Easing the Burdens

How Government Policy Blocks Homes

By Edward Donovan and Ben Hopkinson

Centre for Policy Studies

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Executive Summary

Despite positive planning reforms, English housebuilding is declining, from 182,070 starts in 2022 to just 124,830 in 2025. This is because the gains from planning reform have been cancelled out by higher costs, which are often driven by Government policy decisions around increasing taxes, mandates and regulations. These include the recently introduced Building Safety Levy, rising landfill taxes, the Residential Property Developer Tax, and high affordability requirements.

The Government has also imposed building regulations that drive up the cost of construction including a second staircase above 18 metres, the Future Homes Standard, more stringent accessibility requirements and biodiversity net gain.

The Centre for Policy Studies has conducted new modelling that is able to disaggregate the costs that go into delivering a new home. The key aim of the research is to find what level of cost drivers are government controlled beyond the bricks, labour, and land that go into building new homes.

The results can be found in this table for two scenarios, the first in Inner London (Camden) and the second in the Home Counties (Chelmsford). The percentages show the relative cost as a percentage of the final clearing price.

Cost Driver	Inner London Flat	Home Counties house
Affordable housing obligations	£194,662 (25.1%)	£105,289 (19.7%)
Stamp duty on land and sale	£22,652 (2.9%)	£14,366 (2.7%)
Community Infrastructure Levy	£20,343 (2.6%)	£13,354 (2.5%)
Corporation Tax and Residential Property Developer Tax	£17,964 (2.3%)	£12,834 (2.4%)
Mayoral Community Infrastructure Levy	£5,124 (0.7%)	-
Building Safety Levy and other Section 106	£2,566 (0.3%)	£2,309 (0.4%)
CIL/MCIL/S106 cost of capital	£11,263 (1.5%)	£6,293 (1.2%)
Landfill Tax	£1,152 (0.1%)	£4,240 (0.8%)

Dual Aspect	£28,000 (3.6%)	-
Second Staircase	£24,500 (3.2%)	-
Future Home Standard	£1,550 (0.2%)	£10,000 (1.9%)
Balconies	£10,000 (1.3%)	-
Carbon Offset Payments	£13,680 (1.8%)	-
Misc build cost and cost of capital	£26,255 (3.4%)	£9,613 (1.8%)
Planning and associated delay	£62,435 (8.1%)	£45,218 (8.5%)
Total build cost w/o Government intervention	£333,133 (43%)	£311,310 (58.2%)
Total Government imposed cost	£442,146 (57%)	£223,517 (41.8%)
Total Clearing Price	£775,278 (100%)	£534,827 (100%)

As a result of high taxes and regulations, for a developer to make £1 of profit, they must generate £10 of pre-tax pre-mandate value within London and £8 within the Home Counties. That puts the effective burden of taxes and regulations at 90% of the profits within London and 88% in the Home Counties.

The current approach to taxation on housing is inconvenient, uneconomical, inequitable, and simply too high. We propose replacing the current buffet of taxes, levies and mandates with a single Floorspace Development Tax (FDT) based on use class, additional square metres of gross floorspace, and location. The proceeds would be split between central government and local authorities to spend on their priorities like infrastructure, social housing, environmental remediation or other uses.

If set at an appropriate level, FDT could decrease the clearing price of a home by more than a third while increasing government cash receipts by more than 50%. Section 1 summarises the modelling, its findings, and argues for the FDT as a replacement to the unviable level of taxation and mandates.

Section 2 covers reducing the mandatory requirements put on new homes. The Government should remove requirements where the benefits and costs are already internalised between the homebuilder and homebuyer. For example, homebuyers should be able to choose whether they are willing to pay the premium to buy a flat with a balcony or if they would prefer to save the additional money. Mandating that every flat has a balcony makes the homebuyers who do not value a balcony worse off. Any mandate that fails to pass an internalised cost test, such as balconies or

dual-aspect, should be scrapped. Likewise, any mandate that similar countries have a more liberal approach towards, like the height requirement for second staircases, should be relaxed.

Section 3 focuses on simplifying and speeding up the planning system, which accounts for around 10% of the price of a new home. No decision-maker can meaningfully read the thousands of pages that make up an English planning application. A streamlined assessment should be carried out for most sites covering standardised evidence processed quickly by AI, a reduction in the requirement of reports back to 1990s levels, fast-track planning for allocated sites through local development orders, and a reservation of bespoke assessment to only the most demanding of sites.

‘The current approach to taxation on housing is inconvenient, uneconomical, inequitable, and simply too high’

Section 4 details policies that can be used to make brownfield development more viable. There should be a presumption of demand for urban land where the fact that homebuilders can raise development capital is a signifier of the viability and necessity of a project. There should be support for gradual densification where the tallest permitted building in any area should be a storey taller than the current tallest building. Both the central government and local authorities can do more to aid site assembly through using their own landholdings, street vote development orders, community land auctions, and the introduction of land readjustment. Minor changes to homes should not require planning permission, which will allow planners to focus on helping bring forward larger developments. Finally, there should be an end to the hunt for ‘Goldilocks’ development, which prevents good but imperfect developments from going ahead. We cannot allow the perfect to be the enemy of the good, especially given how severe the UK’s housing shortage is.

Introduction

Britain needs more homes. This is widely agreed across the political spectrum. Despite this consensus, however, the political system has failed to get more homes built. England is on track to build fewer homes this Parliament than the last, and has not built 300,000 homes, the government's official target, in a year since the 1960s.[1] A large part of this failure is the result of trying to solve only part of the problem.

Planning reform was at the centre of the Starmer Government's attempts to improve housing delivery, focusing on improving the chances of getting a 'yes' in the planning system. Recent changes – liberalising permissions around railway stations, applying a presumption in favour of development to all built-up land, and releasing scrubland from the green belt – are sensible and will help.

Despite these positive changes, housebuilding is actually declining, from 182,070 starts in England in 2022 to just 124,830 in 2025.[2] Even the Housing Secretary, Angela Rayner, admits that the 300,000-a-year target is highly unlikely to be achieved, calling it a 'stretch'.[3]

> **'A planning permission from a local authority is useless when it is too costly to actually build the homes it permits'**

Planning reform is necessary but alone it will not solve the housing crisis. Every gain from faster, more certain planning is being cancelled out by higher costs; these costs are driven by Government policy decisions, ratcheting taxes, mandates and regulations. Government has continuously increased what homes must fund: 50% affordable housing on grey belt land, a new Building Safety Levy from October 2026, a landfill tax whose lower rate more than doubled this April and which will quintuple by 2030, and a Residential Property Developer Tax introduced in 2022.

The government is also mandating regulations that drive up the cost of construction: a second staircase above 18 metres, the Future Homes Standard and more stringent accessibility requirements.

The two arms of policy are working at cross purposes. While some planning reform is helping, added tax and regulatory burdens are erasing the gains. A planning

1 Michael Hill, 'Labour's 1.5 million homes target is almost certainly not going to be reached', Notes on Growth, February 2026. Link

2 Office for National Statistics, 'Indicators of house building, UK: permanent dwellings started and completed by country', October 2026. Link

3 BBC News, '"Slim chance" government will hit 1.5m new homes target, Rayner tells BBC', September 2026. Link

permission from a local authority is useless when it is too costly to actually build the homes it permits.

Put simply, planning reform is necessary to open the door to building more homes. But regulatory and taxation reform is needed to make it economical to build those homes.

In their analysis of the 2026 Budget, the Office for Budget Responsibility recognised that the cumulative effect of regulatory and fiscal changes has slowed the construction of new homes.[4] This led to them lowering their prediction of net housing additions by 190,000 over the next five years.

Homes are built either by the state or by private firms. The number the state builds is a matter of funding; that lever is in the Government's gift, but with finances strained there is little more that can be redirected. Government delivery will always be a small fraction of total housing delivery. The flagship Social and Affordable Homes Programme is only targeting 30,000 homes a year, a mere tenth of the Government's total target.

However, the government does not need to pay a penny for houses the private sector builds. The vast majority of homes are delivered by the private sector and this is directly dependent on the number of profitable opportunities. Housebuilding is expensive, risky and requires vast amounts of capital. To get this capital, housebuilding needs to be more attractive than other investments both at home and abroad: private equity, bonds, gilts, foreign housebuilding.

An investor could get a consistent and near-guaranteed return of over 5% a year by putting their money into gilts. Housebuilding, which is much riskier and more uncertain, needs a significantly higher return to be worth it for an investor. Alternatively, an international investor may choose to invest in building housing in other countries if Britain looks too risky. The fact that firms are scaling back production or closing suggests that the number of profitable sites is small and decreasing.

The reason is simple. Rather than focusing on reducing the cost of delivering homes, policy has been built on the view that developers should make no 'excessive' profit. Local plans set infeasible targets for contributions and then use viability assessments to tell the market what return it may earn. When the market disagrees, capital goes elsewhere and homes are not built. In London, new starts are running at less than 10% of the housing target, which is the lowest figure since the Second World War, and major housebuilders are pulling out of the capital.

The result is permissions that are granted but never used, and sites where housing could be built for which no application is submitted in the first place. The IPPR found 1.4 million potential homes with planning permission that were unbuilt.[5] Housebuilders exist to make money, and with real house prices flat for a decade there is no reason to hold sites fallow. Some of these plots are held up by pre-commencement conditions, some by registered providers lacking the funds to take the affordable units, and some are being built out in phases. A large number are simply unprofitable to build because of the regulatory and taxation environment.

4 Office for Budget Responsibility, 'Economic and fiscal outlook', October 2026. Link

5 Institute for Public Policy Research, 'Revealed: 1.4 million homes left unbuilt by developers since 2007', February 2025. Link

This is a consequence of the architecture of the system and it can be fixed. This is why we have developed a new model that covers the entire duration of a housing development from the initial planning through construction and on to sales. This industry-verified model tracks the minimum viable price of a new home within a housing development and is able to disaggregate the costs that go into building a home. From the land, bricks, financing and labour, through the various taxes, levies, and costly building regulations, the model weighs the various impacts on the final viable sale price.

For the first time, it will be easy to understand the cost of the different impositions that the government mandates on development. The model is available online, where each assumption can be changed to simulate different policy scenarios.

Our modelling of a typical brownfield apartment scheme in London indicates that taxes, obligations and mandated requirements set by government account for 57% of the price a new flat must achieve before anyone will build it. For a greenfield housing scheme in the Home Counties the figure is 42%. More than half of the price of a new London home, and two-fifths of a new home outside it, is the product of rules set in Whitehall and City Hall rather than the cost of land, bricks and labour. This makes housing more expensive and less likely to be built. It is obvious these rules are not working for normal people.

