# Government pledges new homes and reforms amid escalating housing affordability crisis in England



New data reveals an acute housing affordability crisis across England, with even high earners increasingly priced out of the property market, underscoring the urgent challenge facing the Labour party's housing ambitions. According to figures from the Office for National Statistics (ONS) for 2024, the average house price in England was over seven times the average salary, rendering homeownership unaffordable for approximately 90% of earners in the country. London presents an even more extreme situation, where housing costs exceed affordable levels for all income groups, including the top 10% of earners whose household incomes exceed £91,000 annually.

This affordability gap has widened over the last two decades, driven by long-term supply constraints and insufficient new builds amid stagnant wage growth. In England overall, the average house price was £290,000 last year compared to median earnings of £37,600, a ratio far surpassing the ONS affordability threshold of five times income. The South East, East of England, and South West also report similar patterns where only the highest earners can realistically afford to buy, whereas the North East remains the most affordable English region with house prices about five times average incomes. The stark disparities extend to local areas, with Blackpool emerging as the most affordable and affluent London boroughs like Kensington and Chelsea among the least.

The fallout from unaffordability is stark: many potential buyers remain trapped in the rental market, unable to save for deposits, leading to a reliance on intergenerational wealth transfers, widely dubbed the "Bank of Mum and Dad." Campaigners such as Ben Twomey from Generation Rent warn this entrenched dependency exacerbates social inequality, creating systemic barriers for younger generations seeking stable homeownership.

Despite the challenges, there are signs of potential relief ahead. Regulatory changes over the past year, identified by mortgage industry experts, have introduced greater flexibility for lenders, which may facilitate increased access to financing for first-time buyers. Ongoing interest rate reductions by the Bank of England—amounting to a 125 basis point cut since mid-2024—and expectations of further easing are anticipated to improve affordability metrics moving into 2025. A Reuters poll of property analysts reveals a prevailing optimism that housing affordability will improve, particularly benefiting first-time buyers in London, as wage growth strengthens and mortgage options expand.

However, the housing market remains volatile with mixed signals. Although house price growth slowed in mid-2025, the sector awaits government fiscal decisions, including speculation over possible tax increases by Finance Minister Rachel Reeves that could hamper buyer finances. Recently, UK house prices saw a slight annual drop, the first since early 2024, attributed primarily to market sensitivities in southern England and uncertainties over upcoming property tax reforms.

In response to the crisis, the Labour government has committed to an ambitious housebuilding target of 1.6 million new homes, with new housing secretary Steve Reed pledging an aggressive "build, baby, build" approach. Complementing this, Chancellor Rachel Reeves announced a £2 billion investment aimed at delivering 18,000 affordable homes by 2029, marking an integral part of the broader strategy to boost supply and stimulate economic growth. This investment follows earlier funding to tackle construction skills shortages and aims to speed up delivery through legislative reform to ease planning restrictions, widely criticised for stalling development.

While these initiatives offer hope, experts caution that the impact will take years, possibly a generation, to materialise fully in housing affordability. The interplay of supply augmentation, financial accessibility, and wage growth remains critical to reversing the longstanding trend. The current efforts reflect a recognition across political lines that housing is fundamental to social stability and economic opportunity, but the scale of the challenge means solutions must be sustained and multifaceted to achieve meaningful change.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html), [[2]](https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/latest), [[3]](https://www.theguardian.com/money/2024/dec/09/cost-of-buying-average-home-in-england-now-unaffordable-warns-ons)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html), [[2]](https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/latest), [[3]](https://www.theguardian.com/money/2024/dec/09/cost-of-buying-average-home-in-england-now-unaffordable-warns-ons)
* Paragraph 3 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html)
* Paragraph 4 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html), [[6]](https://www.reuters.com/world/uk/uk-house-prices-rise-more-slowly-than-expected-helping-first-time-buyers-2025-09-16/)
* Paragraph 5 – [[4]](https://www.reuters.com/world/uk/uk-house-prices-rise-28-12-months-july-2025-09-17/), [[5]](https://www.reuters.com/world/uk/uk-house-prices-fall-while-rents-rise-by-least-4-years-surveys-show-2025-09-14/), [[6]](https://www.reuters.com/world/uk/uk-house-prices-rise-more-slowly-than-expected-helping-first-time-buyers-2025-09-16/)
* Paragraph 6 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html), [[7]](https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/)
* Paragraph 7 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html), [[7]](https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/)
* Paragraph 8 – [[1]](https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html), [[7]](https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/)

