# UK government’s new mortgage reforms aim to boost first-time homebuyers but face supply-side hurdles



Ministers in the UK are engaging directly with mortgage lenders in a concerted effort to make homeownership more accessible, particularly for first-time buyers. Economic Secretary to the Treasury Lucy Rigby and Housing Minister Matthew Pennycook have initiated talks aimed at easing mortgage restrictions and supporting the goal of building 1.5 million new homes. This initiative reflects the government's broader "Plan for Change," which emphasises helping more people enter the housing market amid ongoing affordability challenges.

According to statements from Rigby, facilitating first-time buyers onto the property ladder remains a top priority, with a focus on making mortgages more accessible through new lending options. These discussions follow regulatory reforms announced earlier this year by Chancellor Rachel Reeves, which have loosened financial constraints, allowing lenders to offer mortgages up to five to six times a borrower’s annual salary—up from the previous limit of 4.5 times salary. The Financial Conduct Authority is also working to simplify and relax affordability checks, aiming to streamline the lending process for prospective buyers.

The government has complemented these efforts with the introduction of a permanent mortgage guarantee scheme designed to assist young families and renters by enabling mortgages with smaller deposits—one of the critical barriers to homeownership. This scheme is part of a broader strategy to modernise and make the home buying process more efficient and cost-effective.

Several major lenders are already responding to this push. Nationwide Building Society plans to support an additional 10,000 first-time buyers through its “Helping Hand” mortgage by lowering income thresholds. Lloyds Banking Group has allocated an extra £4 billion to lend to first-time buyers borrowing between 4.5 and 5.5 times their salary, which could benefit around 16,000 new homeowners based on typical mortgage sizes.

Despite these positive developments, industry experts caution that the impact may be modest. Nicholas Mendes, mortgage technical manager at broker John Charcol, notes that while regulatory easing and low-deposit products might support some buyers in the short term, high house prices and rising interest rates remain significant barriers. He points out that unless the government can deliver on its promise to increase housing supply swiftly, easier credit risks merely inflating house prices rather than sustainably increasing ownership.

Housing Minister Matthew Pennycook, appointed in July 2024, has been actively involved in discussions about housing supply and reform. His engagements with key industry stakeholders, including home builders and landlord associations, underscore the government’s commitment to addressing both supply constraints and renters’ rights—factors integral to a balanced housing market. Recent transparency reports reveal Pennycook’s continued dialogue with housing and development groups, which aligns with the government’s efforts to ensure that policy reforms translate into tangible homebuilding progress.

Concerns remain among critics who argue that loosening lending criteria could exacerbate affordability issues by inflating demand and house prices, potentially encouraging borrowers to overstretch finances at a time when household budgets are already under pressure and repossession rates are on the rise. However, government officials and lenders maintain that the reforms, coupled with substantial increases in new home construction, are necessary to enable more people, especially first-time buyers, to achieve homeownership in a challenging market.

Overall, this coordinated approach—combining regulatory reform, lender engagement, and a commitment to increasing housing supply—represents a significant push to address longstanding barriers to homeownership. Yet, the ultimate success of these measures will depend on the government’s ability to balance easing credit access with sustainable housebuilding and affordability improvements.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15084225/Ministers-meet-mortgage-lenders-discuss-plans-hand-bigger-loans.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.gov.uk/government/news/growth-boost-to-support-more-first-time-buyers)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15084225/Ministers-meet-mortgage-lenders-discuss-plans-hand-bigger-loans.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.gov.uk/government/news/growth-boost-to-support-more-first-time-buyers)
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* Paragraph 5 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15084225/Ministers-meet-mortgage-lenders-discuss-plans-hand-bigger-loans.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 6 – [[3]](https://www.gov.uk/government/people/matthew-pennycook), [[4]](https://assets.publishing.service.gov.uk/media/67c0771e72e83aab48866be2/MHCLG_ministerial_meetings_Jul-Sep_2024.csv/preview), [[5]](https://www.gov.uk/csv-preview/685d586ff85b4b993fd752ee/MHCLG_Ministers_Meetings_Transparency_Return_2025_Jan_-_March_-_Meetings.csv), [[6]](https://www.gov.uk/csv-preview/67e56e1833afcd62e4ca4cb4/Copy_of_MHCLG_Ministers_Meetings_Transparency_Return_2024_Oct_-_Dec.csv)
* Paragraph 7 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15084225/Ministers-meet-mortgage-lenders-discuss-plans-hand-bigger-loans.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 8 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15084225/Ministers-meet-mortgage-lenders-discuss-plans-hand-bigger-loans.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.gov.uk/government/news/growth-boost-to-support-more-first-time-buyers)