Where the price of a new London flat goes
Brownfield apartment scheme, 100 units, 35% affordable housing.
Clearing sale price: £775,278 per unit (today's money).

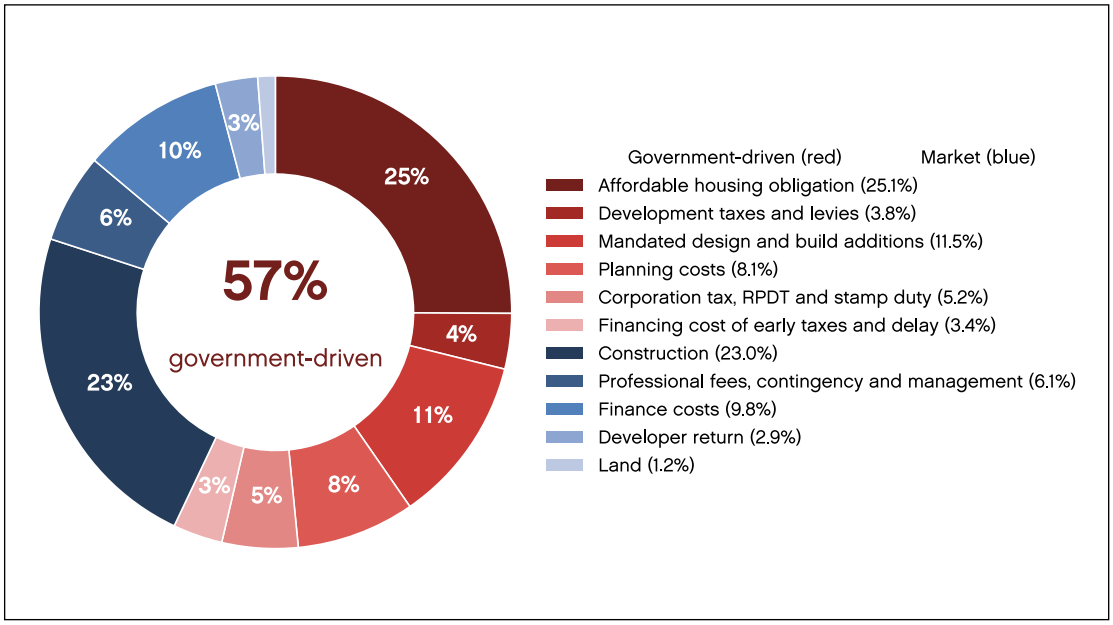


Figure 1: where the price of a new London flat goes. Government-driven costs in red, market costs in blue.

Where the price of a new Chelmsford house goes
Greenfield housing scheme, 100 units, 35% affordable housing.
Clearing sale price: £534,827 per unit (today's money).

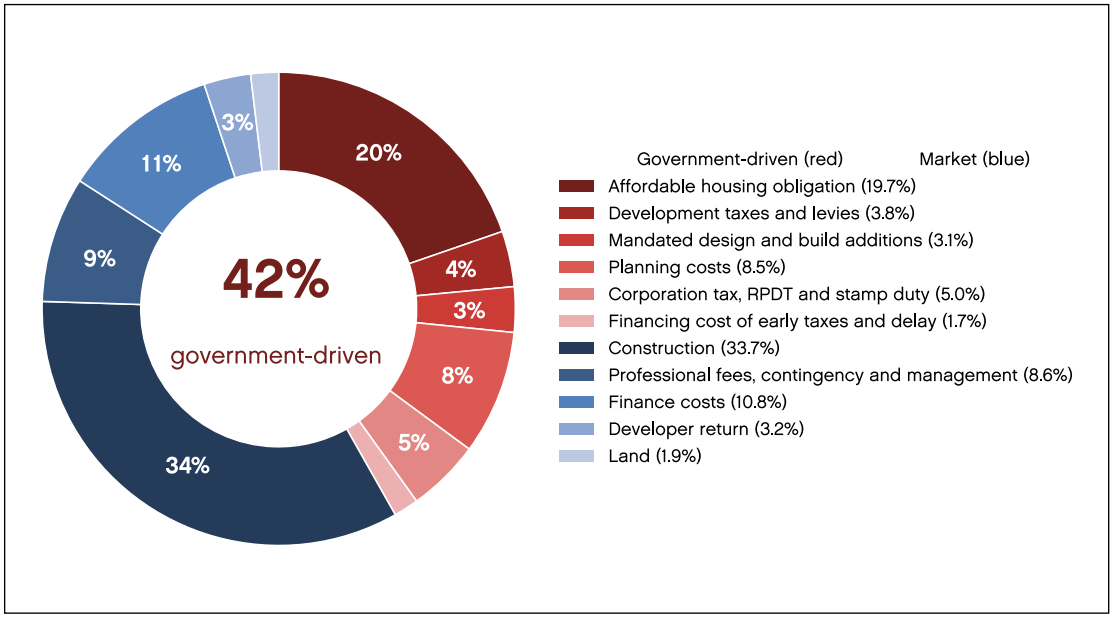


Figure 2: where the price of a greenfield Chelmsford house goes. Government-driven costs in red, market costs in blue.

It is not just London that faces a high share of government-imposed costs. Our second case, a greenfield housing scheme in Chelmsford set out in Section 1, shows government-driven costs at 42% of price even though the London-only requirements fall away. Given the lower sale price of new-build homes in the regions, these costs threaten to make it uneconomic to build new homes. It should be no surprise that Zoopla's 2025 Homebuilding viability report found that building is only viable in 10% of the North.[6]

We have analysed the costs that the government imposes on housebuilding and have broken them into four sections. If the Labour Government or any future Government is serious about building the homes that Britain desperately needs, they should focus action on the following four areas:

1) **Housing Taxation Reform:** Currently housing is taxed in an uncertain, convoluted and excessive manner. The ten applicable taxes and obligations result in an effective rate on development profit of 90% in London and 88% outside it. This makes the government incredibly effective at directing the proceeds of building towards its policies. Unfortunately, that strongly weakens the incentive to build. A simplification and reduction in taxation would greatly increase supply and likely increase cash receipts to the Exchequer. We suggest a single tax which minimises the cost of collection while maximising receipts and encouraging increased supply.

2) **Requirement Rationalisation:** In addition to the explicit taxes, government policies and regulations add to the build cost of new homes, further eroding viability and reducing the number of homes built. We have created a planning system which everywhere adds straws to the camel's back. Individually they are tolerable, but

6 Richard Donnell, 'The viability of homebuilding and how we're taking action', Zoopla, September 2025. Link

combined they have led to build costs spiralling and fewer homes being built. From mandatory balconies in a country where it rains for half of the year to restrictions on unit layout, there are numerous requirements which restrict housing and limit consumer choice without providing benefits to justify the mandate. This section sets out a metric for deciding on requirements and lists several cases where restrictions should be removed.

3) **Planning Simplification:** Much of the cost, time and procedural risk of planning is caused by the myriad reports, surveys and assessments required. It is not just the direct costs associated with these reports but the cost of delay and the risk of rejection by a local authority, which encourages needless gold-plating and vastly increased professional, build and legal costs. This is why even small developments require thousands of pages. These reports serve in large part only to confirm what was already known and place a particular burden on Small and Medium Enterprises (SMEs). The tax simplifications set out in Section 1 would reduce the need for complex reports and viability assessments. This section also includes further changes to reduce the burden of planning on schemes.

4) **The Built Environment:** People want to live in cities and despite continual brownfield-led strategies we have failed to utilise this land to its fullest. This section lays out several simple, practical changes to improve housing delivery in cities.

One major issue this plan will not solve directly is the present and rising shortage of skilled workers in the construction industry. This shortage has been in large part the product of a contracting industry (with reversing immigration flows post-Brexit contributing). In addition, a large part of the workforce is in their 50s and 60s. However, if firms can make money in this sector, it will encourage the creation of solutions. Wages for builders will rise, firms will be incentivised to expand training pipelines and come up with other creative solutions such as labour-saving investment and mechanisation. Some builders may choose to delay their retirement or return to the sector. Equally, the government can expand training pipelines or work creatively with firms to assist.

The Starmer Government's efforts to improve housebuilding were a good start, but they were narrow in focus and did not address the central question of reducing costs. This paper sets out ways to do so by reducing the excess cost within the system.

1. Housing Taxation Reform

Introduction

New homes are among the most heavily taxed products in the British economy. In London, our analysis puts the effective tax on development profit at around 90%: for every £1 a housebuilder keeps, £10 of pre-tax, pre-regulation value must be created. Outside London the rate is 88%. This burden has been built up tax by tax, each introduced to fund a new social objective, and for years it was masked by rising prices. So far the burden of these costs has landed on the backs of regular people faced with higher house prices. With affordability now at its limit, the housebuilding market is breaking down, with fewer sites being economic to build.

The taxes fail every test of good taxation: they are uncertain, complex, costly to collect and inequitable. This section sets out the scale of the problem and proposes a single, predictable tax to replace them, which will restore the conditions for more new homes to be built.

‘In London, our analysis puts the effective tax on development profit at around 90%: for every £1 a housebuilder keeps, £10 of pre-tax, pre-regulation value must be created’

The Problem

The private market is not building enough homes. There are many reasons for this: planning is too difficult, build costs are rising and mortgage rates are high. The result of this is simple: the companies building homes are not making money.

It is fashionable to decry housebuilder profits, but it has become increasingly fanciful to claim excessive profits, given housebuilders are planning for fewer homes in the future, citing viability challenges.

Berkeley Homes, which normally builds 10% of new homes in the capital, has stopped buying land in London and has slowed its build-out rate.[7] Taylor Wimpey has also confirmed plans to leave the London market.[8]

Barratt Redrow, the nation’s largest housebuilder, has reduced its annual plot purchases from 10,000-12,000 to 7,000-9,000.[9]

7 Berkeley Group, ‘Interim Results Announced’, December 2024. Link; Berkeley Group Holdings, ‘Trading Statement’, Investegate, September 2026. Link

8 Liam Bailey, ‘Taylor Wimpey on the capital’s “fundamentally broken” development market’, Knight Frank, October 2026. Link

9 Barratt Redrow, ‘Trading update: A solid third quarter performance’, April 2026. Link

Vistry Group, the highly respected housebuilder with which the government entered into a £150m joint venture last year, has seen its shares fall almost 60% year to date as it releases profit warnings and has announced voluntary redundancies, seeking to raise cash to reduce its high net debt position.[10]

These represent the best-capitalised, best-run firms with the greatest economies of scale. Smaller firms are struggling even more. In 2025 alone nearly 4,000 construction firms, contractors and housebuilders shut down, representing 17% of all business closures in the UK.[11] Overall, RBC forecasts that listed housebuilders' profits will fall by 12% in 2026.[12]

Housing is one of the highest-taxed products in the British economy. By our calculations new housing in inner London has a total tax and regulatory burden equivalent to a tax of around 90% on profit. This means to earn £1 in profit, a housebuilder must create £10 of value before government taxation and regulation.

