly lower than the expected mortgage cost, a strong payment history may not offer sufficient reassurance about future affordability.
- There may be a case for setting limits on the loan-to-value (LTV) ratio for applicants relying heavily on rental history to qualify. A lower LTV requirement could help mitigate lender risk, especially where there is limited savings history or where applicants are stretching their borrowing capacity.

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?**

Encouraging savings through targeted incentives such as the Help to Buy ISA and the Lifetime ISA plays an important role not just in helping individuals get onto the housing ladder, but also in stimulating the supply side of the market.

These products have proven effective for many first-time buyers, but their full potential is being held back by outdated eligibility criteria, including house price thresholds that have not kept pace with real market values. In regions with high demand and rapidly rising property prices, many homes are priced above the current limits, meaning prospective buyers are locked out of using these schemes for their intended purpose.
By increasing the property price thresholds regionally, and indexing them to local market conditions, more buyers would be able to use their savings towards purchases.

The policy could also be tailored to ensure greater incentives for new build homes, or homes of a higher EPC rating. This would directly increase demand, thus improving confidence, in the sector, giving developers the confidence and financial incentive to accelerate construction pipelines. This would assist the Government in achieving multiple policy priorities in one go – increasing housing supply, reducing household costs and minimising carbon emissions.

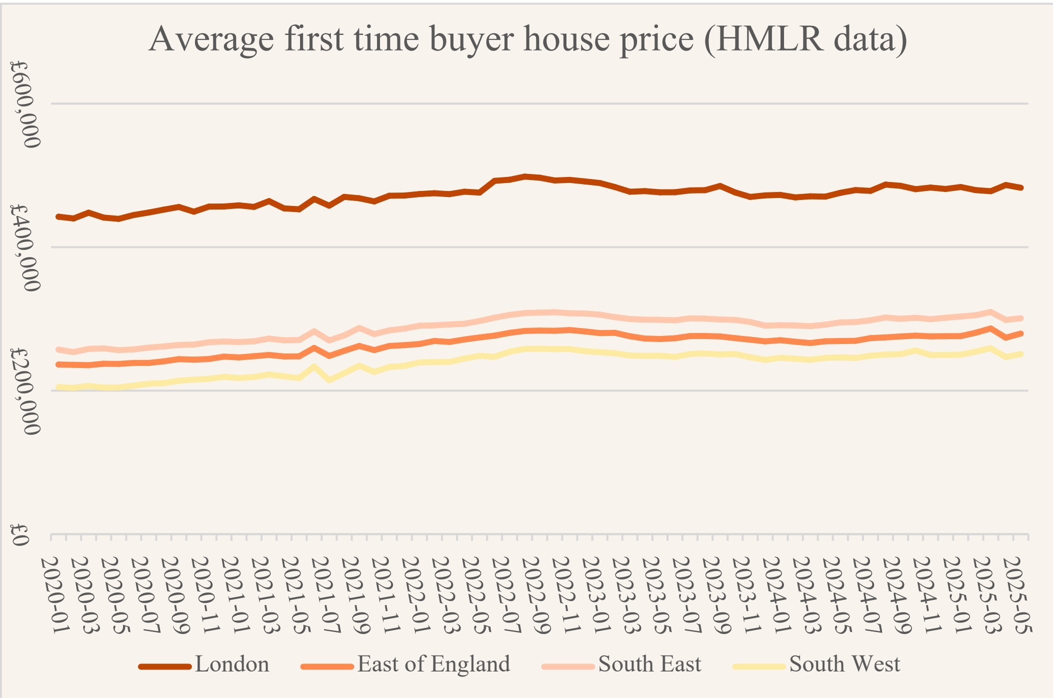
The Government could also consider reassessing the withdrawal penalties, whereby individuals end up losing some of their initial investment, to incentivise greater uptake.

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

Current Stamp Duty relief thresholds are becoming increasingly insufficient to meet the realities of today's housing market. The impact is being steadily eroded by rising house prices, particularly in high-demand regions such as London, the South East and South West.

Following the reversion to the £300,000 threshold for first-time buyer relief, the benefits to buyers will quickly become minimised, particularly for those in areas with the most significant housing affordability pressures.

In many of these areas, average first-time buyer purchase prices are close to or above the relief thresholds, meaning that a growing proportion of first-time buyers receive little or no benefit from the current SDLT structure. Even in regions where prices are currently lower, continued price growth means more buyers will soon find themselves excluded from the full benefit of the relief. This undermines the intended purpose of the policy.



Additionally, the static nature of the thresholds does not reflect regional disparities or inflation over time. Without regular indexing to reflect changing market conditions, the relief becomes less effective year on year, particularly in urban centres where affordability is already stretched.

Without adjustments to reflect rising property prices, the effectiveness of this relief in supporting first-time buyers will continue to diminish.

### 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?

The majority of HBF's members do not use estate agents as they have their own sales teams, but there are steps that could be taken to improve the process for consumers.

Firstly, improving transparency around fees is essential. The New Homes Quality Code requires developers to provide clear, detailed information about all costs associated with the purchase at an early stage. This should be extended to the existing homes market.

Promoting awareness and access to impartial home-buying advice is crucial. Many first-time buyers are unaware of what services are required or how to shop around for better value. Government-backed advice portals or homebuyer support services could help clarify the process.

### 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?

N/A

### 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?

While Shared Ownership and similar initiatives were introduced to provide more accessible routes into home ownership, they often fall short of delivering genuinely affordable outcomes for many lower income households. One of the key limitations lies in the structure of these schemes.

The rent charged, up to 2.75% of the unsold share's value, can be high, resulting in monthly outgoings that are not significantly lower than full market rent or mortgage payments. This dual cost of rent and mortgage, combined with rising living expenses, undermines the affordability that these schemes are meant to offer with the total monthly outgoing far higher than a regular mortgage or rent.

Another major limitation is the responsibility for 100% of service charges and maintenance costs, even when the buyer owns only a portion of the property. In some developments, particularly those involving flats, these service charges can be substantial and unpredictable, creating financial stress for buyers who may already be stretching their budgets. staircasing should be made more flexible and affordable, with reduced transaction costs and clearer guidance.

Additionally, the resale and staircasing process is often complicated and expensive, limiting mobility and making it harder for households to progress towards full ownership. There needs to be greater transparency and regulation around service charges, including clear limits and oversight mechanisms.

An alternative to Shared Ownership which is also often popular with prospective purchasers are Discounted Market Sale (DMS) schemes which offer first-time buyers the opportunity to buy a home with a percentage discount embedded in perpetuity. While the previous government sought to formalise a national approach to DMS via its First Homes scheme, the eventual rules created unnecessary disparity across geographies and its impact was minimised. We recognise that the government has alternative priorities in relation to Affordable Housing policy, but such products remain popular and offer households a route onto the housing ladder in a market that is increasingly unaffordable and without dedicated support as was the norm for previous generations.

**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?**

The creation and mainstreaming of a commonhold tenure to replace leasehold is supported by HBF, but we continue to urge caution in terms of expectations that commonhold will see major changes to affordability either directly or through reduced service charges. The current leasehold system with zero ground rents will be largely similar for most homeowners as the emerging commonhold tenure.

*August 2025*