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## Bibliography

1. <https://www.dailymail.co.uk/money/mortgageshome/article-15084225/Ministers-meet-mortgage-lenders-discuss-plans-hand-bigger-loans.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/news/growth-boost-to-support-more-first-time-buyers> - The UK government has announced a new, permanent mortgage guarantee scheme aimed at increasing homeownership among first-time buyers. This initiative is part of the government's Plan for Change, which also includes plans to modernise the home buying process to make it more efficient and cost-effective. The scheme is designed to help young families and renters secure mortgages with smaller deposits, addressing one of the major barriers to homeownership. The government is also working with the Financial Conduct Authority to review and potentially relax mortgage lending rules to further support first-time buyers.
3. <https://www.gov.uk/government/people/matthew-pennycook> - Matthew Pennycook is the Minister of State for Housing and Planning at the Ministry of Housing, Communities and Local Government. Appointed on 6 July 2024, he is responsible for planning reform, housing delivery, and the Affordable Homes Programme, among other duties. Pennycook has been actively involved in discussions with various stakeholders, including the Home Builders Federation and the National Residential Landlords Association, to address housing supply and renters' rights. His role is crucial in implementing the government's housing policies and ensuring the delivery of new homes.
4. <https://assets.publishing.service.gov.uk/media/67c0771e72e83aab48866be2/MHCLG_ministerial_meetings_Jul-Sep_2024.csv/preview> - The UK government's Ministry of Housing, Communities and Local Government (MHCLG) has published a record of ministerial meetings held between July and September 2024. These meetings covered various topics, including planning reform, housing supply, and renters' rights. Notably, on 11 July 2024, Minister Matthew Pennycook met with the Home Builders Federation to discuss housing supply, and on 15 July 2024, he engaged with the National Residential Landlords Association to discuss the Renters' Rights Bill. These meetings reflect the government's ongoing efforts to engage with stakeholders to address housing issues.
5. [https://www.gov.uk/csv-preview/685d586ff85b4b993fd752ee/MHCLG\_Ministers\_Meetings\_Transparency\_Return\_2025\_Jan\_-March-\_Meetings.csv](https://www.gov.uk/csv-preview/685d586ff85b4b993fd752ee/MHCLG_Ministers_Meetings_Transparency_Return_2025_Jan_-_March_-_Meetings.csv) - The UK government's Ministry of Housing, Communities and Local Government (MHCLG) has released a transparency return detailing ministerial meetings held between January and March 2025. The document provides insights into the government's ongoing efforts to engage with various stakeholders on housing and planning matters. For example, on 12 February 2025, Minister Matthew Pennycook met with Smart Growth Associates to discuss a housing stewardship model. These meetings demonstrate the government's commitment to consulting with experts and organisations to inform housing policy decisions.
6. <https://www.gov.uk/csv-preview/67e56e1833afcd62e4ca4cb4/Copy_of_MHCLG_Ministers_Meetings_Transparency_Return_2024_Oct_-_Dec.csv> - The UK government's Ministry of Housing, Communities and Local Government (MHCLG) has published a transparency return detailing ministerial meetings held between October and December 2024. The document outlines various engagements, including discussions on housing supply, leasehold reform, and social housing. For instance, on 12 November 2024, Minister Matthew Pennycook met with Taylor Wimpey to discuss the government's plans to increase housing supply. These meetings highlight the government's proactive approach to collaborating with industry leaders and stakeholders to address housing challenges.
7. <https://www.gov.uk/government/news/growth-boost-to-support-more-first-time-buyers> - The UK government has announced a new, permanent mortgage guarantee scheme aimed at increasing homeownership among first-time buyers. This initiative is part of the government's Plan for Change, which also includes plans to modernise the home buying process to make it more efficient and cost-effective. The scheme is designed to help young families and renters secure mortgages with smaller deposits, addressing one of the major barriers to homeownership. The government is also working with the Financial Conduct Authority to review and potentially relax mortgage lending rules to further support first-time buyers.