> **'In 2025 alone nearly 4,000 construction firms, contractors and housebuilders shut down, representing 17% of all business closures in the UK'**

This was allowed to happen because every time there is a newly identified social need or project, new houses are expected to solve it. It is understandable why this view exists; the sale prices of new-build homes, especially in London, are high, so it is easy to assume this must be because of runaway housebuilder profits. Governments have then naturally assumed they could take some of this profit to fund their priorities.

Affordable housing, biodiversity, historic safety faults: all of these have been reasons to raise new taxes on new homes. The reason the housing market has survived so far is that these have been introduced gradually. Every new imposition, every new tax, causes a distortion and the market adjusts, pushing up prices and reducing supply. The damage to the market was masked by rising housing costs and low interest rates, which kept housing build rates generally stable despite the ratcheting tax burden.

Now, though, with house prices nearing the maximum that people can afford to pay and the repeated interest rate rises caused by supply shocks such as the wars in Iran and Ukraine, the scope for this ratchet has decreased. Not only is it making housing unaffordable, it is also preventing new builds. The gradual strangulation of the market has made it hard to see what is happening. This is not a cyclical downturn; it is simply that the exceptionally favourable conditions of low interest rates and materials costs after the Great Financial Crisis have unwound, raising costs and reducing sales prices. These changes reflect a fundamental structural shift in conditions, which seems highly unlikely to reverse, especially if AI capex further pushes up interest rates and geopolitical rivalries restrict free trade.

Yet as the market for housebuilding has worsened, the government has imposed more taxes and regulations, not fewer.

10 Homes England, 'Homes England and Vistry Group sign long-term joint venture', September 2025. Link; Victoria Scholar, 'Huge losses force major rethink at Vistry', interactive investor, September 2026. Link; Alliance News, 'Vistry cuts guidance as CEO hopes slimmer business will boost fortunes', AJ Bell, September 2026. Link; Aaron Morby, 'Vistry launches voluntary exit scheme for staff', Construction Enquirer, June 2026. Link

11 The Insolvency Service, 'Commentary – Company Insolvency Statistics January 2026', February 2026. Link

12 Ross Prudames, 'UK housebuilder profits forecast to fall 12% in 2026 despite higher completions', Construction & Civil Engineering, August 2026. Link

Taxation and the Model

There are 10 main taxes and levies that new housing must pay, excluding payroll and employment taxes. For an asset in London these are:

1. Stamp Duty on the value of the land
2. Mayoral Community Infrastructure Levy
3. Community Infrastructure Levy
4. Building Safety Levy
5. Other Section 106 (S106) Levies (employment and skills, transport, public art, etc.)
6. Affordable housing commitment
7. Stamp Duty on the sale of the homes (payable by the consumer but the incidence is on the seller)
8. Corporation Tax
9. Residential Property Developer Tax (4% tax on group profits over £25m)
10. Landfill Tax on excavated soil

The above taxes vary heavily from scheme to scheme. Taxes are paid at different stages of development, are calculated using independent variables or vary based on the results of negotiations. This makes it difficult to calculate the exact impact of the taxes.

‘There are 10 main taxes and levies that new housing must pay, excluding payroll and employment taxes’

To calculate this burden we have used an inductive cash-flow model. This model works by creating a cash flow for a development and then, after calculating the total cost basis, arriving at what the clearing or marginal house price is given the various taxes. This will not be the cost of housing in this area; it will be the price that the market must offer for a development to be viable. This can be viewed as what the market will trend towards over time. If the clearing price is above what the market can bear, then the house will not be built.

The model also calculates what proportion of the costs are caused by government intervention, be it taxes, requirements or delays. Alongside this the model shows what the effective rate of taxation is on new developments when the various taxes along the build process are accounted for.

The rates are expressed against a ‘potential profit’, which is the sales price minus the land, build, professional and planning costs. Both cases assume 35% affordable housing: the rate required by the 2021 London Plan and the new draft London Plan for Camden and other inner London boroughs, and by Chelmsford on greenfield land.

The calculation assumes a theoretical scheme sold for the minimum amount needed to meet the developer’s target return. It includes corporation tax, Residential Property Developer Tax, landfill tax, and the mandated conditions which provide no revenue to government but impose significant costs on developers: balconies, dual-aspect, second staircases, carbon offset payments, accessible housing standards, biodiversity net gain (BNG), urban greening and the Future Homes Standard. All figures are stated at 2026 prices.

The calculation excludes the new steel tariffs, employer taxes, the depression in value from resale stamp duty, council tax and any irrecoverable VAT on professional costs. It also excludes rights to light settlements, car parking rules, play space requirements and noise mitigation, all of which add cost but are hard to price on an average basis. The figures are therefore conservative.

Lastly, late-stage reviews are excluded. These are a uniquely damaging innovation. Late-stage reviews apply to schemes below the affordable housing threshold. Where a scheme earns more than its agreed return, the surplus is taxed at a marginal rate of 60%, before corporation tax. By removing any real chance of investment upside, they have a hugely chilling effect on investment. Despite all the acrimony caused, they have generated negligible returns: just £3.5m between their 2017 introduction and January 2026, as recorded by Propviews.[13] This is unsurprising as they undermine the reason you would invest in development. Investors allocate funds to risky projects like development in the hope they will outperform their business plan and generate higher returns, to offset the greater chance of calamity. Late stage reviews remove this potential upside.

The Cost of Government – Urban and Rural

We ran the model on two indicative 100-unit schemes. The first is a brownfield apartment scheme in a mid-priced inner London borough, of the sort a Berkeley-type listed housebuilder would deliver. The second is a Barratt-style greenfield scheme in the Home Counties, with a Community Infrastructure Levy (CIL) charging schedule and a 35% affordable requirement on greenfield land based on Chelmsford. Both assume a company large enough to pay Residential Property Developer Tax. The model works out the price each home must sell for before the scheme is worth building, and then asks how much of that price is there because of the government.

Share of potential profit taken	London brownfield flat	Chelmsford greenfield house
Affordable housing obligation	65.6%	59.8%
Stamp duty on sale (incidence on the seller)	7.5%	7.9%
Community Infrastructure Levy (CIL)	7.6%	8.3%
Corporation tax	4.0%	4.9%
Mayoral Community Infrastructure Levy (MCIL)	1.9%	n/a
Building Safety Levy (BSL) and other Section 106 (S106) levies	1.0%	1.4%
Landfill tax	0.4%	2.4%
Residential Property Developer Tax (RPDT)	2.0%	2.4%
Stamp duty on land	0.2%	0.4%
Effective tax rate	**90.0%**	**87.6%**

Table 1: effective tax on development profit. Potential profit is the sale price less land, build, professional and planning costs.

13 Nick Cuff, 'Fast Track and Late Stage Reviews: London Planning Caught in Its Own Policy Trap', Propviews, January 2026. Link

Case one: a brownfield flat in London

Our model finds that, in a 100-unit scheme of 700 sq ft two-bed flats, each private unit must sell for around £775,000, or £1,108 per square foot. Without any government intervention the market clearing price would be just £333,000. That means that development would remain viable until the price of new-build homes fell to £333,000 as added supply reduces prices. In effect, currently every private home has to support more than the full cost of building a second private home.

> **'Each private unit must sell for around £775,000. Without any government intervention the market clearing price would be just £333,000'**

That £442,000 difference is composed of:

Affordable housing costs £195,000 per market flat. This assumes 35% of units sold to a registered provider at ~£313 per square foot (blended between social rent and intermediate receipts), which includes the provision of grants of up to £220,000 per unit on a portion of the stock from the Greater London Authority. The £313 per square foot price represents less than 30% of the market value and is paid for by the private homes. This single line item represents 25% of the cost of every new home. While the London emergency package reduced the affordability requirement to 20% in certain circumstances, the draft London Plan restores the 35% threshold for all of Inner London.

Mandated build additions cost £89,000 per flat, or 11% of price. The balcony adds £10,000, the dual-aspect requirement £28,000, the second staircase £24,500, carbon offset payments £13,700, the accessible housing standard £3,800, biodiversity net gain and urban greening £1,650, cycle stores £3,000 and the Future Homes Standard £1,550, plus the cost of delivering them (3.5% development manager fee assumed).

Planning costs £62,000 per flat, or 8% of price. Reports and planning costs have a direct cost of £20,000 for the planning process and a further £2,000 for the gateway process. Capital costs from the 45-month process (36-month planning period and 9 months associated with the Building Safety Regulator gateway process) come to £40,000 per flat.

Corporation tax, RPDT and stamp duty cost £40,000 per flat, or 5% of price. Stamp duty is nominally paid by the buyer, but because of inelastic supply due to the planning system, its incidence falls on the developer or landowner, as it reduces what buyers can pay. RPDT has an outsized effect as financing costs are not deductible.

CIL, Mayoral CIL, the Building Safety Levy, landfill tax and other levies cost £29,800 per flat, or 4% of price. Because the payment of these levies does not always align with the sale of new homes, costs of capital from these levies add a further £26,200, or 3.4%.

In total, 57% of the sale price of private units is eaten by government costs. Only £68,600 per flat, or 8.9% of the price, is received directly by the government as Corporation Tax, Stamp Duty, Building Safety Levy, Residential Property Developer Tax, Landfill Tax, direct S106 Levies and MCIL/CIL. The rest is delivered in kind, or is simply lost to delay. The figures below show the full breakdown.

Where the price of a new London flat goes
Brownfield apartment scheme, 100 units, 35% affordable housing.
Clearing sale price: £775,278 per unit (today's money).