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## Bibliography

1. <https://www.independent.co.uk/news/uk/home-news/housing-homes-labour-unaffordable-house-buying-mortgage-b2829833.html> - Please view link - unable to able to access data
2. <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/latest> - The Office for National Statistics (ONS) reports that in 2024, the median house price in England was £290,000, which is 7.7 times the median annual earnings of £37,600. This indicates that buying a home was unaffordable for 90% of earners in England. In London, even the top 10% of earners were priced out of affordable home ownership, with house prices over seven times higher than income. The ONS defines affordability as a local average house price costing less than five years of local average income. ([ons.gov.uk](https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/latest?utm_source=openai))
3. <https://www.theguardian.com/money/2024/dec/09/cost-of-buying-average-home-in-england-now-unaffordable-warns-ons> - The Guardian highlights that the ONS has declared the cost of buying an average home in England as 'unaffordable' for most people, including some of the highest earners. In 2024, it would take 8.6 years of average annual household disposable income (£35,000) to afford an average-priced home worth £298,000. This is nearly double the ratio recorded in 1999. The ONS defines affordability as a local average house price costing less than five years of local average income. ([theguardian.com](https://www.theguardian.com/money/2024/dec/09/cost-of-buying-average-home-in-england-now-unaffordable-warns-ons?utm_source=openai))
4. <https://www.reuters.com/world/uk/uk-house-prices-rise-28-12-months-july-2025-09-17/> - Reuters reports that UK house prices increased by 2.8% in the 12 months leading up to July 2025, according to the ONS. This marks a deceleration from the 3.6% annual increase recorded in June. The slowdown follows a property market surge that peaked in March, driven by buyers rushing to finalize purchases before a tax relief on property transactions expired. Additionally, private-sector rental price growth also showed signs of easing, rising by 5.7% in the year to August—down from 5.9% in July—which is the lowest annual increase since December 2022. ([reuters.com](https://www.reuters.com/world/uk/uk-house-prices-rise-28-12-months-july-2025-09-17/?utm_source=openai))
5. <https://www.reuters.com/world/uk/uk-house-prices-fall-while-rents-rise-by-least-4-years-surveys-show-2025-09-14/> - Reuters reports that in September 2025, UK house prices experienced their first annual drop since January 2024, with asking prices falling 0.1% compared to the previous year, according to Rightmove. Though there was a slight month-on-month increase of 0.4%, it was below seasonal norms and followed three months of declines. The fall was mainly driven by southern England, where more expensive properties are more sensitive to potential tax hikes, contributing to increased sales. Market uncertainty is being influenced by expected property tax changes in the upcoming November budget. ([reuters.com](https://www.reuters.com/world/uk/uk-house-prices-fall-while-rents-rise-by-least-4-years-surveys-show-2025-09-14/?utm_source=openai))
6. <https://www.reuters.com/world/uk/uk-house-prices-rise-more-slowly-than-expected-helping-first-time-buyers-2025-09-16/> - Reuters reports that a recent Reuters poll of property analysts suggests UK house prices will rise more slowly than previously expected, improving affordability for first-time buyers, especially in London. About 92% of survey respondents believe housing affordability will increase, aided by strong wage growth and better mortgage offerings. Since mid-2024, the Bank of England has cut interest rates by 125 basis points, with a further cut expected. However, economic challenges remain, including speculation that Finance Minister Rachel Reeves may raise taxes in her November budget to address a £20 billion shortfall, potentially affecting buyers’ finances. The job market also shows signs of weakening. ([reuters.com](https://www.reuters.com/business/finance/uk-house-prices-rise-more-slowly-than-expected-helping-first-time-buyers-2025-09-16/?utm_source=openai))
7. <https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/> - Reuters reports that Britain's government has pledged £2 billion to build up to 18,000 affordable homes in England, as part of an effort to deliver 1.5 million properties by the end of parliament and stimulate economic growth. Construction is set to begin in March 2027, with expected completion by 2029. Prime Minister Keir Starmer's Labour Party is focusing on housebuilding central to its growth strategy, with plans to expedite construction and address the country's housing shortage. Housing Minister Angela Rayner highlighted the importance of this investment in helping working people and families acquire secure homes. Recent data showed that in 2024, the average house price was 7.7 times the average full-time income. Additionally, temporary tax incentives for first-time buyers and purchasers of less expensive homes will expire soon. The funding announcement follows a previous pledge of £600 million to address skills shortages in construction and train 60,000 workers by 2029. Further long-term investment in housing will be detailed after the government's spending review in June. ([reuters.com](https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/?utm_source=openai))