

The Rt Hon Andy Burnham MP

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LONDON CHAMBER
COMMERCE AND INDUSTRY

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cc: The Rt Hon Angela Rayner MP

Secretary of State for Housing, Communities and Local Government

12 October 2026

Dear Prime Minister,

I am writing on behalf of the London Chamber of Commerce and Industry (LCCI) and our 12,000 strong business network, in response to your recent home ownership scheme announcement. We strongly welcome your recognition of the challenges young people across the country face with home ownership.

Fixing this is not only vital for the next generation, but also for achieving growth in every UK postcode. In polling conducted for LCCI, 77% of large London firms told us the cost of housing is limiting their ability to recruit and retain staff. We know that businesses cannot grow without the right skills. If businesses cannot grow, the economy cannot grow.

While we welcome the Your First Home scheme and your commitment to delivering it, it is vital that first-time buyers across the country have equal access to this support. If we are to truly tackle the issue, the scheme should also form part of a wider package of measures to increase access to the mortgage market and make the London housebuilding market viable again. Ahead of the Budget later this month, there are several important details which we wish to raise with you:

Implementation of an income cap: it has been reported that households with an income of more than £110,000 in London, and £90,000 elsewhere in the country, will not be able to use the scheme. On those reported figures, a London-based teacher and nurse who are at the top of their respective pay bands in inner London (M6 and Band 6) would miss out on using the scheme by around £300. With each subsequent pay rise or promotion, more couples and individuals will be pushed out of qualifying for the scheme. Setting an income-based cliff edge in this way creates a perverse incentive for individuals and couples to earn less and turn down pay rises – which is bad for both individuals and the wider economy.

Regional house prices: Taking the £500,000 median price of a London home, a first-time buyer would need to save a £12,500 deposit, take on a £100,000 Government equity loan, and would still need a household income of around £86,000 to borrow the remainder at standard lending multiples (4.5x their income). If an income cap is then set at £110,000 per year, only individuals and couples earning between £86,000 and £110,000 will be able to use the scheme in practice. In many commuter areas surrounding the capital, where property prices are often as expensive as London, setting the income cap at £90,000 would bar a huge number of first-time buyers from using it altogether. One variation – in or outside of

London – simply does not reflect regional property prices accurately. The scheme must come as part of a broader package of reforms to increase access to the mortgage market, which has sat largely unchanged for forty years.

New build homes: the Your First Home scheme only applies to new build homes, and developers will be subject to an additional levy to participate in the scheme. Industry experts Molior estimate there are currently just 4600 new build homes on the market for private sale and ready to move into across the whole of London. Given that the London housebuilding market is already not viable for a significant number of developers, with one of the largest developers in London withdrawing from the capital just last week, some developers will not take part in the scheme at all because an additional levy is simply not viable for them. No developer will build to make a loss, so we must make building a home viable again as part of a broader package of reforms. If we cannot make building a home in London economically viable for developers, we will not get the homes we need built in the numbers required.

If the Your First Home scheme launched tomorrow, less than 5000 Londoners would be able to use the scheme to buy a home that is ready to move into. With an income cap and a developer levy on top, there is a serious risk the government is creating a new housing scheme almost nobody in London and the South East can actually use. As it stands, the Your First Home scheme has been designed for Manchester, not for the whole country.

Launching a new housing scheme which a large part of the country cannot use, in the areas where property is most expensive and the challenges young people face are most acute, would create a fundamental unfairness in the Government's housing plans.

We therefore urge the Government to reconsider the two proposed income caps, align eligibility more closely with regional housing prices, and review the impact of the developer levy in areas where housebuilding viability is already constrained. We would be grateful for the opportunity to discuss this, and our wider Budget submission, with your officials ahead of 28 October.

Yours sincerely,



Karim Fatehi OBE
Chief Executive