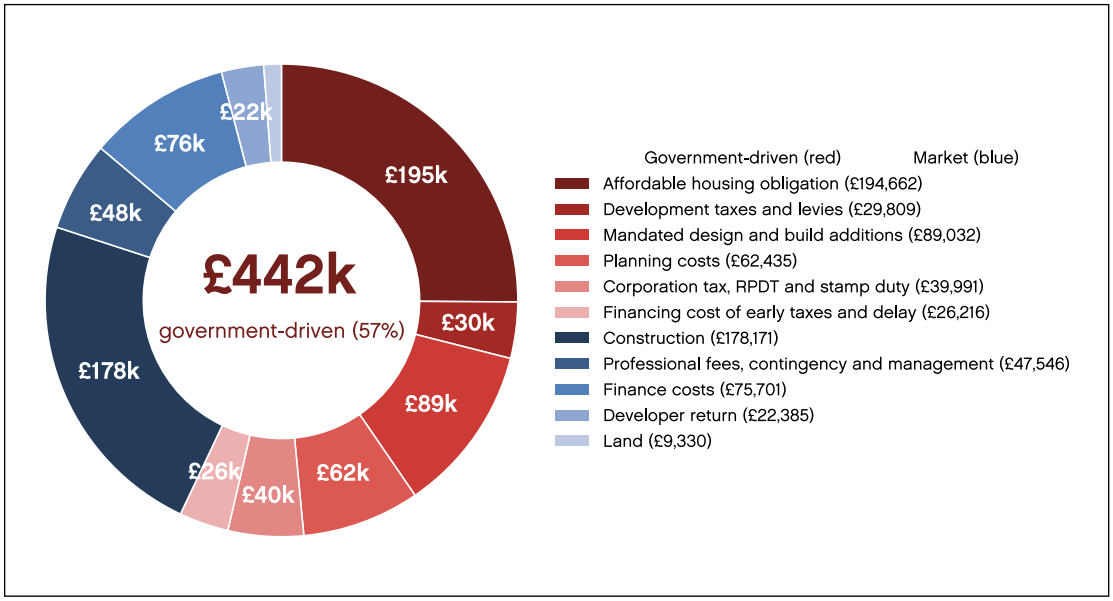


Figure 3: where the price of a new London apartment goes.

How government intervention builds the London new-build price
Government-driven costs add £442,146 to a £333,133 home: 57% of the final price.

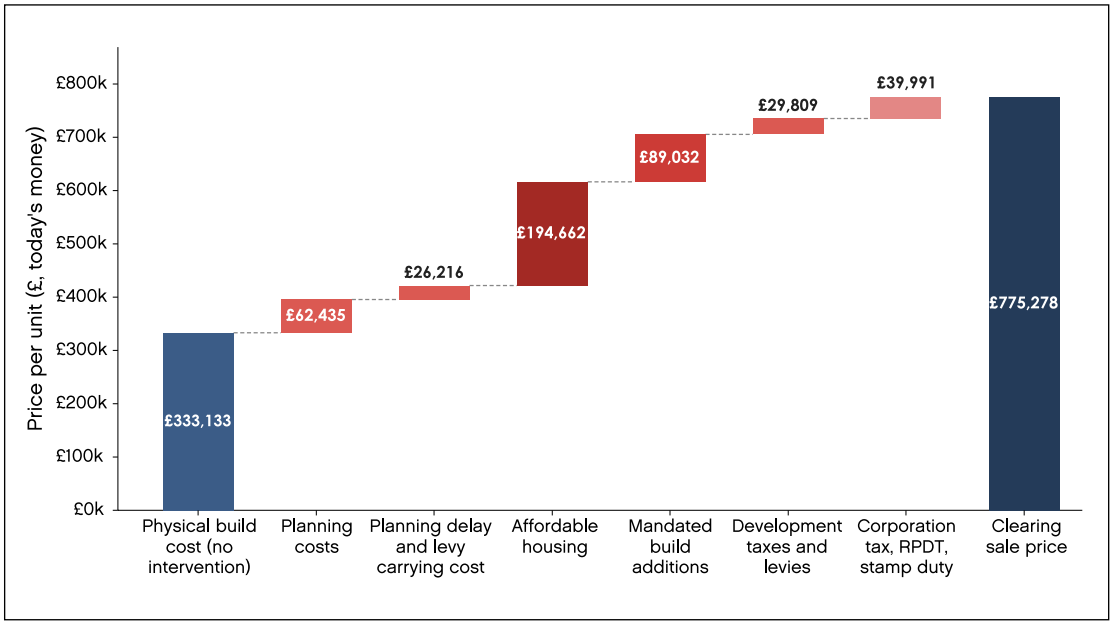


Figure 4: cost waterfall for London.

Case two: a greenfield house in Chelmsford

For a Chelmsford greenfield development of 100 three-bed houses of 1,000 square feet to be viable, the model finds they must sell for around £535,000, against £311,000 with no government intervention. With many costs such as dual-aspect requirements, Mayoral CIL and urban greening not applying outside London, the gap caused by intervention is lower. In addition, the discount for affordable housing outside the capital is much less than in inner London.

> **‘Strip out every London-only mandate and two-fifths of the price of a new family home in Essex is still the product of government policy’**

Affordable housing costs £105,000 per market house, or 20% of price. Chelmsford requires 35% affordable on greenfield sites,[14] and even at the lower gap between affordable values and market values achievable in Essex there is still a large cost loaded onto the remaining homes.

Planning costs £45,000 per house, or 8% of the price. The reports cost roughly the same as in London, but the house is cheaper, so the fixed cost bites harder.

CIL, the Building Safety Levy, landfill tax, and other levies cost £20,500 per house (£28,000 all in per market unit), or 4% of price. The taxes on private units are composed of CIL at £20,500[15] (Chelmsford’s CIL is £210 gross per m²) and £3,600 for the BSL[16] (£36 gross per m²). A further landfill tax of £4,300 will be payable for each house.

Corporation tax, RPDT and stamp duty take £26,600 per house, or 5% of price.

Mandated additions cost £16,800 per house, or 3.1% of price: biodiversity net gain of £2,600, the accessible housing standard of £3,600, and the Future Homes Standard £10,000 plus the management fee.

The government share is 42% of the sale price. Cash receipts are around £42,900 per house, or 8.0% of price. The greenfield case shows that the problem is not solely a London peculiarity. Strip out every London-only mandate and two-fifths of the price of a new family home in Essex is still the product of government policy.

14 Chelmsford City Council, ‘First Homes: Planning Advice Note’, January 2022. Link

15 Chelmsford City Council, ‘Check if CIL applies and how to pay’, May 2026. Link

16 UK Government, ‘The Building Safety Levy (England) Regulations 2025, Schedule 3: Area Rates’, 2025. Link

Where the price of a new Chelmsford house goes
Greenfield housing scheme, 100 units, 35% affordable housing.
Clearing sale price: £534,827 per unit (today's money).

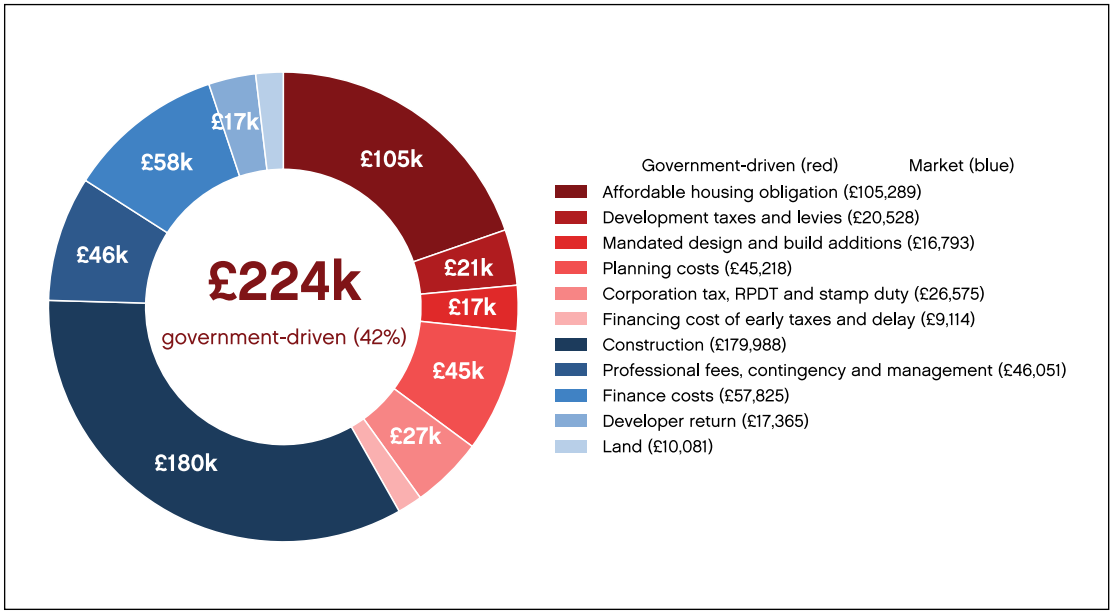


Figure 5: where the price of a new greenfield house goes.

How government intervention builds the Chelmsford new-build price
Government-driven costs add £223,517 to a £311,310 home: 42% of the final price.

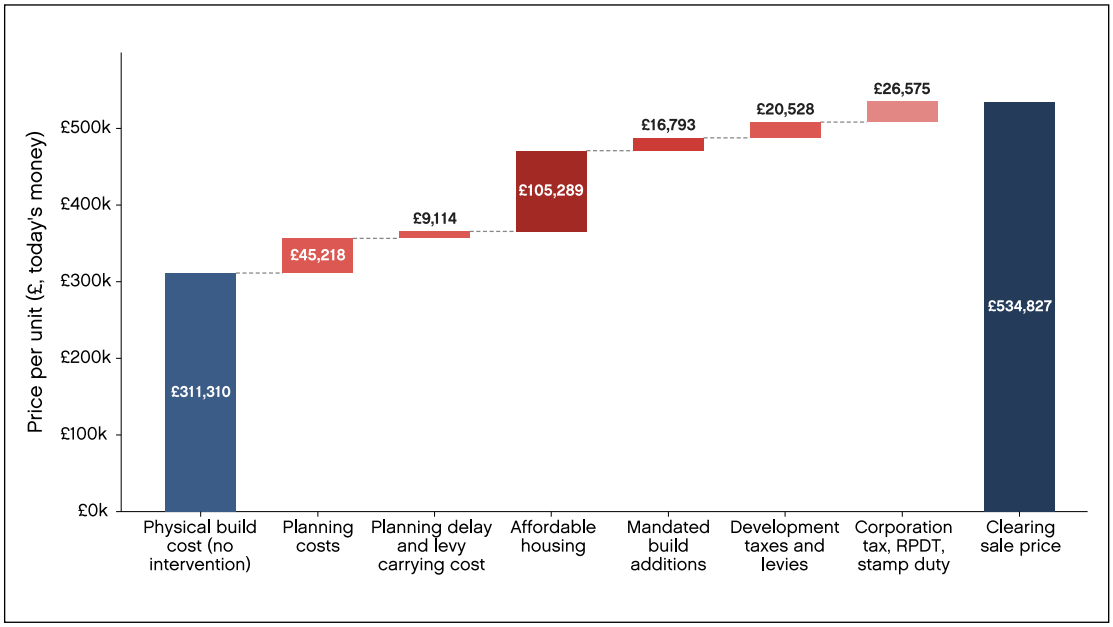


Figure 6: cost waterfall for Chelmsford.

The landfill tax ratchet

The model captures only part of the effect of the new landfill tax, which deserves special mention. Before the last budget the Government had consulted on removing the lower rate, which is charged on the disposal of excavated soil, rubble and other inert materials, but it thankfully dropped the proposal. This was expected to add £15,000 to £28,000 per home according to the Home Builders Federation.[17]

In its place the lower rate now rises each year by the same cash amount as the standard rate: from £4.05 per tonne to £8.65 this April,[18] and on current trajectory to around £22 per tonne by 2029-30, a fivefold increase in four years. On the 170 tonnes of inert waste a typical house generates that is around £3,800 per house and £1,000 per flat by the time these schemes are built, and rising every year (minor inflation increases it to £4,300/£1,150). We have assumed a 2030 level for these draft schemes. This ratchet further harms the viability of schemes.

Taxation

The taxation on housing fulfils none of the criteria of good taxation:

- It is **uncertain:** with so many different taxes, even calculating the level of taxation is difficult and situational. A single simple tax which is clear before money is invested would greatly increase the transparency and certainty of the system, reducing barriers to entry and allowing greater investment.

- It is **inconvenient:** developers have high costs of capital and are asked to pay many taxes via build costs or in cash early, vastly increasing clearing prices. Given developer capital constraints, a convenient tax should be levied on sale or completion of units, when the developer has the sales income to pay the taxes.

- It is **uneconomical:** these taxes are levied through costly negotiations which can last for months or years, requiring huge planning officer manpower and vastly increasing professional costs. An economical tax should minimise the amount of resources required to collect it, both for the Government and the developer.

- It is **inequitable:** with so many different taxes the burden varies across sites, companies and scheme types without rhyme or reason. A good tax should have a consistent logic across different types of schemes.

- Lastly, the level is simply **too high**. For every £1 of profit the firm needs to justify investing the money and time to build a home, it needs to make around £10 in pre-tax profits.

So, what would be a tax which meets these criteria instead of breaking them?

17 Home Builders Federation, 'HBF's Autumn Budget submission 2025', November 2025. Link

18 HM Revenue & Customs, 'Landfill Tax: increase in rates from 1 April 2026', November 2025. Link

Solution

One potential tax would be a **Floorspace Development Tax (FDT):**

We have established that the current buffet of taxes, levies and mandates is vastly inefficient; strangling supply while providing low receipts. We propose that, with the exception of Corporation tax, all of these: RPDT, CIL, S106, affordable housing requirements, Landfill tax increases, onerous mandates like the Future Homes Standard, stamp duty on new builds and the BSL are removed. In their place we would propose a single tax based on:

- Use Class
- Additional square metres of gross floorspace
- Location

Local authorities could then set rate levels within maximums fixed by the Government.

The purpose of the different costs for different use classes is to allow local authorities to recoup the differing infrastructure costs posed by different use types.

Equally, local authorities may see fit to lower the burden in certain areas to encourage development and regeneration which will be allowed under this mechanism. These receipts are then divided between the local authority and the Government, allowing each to allocate them as they see fit for infrastructure, social housing, environmental remediation or other uses.

An example schedule for an inner London borough might look like:

£ per m²	Residential	Commercial	Industrial	Retail
Central Business District (CBD) / Town Centre	£1,500	£1,600	£600	£600
City Periphery	£1,200	£1,100	£450	£450
Suburb	£900	£600	£300	£250

And for an area like Chelmsford or Reading it may look like the following, with scope for local variation:

£ per m²	Residential	Commercial	Industrial	Retail
Town Centre	£750	£500	£500	£300
Suburb	£600	£400	£400	£250
Rural	£500	£300	£300	£200

With government budgets highly stretched by current market conditions, we have decided it would be best to set draft FDT rates at levels that increase tax revenue. We believe that this is possible even while vastly decreasing clearing prices. This tax would replace all the various taxes and impositions we discussed (excluding corporation tax and planning).

With the end value of commercial, industrial and retail being often much less than residential, their rates have been set to ensure that they would both be viable and reflective of the additional burden they put upon the local council. While not covered in this segment it is assumed that the burdens currently placed on retail, commercial and industrial (MCIL, affordable workspaces, etc) would be similarly removed.

For a London unit in Zone 2, at £1,200 per square metre, it would decrease the clearing price of a home by more than a third while increasing government cash receipts by 53%. For a Chelmsford unit, at £600 per square metre, it would decrease the clearing price by 21% and increase receipts by over 50%. Assuming static prices, this would reduce the tax rates to 42.4% and 47% respectively. Figure 7 shows the two cases side by side.

What a Floorspace Development Tax does to the price of a new home
Market costs and return held constant. FDT replaces all levies, obligations and mandates except corporation tax and planning.

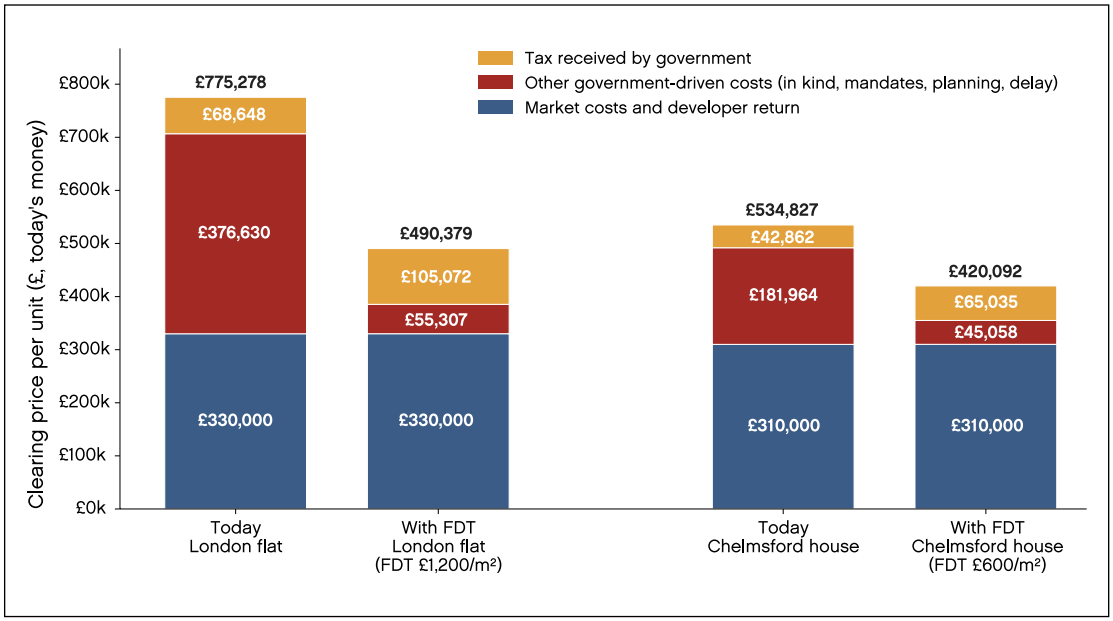


Figure 7: where the price of a new home goes today and under a Floorspace Development Tax.

When we say the price of a new home we mean the clearing price. While the price of homes will take years to fall this far, the opportunity of more profitable construction will attract new entrants, bring forward more land sales and cause new building, which will lower sale prices towards that level.

Where authorities would like the FDT receipts to be used for a specific purpose (e.g. building a park) and it is more efficient for the developer to deliver this than the council, the developer may agree with the council to deliver this project in lieu of a portion of the FDT. This would be an optional route, used only where it is the more efficient one, preventing the mandatory bloat of the current system.

For larger developments (1,000 units+) over large areas there may be a need for new social infrastructure on the site (schools, medical clinics, etc). These community assets can be provided through the above metric, in-lieu delivery being strongly encouraged at this level.

When securing an extension or demolition of an existing building only the marginal floorspace is taxable (extant floorspace has already been taxed). In the event of a change of use only the difference in rates between the use classes is payable.

Given the often extreme costs of remediation on post-industrial brownfield land, the remediation costs should be deductible in part or full from the FDT calculations. This would encourage private capital into remediation schemes that are currently only viable with subsidy using taxpayer money.

The government sets tax maximums and the local authority is able to designate CBD and periphery areas to ensure that certain areas are not disproportionately taxed. The tax will be payable several months after practical completion or sale.

The government should also set a maximum percentage tax on the value added by development to prevent marginal schemes from being priced out. In general, the clear 'wedge' of house costs the government is taking by tax should make discussions around the fair level much simpler.

These receipts would be split between local and central government to fund new infrastructure, environmental remediation, social housing, and other council objectives. This will give local bodies discretion on how to use the returns from development. Rather than several restrictive ring-fenced funds they can choose how these receipts are directed to improve their areas. Local bodies will know the infrastructure, social housing or schemes their area needs and this would give them the tools to realise this.

This tax would meet our conditions:

- **Certain:** All the various taxes should be collapsed into one with a clear charging schedule. The government and local authorities can allocate receipts to where they need to go.

- **Convenient:** developer capital constraints mean taxes should be levied on sale or completion of units, when the developer has the sales income to pay the taxes.

- **Economical:** The tax should minimise the amount of manpower and cost required to collect it, both for the government and the developer.

- **Equitable:** The tax should have consistent logic across schemes.

That means it is a tax which allows easier entry into the housing market, surety to scale businesses and the financial incentive to do so and build more homes.

Small builders are particularly hurt by the current convoluted system due to their lack of resources and capacity to keep up with the large number of taxes and long negotiations. This simple, straightforward tax would greatly increase their viability by reducing the minimum scale needed to be efficient. This is vital as SMEs are structurally encouraged to maximise build-out rates given their significant capital constraints. Tilting the market towards them would therefore greatly increase the pace of development.

> **‘Small builders are particularly hurt by the current convoluted system. This simple, straightforward tax would greatly increase their viability’**

Conclusion

Taxes on housing are too high. No market can work when government crowds out the entire private market. Replacing the large number of taxes, levies, and requirements with a single Floorspace Development Tax would vastly improve private housebuilding.

Many point to other reasons for slow housing delivery. Skilled workers are limited and build costs are high. Both are true. However, if investment becomes profitable, firms and people will invest time, labour and resources into finding solutions and fixing these problems.

The focus on extracting as much value in taxes as possible from housing has resulted in fewer and fewer homes built despite a system which is suffering extremely from low supply, and which ignores the positive externalities of more homes. The proposed system will get more homes built, faster and cheaper. A share of something is better than a majority of nothing.

The end goal of this system is not to increase developer profits. It is to increase the supply of housing. Allowing developers to profit merely gives them the rationale to invest and build homes: the more they can make, the more they will build. This is especially true with small and medium builders, who will drive greater competition and housing delivery once they’re unburdened by complex and expensive taxes and regulations. New homes will mean locals are not priced out of their own regions and that city halls will not have to spend overheated amounts on housing assistance. Every pound not spent on rent or mortgages is another which can be spent making life better.

2. Requirement Rationalisation

Introduction

The planning system imposes numerous mandatory requirements on new homes. Many of these rules were imposed by the government adding 'nice-to-haves' rather than just what we 'need-to-have'. With anaemic building and rising costs, we need to think about needs over extras.

The problem is not the majority of cases in which a developer would have provided the feature anyway, because better units command higher prices so the costs of delivering these requirements are already internalised. It is the schemes where the cost of providing the feature exceeds the value occupiers place on it. With schemes so marginal at the moment, that imbalance can decide whether the scheme proceeds at all.

The cost of these additions is significant. Our modelling indicates that in London they represent around 11% of the price of a new flat. Simplification and rationalisation of rules can move the dial on site viability.

> **'Every policy which lowers supply or increases costs makes the average housing situation marginally worse'**

Some of the restrictions are comical. Cambridge demands that new developments spend 1% of construction costs on public art.[19] Placemaking is important but this merely forces spending on items, not achieving higher aesthetic quality. The cost of this policy alone is an extra £3,000 to buy or £200 per annum to rent a small one-bed flat. That is £200 a year the renter cannot spend on heating themselves, saving for a home, enjoying a holiday, or ironically making art.

This is not meant to be glib. Every extra pound of costs or rents is either money people cannot spend elsewhere or reflects a lower quality of accommodation. If housing were cheaper and more abundant, people would not be forced into living in units with mould, or ones which were cold or were unsafe. If housing became cheaper, potential renters could be more discerning, which encourages higher quality homes. New build homes are of vastly higher quality than much of the legacy stock. Every policy which lowers supply or increases costs makes the average housing situation marginally worse. That is why it is important that policies which increase cost are only implemented if vital.

This section proposes a consistent test for which requirements are justified, and catalogues the costliest current mandates.

19 Cambridge City Council and South Cambridgeshire District Council, 'Greater Cambridge Planning Obligations Supplementary Planning Document', April 2026. Link

The Principle: Internalised Costs

We need a clear-eyed review of the rules, and a natural metric would be to ask if the costs and benefits of a feature are already internalised in the market price. If buyers want a balcony and are willing to pay what it costs to build one, housebuilders are incentivised to provide it. Mandates only bite when buyers do not want to pay the additional cost, forcing the builder to provide something the customer values at less than its cost. That cost has to come from somewhere: homes that are not affordable, corners cut on fit-out, or most often, as homes that are not built.

Where the person who bears the cost and the person who enjoys the benefit are the same person, the regulator needs only to correct for what they cannot see or value properly (like ensuring reliable and safe cladding). Government intervention is justified where the benefit is hidden or falls on someone outside the transaction, and then only where the benefit of intervention exceeds the cost.

Even mandates that would be market standard without compulsion can still cause issues in the edge cases. Units which cannot meet all criteria (say dual-aspect) due to physical or practical constraints will be blocked by a mandate. With many developments being marginal, whether these edge cases are permitted can be the difference between a scheme proceeding or not.

> **‘We are so terrified of building a unit which isn’t quite perfect that we force people into units which are old and which will lack many of the features we want to ensure are present’**

We don’t do this for other products. For example, the government mandates that all cars should have airbags, ABS and seatbelts because these improve safety for minimal cost. What it doesn’t do is regulate for all cars to be built to the standard of Rolls-Royce. You can imagine what would happen if this absurd rule were introduced: car production would plummet while most people are forced to compete for ever older, lower-quality stock. While the new cars would be great, the quality of the average car would fall. This is what we have done to the housing market. We are so terrified of building a unit which isn’t quite perfect that we force people into units which are old and which will lack many of the features we want to ensure are present.

When considering whether to continue these mandates we should ask two questions:

Firstly, are we happy with, or do we merely begrudgingly accept, people living in grandfathered units? We are happy for people to live in mansion blocks despite the lack of balconies and people will gladly pay £1 million for these properties. We regretfully tolerate older units which are less fire-safe due to the difficulty of remediation. If we are happy for people to live in older units without these rules, we should be happy for people to build new units in their image.

Secondly, do countries that have similar safety and housing outcomes have more permissive policies? It is foolish to think that our system is the best and as such we should look at European, Canadian, Australian, and similar countries to see what rules they apply.

In 2025 Ireland revised its apartment standards in an evidence-based package intended to restore viability. The changes included reducing minimum studio sizes, removing dual-aspect proportions, and relaxing balcony requirements, and were estimated by the Irish Government to reduce costs by up to €100,000 per unit.[20] This is the sort of thing we should consider.

A similar evidence-led review in the UK could deliver similar savings, ensuring that marginal units that determine whether schemes proceed are viable.

‘Government intervention is justified where the benefit is hidden or falls on someone outside the transaction, and then only where the benefit of intervention exceeds the cost’

A Catalogue of Costs

Dual-aspect requirements. The 2021 London Plan mandates for flats to be dual-aspect, which means having windows that face multiple directions. While the draft London Plan eases this requirement slightly, it still says that developments should maximise their provision of dual-aspect flats. Requirements that a high proportion of flats be dual-aspect severely constrain efficient floorplate layouts, particularly when combined with the second staircase rule. This is the epitome of the ‘nice to have’ requirement. Its removal would also allow easier conversion of surplus office space to housing use. The Centre for Cities found that when required in Ireland in 2007 it added €25,000 per unit when considering the increased inefficiency of layouts.[21] Notably Ireland has removed this requirement where it can be provided by outdoor amenity or in noisy or polluted areas (i.e. cities).

Balconies. Mandatory private outdoor space, in practice balconies, is estimated to cost more than £10,000 to install which can add in the order of £20,000 to the clearing sales price (largely compensating for cost of capital and increased cost of delivering affordable units) of an apartment. If homebuyers wish to pay £20,000 extra for a balcony, housebuilders will gladly install one. However, if they think that is too expensive in a country where it rains 150 days a year, then the Government should not force their installation. Well-designed shared and public green spaces are often a more effective way of providing amenity and developers are already incentivised to provide these spaces.

Minimum space standards. The average private renter in London can only afford around 25 square metres,[22] yet the national space standard[23] and the London Plan mandate 37 square metres for a studio apartment, or 50 square metres for a standard one-bedroom flat. Yet we are perfectly happy for people to live in legacy stock which is far smaller in size. A 14 square metre studio in Marylebone made headlines when it sold for £295,000.[24] We should leave the decision of whether to rent a bedroom in a shared flat or rent a smaller studio up to the individual. But by restricting smaller flats, this option is taken away. Many comparable cities build safe,

20 Department of Housing, Local Government and Heritage, ‘Ministers Browne and Cummins issue new Planning Standards for Apartments’, July 2025. Link

21 Anthony Breach, ‘Breaking the Bottlenecks’, Centre for Cities, May 2025. Link

22 James Gleeson, ‘An analysis of housing floorspace per person’, Greater London Authority, February 2021. Link

23 Ministry of Housing, Communities and Local Government, ‘Technical housing standards – nationally described space standard’, March 2015. Link

24 India Lawrence, ‘London’s smallest flat has sold for £295,000’, TimeOut London, October 2022. Link

comfortable homes below these minimum space standards (as seen in the recently reduced Irish size levels). We should reduce the standards to reflect this. In addition, innovative products such as shared living should have their own standards.

Biodiversity net gain on urban and small sites. The 10% biodiversity net gain requirement bears disproportionately on small and urban sites. They lack the space to accommodate both homes and habitat and small sites suffer the fixed costs of assessment disproportionately. The Government's decision to exempt sites below 0.2 hectares[25] is a recognition of this but this exemption is too small (0.2 hectares is around a quarter of a football pitch). Cities are places for people first and homes should be allowed even if they don't make the area a bucolic paradise. We estimate conservatively that this costs £525 per unit in urban sites and £2,625 per unit on greenfield sites.[26]

Second staircase rule. Residential buildings above 18 metres in England require a second staircase. The rule causes huge harm without meaningfully improving safety. Analysis by the Centre for Cities which drew on A.Clarke's 2024 paper which found that the requirement adds around £22,500 per flat in an affected building (indexed to £24,500 today), reducing saleable floor area by roughly 7%, and increasing total build costs by between 6% and 13%.[27]

The Government's impact assessment estimated the cost of the 18-metre threshold at around £2.7 billion over ten years in exchange for £9 million of benefits (economic and safety), meaning the costs outweigh the benefits nearly 300 times over.[28]

The government's impact assessment estimated that reducing the limit from 30 to 18 metres would save one life every 6,000 years.[29] In comparison, 15 children have died on average every year with temporary accommodation as a contributing cause over the past five years.[30] So far, 90,000 homes have not been built because of the second staircase mandate.[31] There are around 177,000 children in temporary accommodation.[32] Building more homes is the best way of reducing the need for temporary accommodation, and yet our regulatory approach is shutting down new homes.

'The government's impact assessment estimated that reducing the limit [for a second staircase] from 30 metres to 18 metres would save one life every 6,000 years'

25 Department for Environment, Food & Rural Affairs, 'Improving the implementation of biodiversity net gain for minor, medium and brownfield development: government response and summary of responses', April 2026. Link

26 This assumes 150 apartments per hectare for an urban scheme and 30 homes per hectare for a greenfield scheme with 3.5 biodiversity units at a 10% uplift. We have assumed each unit is medium distinctiveness and costs £22,500.

27 Anthony Breach, 'Breaking the Bottlenecks', Centre for Cities, May 2025. Link

28 Department for Levelling Up, Housing and Communities, 'Impact Assessment on the introduction of Second Staircases in residential buildings above 18m', March 2024. Link

29 Place Base, 'Milton Keynes Lost', February 2026. Link

30 Households in Temporary Accommodation APPG, 'Child Mortality in Temporary Accommodation', January 2025. Link

31 Place Base, 'Milton Keynes Lost', February 2026. Link

32 Ministry of Housing, Communities and Local Government, 'Statutory homelessness in England: January to March 2026', August 2026. Link

Other countries have more sensible approaches. Red-tape-loving France requires second staircases at 50 metres, Finland at 52 metres, Germany and Singapore at 60 metres.[33] The 18-metre threshold is simply bad policy. It is hugely costly and delivers negligible safety benefits while strangling urban housebuilding.

Solution

We propose a three-step method for dealing with these overbearing mandates.

- **Apply the internalised cost test.** Subject existing and proposed mandates to the test, discarding those whose costs are already internalised by the market price mechanisms or whose costs outstrip the benefits of the units that are marginally changed.

- **Regularly review mandates.** Every five years existing mandates should be reviewed and tested again with a presumption of removal unless a net benefit can be demonstrated.

- **Adopt the reforms already on the shelf.** Implement the Law Commission's rights to light proposals, extend the proportionate treatment of biodiversity net gain, and conduct an Ireland-style review of space, aspect and amenity standards as well as contrasting our rules with those of other countries.

Conclusion

Government mandates add to the cost of building housing. If a homebuyer wants a feature and is willing to pay, there are already incentives for housebuilders to provide that feature. But if the Government mandates features, it sticks extra costs onto the homebuyers who do not value the feature.

Removing these mandates would allow for less expensive housing to be built and a wider variety of housing options that provide only the features that homebuyers want.

33 Anthony Breach, 'Breaking the Bottlenecks', Centre for Cities, May 2025. Link

3. Planning Simplification

Introduction

The fundamental problem with the UK's planning system is that it combines the rigidity and compliance costs of a rules-based system with the uncertainty of a discretionary system. This is a terrible mix.

The planning system has become synonymous with bureaucratic bloat. Repeated requirements from Whitehall and town halls mean endless surveys and reports are needed to build a new development: on traffic impact, on noise pollution, on conservation effects, etc.

The most common include transport, flood risk and drainage, ecology and protected species, biodiversity net gain, heritage and archaeology, noise, air quality, contaminated land, daylight and sunlight, energy and sustainability, and fire safety, with larger schemes also facing a full Environmental Impact Assessment and, in London, a further layer of carbon, circular economy, late-stage reviews and greening assessments. Combined, the paperwork stretches to thousands or even tens of thousands of pages.

> **'The fundamental problem with the UK's planning system is that it combines the rigidity and compliance costs of a rules-based system with the uncertainty of a discretionary system'**

The problem is not that these reports provide no information; it is that this information could be easily interpolated from the experience of other sites. The insights they provide are generic and the sheer amount of paperwork makes proper consideration impossible.

The harm of this bloat is vast and varied but can be divided into three main brackets:

- **Cost:** These reports are sources of vast costs and delays. Even the smallest schemes will spend tens of thousands of pounds and months to secure planning. For larger schemes, planning stretches into the millions and takes several years or even more than a decade.

- **Competition:** At 1,250 pages for a 14-unit development, it is unmanageable for SMEs. The system requires teams of specialists to navigate; SMEs are hopelessly underequipped. And if an SME faces a delay to its planning application, it risks being terminal because its bottom line is reliant on just a few projects. It is not a surprise that 4,000 construction firms shut last year and the proportion of homes built by small businesses has fallen from 40% in 1988 to 10% in 2020.[34]

34 Lichfields, 'Small builders, big burdens', September 2023. Link

- **Process:** If a mistake is made or a document is missing, schemes risk being rejected and forced into a lengthy appeal process. The uncertainty about when the process ends makes it harder to coordinate a steady construction pipeline. This drives expensive defensive paperwork, consultants and landbanking.

As set out in Section 1, around 10% of the price of a new home is made up of planning costs and the delays they cause. That is a market which will clear (all things being equal) with 10% higher rents and 10% higher mortgages. It does not need to be this way. A system which rewards a caste of insiders while supply falls and rents increase relentlessly should not be tolerated. Instead, we can rationally look at reducing the bloat and making housing simpler without any reduction in quality.

‘It is not a surprise that 4,000 construction firms shut last year and the proportion of homes built by small businesses has fallen from 40% in 1988 to 10% in 2020’

The Problem

Planners should respond sooner. The statutory time limits for minor developments are 8 weeks and 16 weeks for major development with an environmental assessment.

The reality is different. The Home Builders Federation found only 19% of major applications were determined within this period between 2022 and 2024, and roughly a third of authorities did not determine a single major application within it.[35] Lichfields recorded in 2024 that, excluding the pre-application period, the average development of 50-99 units takes 1.5 years to secure planning permission, rising to 2.8 years for a development of 100-499 units and 5 years for a development of 1,000+ units.[36] For a capital-constrained developer in a high interest rate world, every additional month of delay results in greater professional and financing costs, incurred before any revenue is received. That increases the prices buyers pay.

For the vast majority of sites, the information is already known and could be reliably inferred from the experience of comparable sites.

100 homes in a suburb will generate the same number of commutes as 100 homes a mile away or in a similar suburb. Having to commission bespoke reports to establish this every time is expensive, slow, and adds little to the final decision.

For even the smallest projects, the sheer quantity of material is unfathomable. An investigation by Britain Remade found a 14-unit development at 22 Sutherland Road in Walthamstow required 1,250 pages of planning application; a planning application in 1937 for eight flats was three pages.[37] In Germany that process would be eight to ten documents and sets of drawings, totalling less than 50 pages.

No decision-maker, consultee or even committee can meaningfully read an application of the length the UK system turns out. This serves to remove the benefits of scrutiny while vastly increasing delays and costs.

35 Home Builders Federation, ‘Planning on Empty 2025’, January 2025. Link

36 Lichfields, ‘Start to Finish’, September 2024. Link

37 Sam Dumitriu, ‘The secret to London’s last housing boom? Less paperwork’, City AM, July 2025. Link

Solution

With the current system failing, we should divert resources to where they add the most value. A streamlined assessment should be carried out for most sites, with the current exhaustive bespoke study reserved for the minority which are unique. Four measures would achieve this:

- **Standardised evidence.** New developments currently need a variety of assessments (typical trip generation, routine drainage, ecology, etc). Historical evidence means we know what these are for new developments to a high degree of accuracy. This evidence should be collated at regional level, giving mayors and councils the information without the time and costs of forcing every applicant to prove what is known. Part of the taxes collected through the FDT proposed in Section 1 should be set aside for regional mitigation of these harms. AI can then be used to quickly process this evidence, reducing the workload of overstretched planners.

- **Report reduction.** As shown by Lichfields, 43 documents were needed for an outline planning permission in 2023 compared to just four in 1990.[38] Homes of good quality were built then and we should return to that number.

- **Fast-track planning for allocated sites.** Every allocated site within a local plan should be paired with a local development order that specifies broadly what is acceptable to build there. With the principle that development is supported there established, the remaining planning can be focused on resolving any outstanding technical matters.

- **Reserve bespoke assessment.** Sites with specific issues (heritage sites, areas of flood risk, etc) should continue to be assessed as currently happens. Sites without them should not be. That way we can make sure the report is considered and necessary. The aim is not to remove scrutiny where it matters, but to stop burying progress in paperwork.

Implementing these measures would save hundreds of millions of pounds across the country, make SMEs competitive in the housing market and reduce the legal risk of process-driven judicial reviews.

> **‘43 documents were needed for an outline planning permission in 2023 compared to just four in 1990’**

Conclusion

The current planning system requires vast amounts of time and resources to be spent producing reports which tell us nothing new and which are rarely read. There are better ways to organise the planning system and this can be done without reducing quality. We can see from Europe how to minimise the costs.

Should a government attempt to introduce this, every special interest group will insist that they should be the exception, that their category is uniquely important. These people will mostly be sincere, but they should be rebuffed; new homes are made unviable one straw at a time. Our European neighbours have far simpler, more streamlined processes and more and better homes.

38 Lichfields, ‘Small builders, big burdens’, September 2023. Link

4. The Built Environment

Introduction

Housing demand is highest in cities. They are where infrastructure is built, employment exists, and where rental affordability is lowest. Past governments have focused on developing brownfield sites, and much of the low-hanging fruit has been plucked.

Still, there are ways to utilise brownfield sites better. There are too many qualifications before land can be used and too many impediments, both legal and bureaucratic, to building. Over the past two years, London housing starts have fallen to less than 10% of the city's target.[39] We need to change our planning system from a system that finds reasons to say no to a system that finds ways to get to yes.

> **'We need to change our planning system from a system that finds reasons to say no to a system that finds ways to get to yes'**

This section includes a list of policies which can further unlock brownfield land. If implemented, they would vastly increase the supply of housing in cities, lowering rental costs significantly:

- Presumption of demand for urban land, treating land as developable by default rather than only if it meets a long list of requirements.
- Optimise Density of Brownfield sites by removing height restrictions.
- Assist site assembly allowing democratic development.
- Enable residents to bring forward development on their own streets.
- De minimis changes.
- Rights to Light.
- End the hunt for 'Goldilocks' Development.

39 Berkeley Group, 'Full Year 2026 Results Announced', June 2026. Link

Presumption of Demand for Urban Land

Perfection is the enemy of the good. Across London and many other cities, local plans designate a limited number of opportunity areas; implicitly designating areas outside these as unfit for major development. Even within opportunity areas, there is no meaningful tilt in favour of development.[40]

It would be helpful to reverse how we designate sites as having opportunity. It should be that any site for which private or public actors can raise development capital is, by that fact, a credible candidate for development which the council should support realising.

The role of the authority is then to coordinate the redevelopment of under-used areas, and the infrastructure that unlocks them, rather than to ration where growth is permitted.

Despite housing targets and authorities being charged with allocating sufficient sites for development, insufficient housing has been built.

> **‘The role of the local authority is then to coordinate the redevelopment of under-used areas, and the infrastructure that unlocks them, rather than to ration where growth is permitted’**

To solve this, the Government should introduce a mandatory ‘presumption of demand’ for brownfield sites. This presumption will mean that for all developments seeking planning permission the base assumption is that more housing is needed and only significant material downsides to development can justify the rejection or frustration of housing. This ‘presumption of demand’ will continue until prevailing open market rents drop and price to income ratios fall materially back to 1990s levels (rents at 21% of income[41], per the IFS, and house prices ~4.0 times average incomes per Schroders[42]) in the local authority.

This is different from the presumption in favour of development that already exists. The current presumption is a tie-breaker. The presumption is routinely outweighed by onerous policies in the plan itself. The presumption of demand is permanent while rents exceed the threshold, applies inside plan-led areas as well as outside them, and acts as a circuit breaker on the requirements themselves. Where an area is failing to meet housing demand, a development which cannot meet every local criterion on design, massing or layout should still be approved. This is a matter of priorities. If a local authority cannot house its population, we can put less weight on its mature tree policy. It is also because the failure to meet demand is evidence that those criteria are too stringent, moving the burden of proof from the applicant to the rulemakers.

If authorities wish to have a more active hand in the development, they should be invited to pre-emptively devise local development orders for key sites that they would deem suitable.

40 Ben Hopkinson, ‘The City That Doesn’t Build’, Centre for Policy Studies, October 2025. Link

41 Robert Joyce, Matthew Mitchell and Agnes Norris Keiller, ‘Low-income households increasingly exposed to rent increases’, Institute for Fiscal Studies, October 2017. Link

42 Duncan Lamont, ‘What 174 years of data tell us about house price affordability in the UK’, Schroders, March 2021. Link

Optimise Density

Urban land is expensive and scarce. Demand is highest in precisely the locations where land is scarce. To use land efficiently, density should therefore reflect site value. Higher density also supports a richer public realm: more shops, pubs, services and amenities become viable as more people live within reach of them.

Tall buildings are often rejected for not 'reflecting the character' of the neighbourhood. This makes sense for suburbs or rural areas but is wrong in and around city centres. The purpose of cities is to house people, not to be museums. Additionally, too often the 'character' of the neighbourhood is defined by the vocal minority without any consideration of the people who would like to live there but are priced out. It is an indefensible generational inequality that, for the benefit of landed homeowners, we prevent the construction of enough housing for the young. This is not just a moral argument but an economic one. If people cannot afford to move to a city, they cannot get a job there. The average English worker would earn a salary 17% higher if they moved to London, but once renting a one-bedroom flat is taken into account they're 3% worse off.[43] High rents just add more and more frictions to the economy.

The ideal world would see height limits removed. An expensive parcel of land is an asset for the country. If we restrict its use, we make the entire country poorer. The fairest and most efficient strategy is to let people build assets as large as the site will support.

However, given the political constraints, there is still a very simple metric we can use to improve utilisation. It should be mandated that, in areas with no defined height limit, there is a general permitted height of six storeys, and that in city centres, areas of high housing need, or areas of dense construction, the tallest permitted building is either uncapped or one or two storeys taller than the current tallest building in the area. This way we allow for the gradual densification of the urban areas we live in, while creating a firm definition of what is too tall and what is not.

The automatic six-storey general height allowance would encourage traditional mansion-block typologies, which, given their high density and broad public appeal, are particularly valuable.

> **'It is an indefensible generational inequality that, for the benefit of landed homeowners, we prevent the construction of enough housing for the young'**

Assist Site Assembly

The high values of urban land have led to ownership being split up in unclear, fragmented, small ownerships that cannot individually support meaningful development. In many cases, often for industrial land, even who owns the land is unclear. If we want to maximise housebuilding, we need to make it easier to assemble these sites. You cannot build without land, after all.

Four mechanisms would help.

43 Ben Hopkinson, 'How Many Homes Does the UK Need?', Centre for Policy Studies, June 2025. Link

Firstly, authorities should use their own landholdings, and, where appropriate, their assembly powers, to bring forward larger, coherent sites.

Secondly, the Government should activate and strengthen street vote development orders, introduced by the Levelling-up and Regeneration Act 2023 but not yet in force, which allow the residents of a street to propose, and then vote on, rules permitting themselves to redevelop at higher density. Street votes align residents' incentives with growth: it gives them a stake in the value uplift from planning permission, thus making it possible to unlock gentle densification without site-by-site applications.

Thirdly, local authorities should be given the powers to assemble land and then grant planning permission through community land auctions (CLA). This should be done either as the council voluntarily purchasing sites and acting as a master developer or using the community land auction model which was legislated for in the Levelling-up and Regeneration Act 2023, but has not yet received the necessary secondary legislation.

Under the CLA model, landowners offer sites to the council via sealed bids or options, and the council then grants planning permission before auctioning them to developers; the council keeping the spread between the auction price and the bid price. This system would work in both rural and urban areas. This would serve to incentivise local authorities to bring forward sites, allow them to mould how their areas develop and help meet the current local authority budget challenges. In some instances, granting planning permission on a hectare of well-connected agricultural land can increase its value by millions of pounds, which could be unlocked through this model.

> **'Each land assembly is a game of chicken with the last landowner to sell able to extract outsized value'**

Fourthly, the UK needs a mechanism for land readjustment. Land readjustment is a tool which allows landowners to pool their individual plots into a scheme. After the planning permission has been issued and infrastructure created the landowners receive back a portion of the plots or the site's value reflecting the proportion of land they committed. Given that regeneration can greatly increase the value of their plot, this makes landowners better off, while providing a democratic and fair approach to land assembly. This mechanism is successfully used in countries like Germany, Spain and Japan.

With the fragmented ownership of land in the UK there is no simple way to assemble plots. Each land assembly is a game of chicken with the last landowner to sell able to extract outsized value. The creation of a law allowing land readjustment, requiring the vote of a supermajority of owners in an area, would give both councils and private promoters a route to assemble sites at scale.

These measures, if implemented, will allow the supply of land to increase and support new homes.

De minimis Changes

Across the UK, budgets and planning resources are limited. This is the key source of delays. Work needs to be done to reduce the workload of planning officers and for them to be more efficient. This is outside the scope of this paper but a simple way to free up resources is to let people make minor changes to their homes. The majority of planning applications are not for new homes, but for modifications to existing homes.

Some councils require planning permission to add external shutters, repaint doors, or other slight changes. This should be the sole discretion of the owner and trying otherwise serves only to clog up the system. Immediate approval of minor extensions should also be considered, like the mansard approval scheme in Hackney. A good starting point would be implementing the permitted development reforms that were consulted on in spring 2024, but never enacted.[44]

> **‘The majority of planning applications are not for new homes, but for modifications to existing homes’**

Rights to Light

Over past decades the courts have gradually strengthened a historical right, one which serves only to allow wealthy homeowners to extract undeserved rents at the expense of everyone else. This is the so-called ‘rights to light’.

Under the Prescription Act 1832, a window that has received daylight for twenty years acquires a permanent right to that light. A new development that would reduce a neighbour’s light below a threshold (where less than half the room retains adequate light, defined using a measure based on being able to read The Times’s small print) or, importantly, causes any reduction to a neighbour who is below that threshold, requires that neighbour’s agreement.

The courts have shown they’ll enforce this right even against completed buildings: in one case ordering the removal of the upper floors of a finished development.[45] Damages are assessed as a share of the developer’s profit, not on the harm caused. Some cases had damages set as high as a 30% share of profit.[46] The fact that the awards are anchored not in the damages that the owners suffered from the reduced light but the profit of the developer makes this purely an avenue for rent-seeking.

Claims cannot be resolved easily at scale. A scheme that would overlook many existing windows must negotiate individually with every affected owner, any one of whom can hold out. This vastly increases the burden in urban landscapes full of apartment blocks. To make matters worse, this crucially ignores reflected light, which, given the glass buildings of modern cities, is a large source of light.

44 DLUHC, ‘Changes to various permitted development rights: consultation’, February 2024. Link

45 HKRUK II (CHC) Ltd v Heaney [2010] EWHC 2245 (Ch), September 2010. Link

46 Tamares (Vincent Square) Ltd v Fairpoint Properties (Vincent Square) Ltd [2007] EWHC 212 (Ch), February 2007. Link

The Law Commission's 2014 report on rights to light recommended a statutory notice procedure to bring certainty for resolving disputes; it has never been enacted.[47] Implementing it, in parallel with creating a standardised scheme of damages, would remove a significant and arbitrary brake on urban development. New rules should also ensure that where the unit is below the 50% threshold already they do not get an instant charge for further marginal changes; significant further changes should be required to justify the claim.

End the Hunt for 'Goldilocks' Development

Policymakers have long pursued the 'Goldilocks' development. It must be perfect in every way, and any blemish is grounds for instantaneous rejection. Successive legislation and judicial findings have heaped restrictions on development and hurt supply. The goals of these rules are not bad in principle, but are often introduced without any thought to the cost or second-order effects. There are many unnecessary rules which prevent large quantities of viable urban land from being developed.

- **Protected view corridors:** Strategic view frameworks (view corridors) are rules that restrict building heights to preserve designated sightlines and background to landmarks. They are most prevalent in London and greatly restrict the utilisation of the most in-demand land in the UK with the protected background kilometres behind the view. The cost these restrictions impose is regressive: raising rents across the city to protect a view for a small number of communities in exclusive areas. In one case residential towers in Stratford were cut from 47 storeys to 20 storeys to preserve the background of the view to St Paul's from Richmond despite these Stratford towers being seven kilometres behind St Paul's and over 22 kilometres from Richmond.[48] Such frameworks should ideally be removed or reduced. It is not fair that homeowners in places like Hampstead and Richmond, some of the wealthiest areas in the country, should be able to increase costs for renters in Hammersmith and Holborn for the sake of their area's views.

- **Grey belt utilisation:** The grey belt concept is a constructive step to use and improve areas blighted by industrial scrubland. However, extremely high affordable housing targets of 50% greatly restrict the number of homes that can be built on grey belt land. Developers will need to be able to make money to build homes.

- **Unit Types:** Build to rent, purpose-built student accommodation, purpose-built shared living, and houses in multiple occupation (HMOs) each serve distinct markets and can draw upon different pools of capital. Each of these types of housing frees general-needs housing for other users. Authorities should support these typologies rather than treating them as exceptions, in competition with single-family housing or with suspicion as is the case currently.

- **Miscellaneous Rules:** There are countless other restrictions, be it mature trees or listings of decrepit buildings that make regeneration too expensive. There are far too many to go through to leave this document accessible. These rules serve the established vocal minority at the cost of the quiet majority. They represent a huge source of generational, wealth and class inequality. They should be reviewed and where appropriate removed. We are in a housing crisis. We do not need a perfect few; we need good homes and lots of them.

47 Law Commission, 'Rights to Light', December 2014. Link

48 Friends of Richmond Park, 'St Paul's view safeguarded', October 2017. Link

Conclusion

The UK housing market has been distorted and strangled by a system which Whitehall and political pressure allowed to grow unchecked. This system has done untold damage to local people and the economy. Britain needs growth, it needs homes and most importantly its people deserve cheap, high-quality housing.
We need to lower and reform taxes, we need to simplify planning, we need to decide how we use the built environment, and we need to rationalise what we require for new development.

If this plan is implemented, Britain will build more homes, more cheaply and to a higher standard. The system is what it is because all parties hold a veto. It is natural, understandable, and reasonable for them to complain about its removal; they must be told no. If the government wants to change the UK for the better it must be willing to act in the national interest, not the interest of the loudest few.

Lowering the level of taxation and over-regulation and simplifying planning will allow for more homes to become viable. This will attract more housebuilders back into the market, including small and medium firms. In turn, more homes will be delivered, lowering prices, and making homeownership a possibility again for the young.



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