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Lord Bailey of Paddington AM

Londonwide Assembly Member

Housing and getting more homes built has been my passion from the moment I entered politics. Having been homeless myself, and having been a youth worker for over 30 years beforehand, I know first-hand the difference a safe and secure home makes to someone's prospects in life. Everything leads back to having a home of your own and having a stake in your local community.

In London, we have a housing crisis, and we have had one for many years. What we also now have in London is a housebuilding crisis – an inherent and chronic issue within our capital city and its planning system which means we simply cannot build homes anymore, let alone the number of homes we actually need.

No form of words can truly describe how desperate the situation is. Shockingly, just 5% of the 88,000 homes the government says London needs each year are set to be built in 2025. The capital is now building the fewest homes of any English region per capita, and is building at less than a quarter of the rate of the rest of England.

The meltdown within London's housebuilding industry has widespread consequences on the wider market. Private rents are at their highest ever level. The average room – not a flat, not even a studio, but a single bedroom in a shared house – now costs £1,000 a month. A thousand pounds. For one room.

Londoners renting privately are trapped in a doom loop from which there is little hope. Despite working hard to earn a salary potentially well above the national average, saving a 10% deposit is an impossibility when you are spending over half of your monthly income on rent, and at a time when taxes for the average graduate are the highest they have ever been.

These Londoners subsidise the housing of others, yet they will never qualify for affordable or social housing themselves. But they will also never be able to buy a house. The inherent unfairness within this system is becoming both increasingly clear, and increasingly unfeasible. We must have a viable route to home ownership for those who are working hard, earning a good



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salary and doing everything the system tells them to. If we continue to support a situation where young people get absolutely nothing back from the system they help to fund, the system will simply collapse because there is no incentive to work and prosper in life.

Londoners on lower salaries have in turn been priced out from the private rental market, with disastrous consequences for ever-increasing social housing costs. Councils are spending hundreds of millions of pounds on temporary accommodation, while more than 323,000 households in London are on waiting lists for social housing, more than double the entire population of Cambridge.

This situation and its eye-watering cost is clearly unsustainable. Our ambition should be a realistic route for reducing the cost of social housing to the state, not sleepwalking into a system where an ever-growing majority of people rely on subsidised housing funded by the taxpayer. We must have routes for affordable housing that promote the value of work and promote the ambition of moving into a form of home ownership in the long-term.

For most of my lifetime, we have lived in what we proudly called a property-owning democracy. That wasn't just a nice phrase, it meant something real. When people settled down and bought a home in a particular area, they had skin in the game. They had an investment and a stake in that community. They cared about their property and its upkeep, they cared about their neighbourhood, and they had a vested interest in seeing that community thrive. Home ownership gave people security and stability. That dream of owning your own home? It's still very much alive in people's hearts and minds.

There is now a large and ever-growing group within our population who, in decades gone by, would have rented privately for a short period and then bought their own home in their twenties or thirties. They would have gradually moved up the property ladder, and by early retirement, would probably be mortgage-free with some savings tucked away. That was the expected path for most people.

An entire cohort of people, however, have not bought. They're still renting privately now, with little in the way of savings, no deposit for a mortgage, and no prospect whatsoever of getting on the housing ladder. And that cohort is growing every single day.

Every young person who graduates or leaves school and wants to find a place of their own, every person who needs to move to find a job and enters that cycle of renting without being able to save – that's another person added to the cohort who will either never buy or will buy much, much later in life than their parents ever did.



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So what happens next? In years to come, you'll start to see people who have rented their entire lives still needing to rent into their fifties, sixties, and beyond. As a country, we are simply not prepared for what that means.

When those lifelong renters reach retirement or a point at which they can physically no longer work, many won't be able to afford to rent privately anymore. They'll need social housing and will instead be added to that already enormous waiting list. Meanwhile, those who have been living in social housing or are already on the waiting list will still be there, because the transition from social housing to home ownership has become such an impossible gap to bridge. We'll also find ourselves with communities that are less close-knit and less socially coherent. The fabric of what has held neighbourhoods together is fraying. We have got to act.

The recommendations set out in this report are not intended to be party political, they are designed to get housebuilding and home ownership on the agenda in a serious way. That involves some difficult truths about the previous government's record, and the current Mayor of London's inabilities to deliver the housing London needs.

The Mayor must take some of the responsibility here – the performance of the GLA's housebuilding programmes have been dire, despite being backed by £9 billion of funding from the last government. Sadiq Khan's policies in the London Plan, meanwhile, have helped to kill private development stone dead by rendering it unviable and introducing more regulation, all in the name of 'good growth'. You cannot have good growth if there is no growth.

My hope is that we can build a cross-party consensus to resolve this crisis, and have pragmatic discussions with the housebuilding sector and anyone who wants to help get homes in London built. For my part, I will do whatever I can across City Hall and the House of Lords to further this mission.

Failing to tackle this problem is simply not an option. There's a lot to get right here, and the clock is ticking. This isn't just about bricks and mortar – it's about the kind of society we want to be, the kind of communities we want to build, and whether we are going to let an entire generation slip through the cracks. Everything in our society comes back to having a home of your own.

The issues facing London's housing market and housebuilding industry are an emergency. The status quo is not enough, and small changes or reforms are not enough. We must get radical to get London building.



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Recommendations

Recommendation 1:

The Mayor, the GLA and TfL should fast track the building of at least 75,000 homes on land it already owns. Sites across London owned by the Mayor have huge development potential with existing transport links, yet they are simply not being utilised. The Mayor should use housing funding already allocated to him to identify and fast track sites for 'New Villages' across London, unlocking thousands of homes on land he already owns.

This should include a New Village at the Royal Docks in Newham, with at least 10,000 homes and the infrastructure needed to support a new community. This waterfront site, which is currently derelict wasteland and is owned by the GLA, is minutes away from the Elizabeth Line, City Airport, Canary Wharf and the ExCel Centre, and could easily become one of the most desirable places to live in London if the will to deliver it was truly there. The government should amend the Planning Bill to specifically help enable the use of this land.



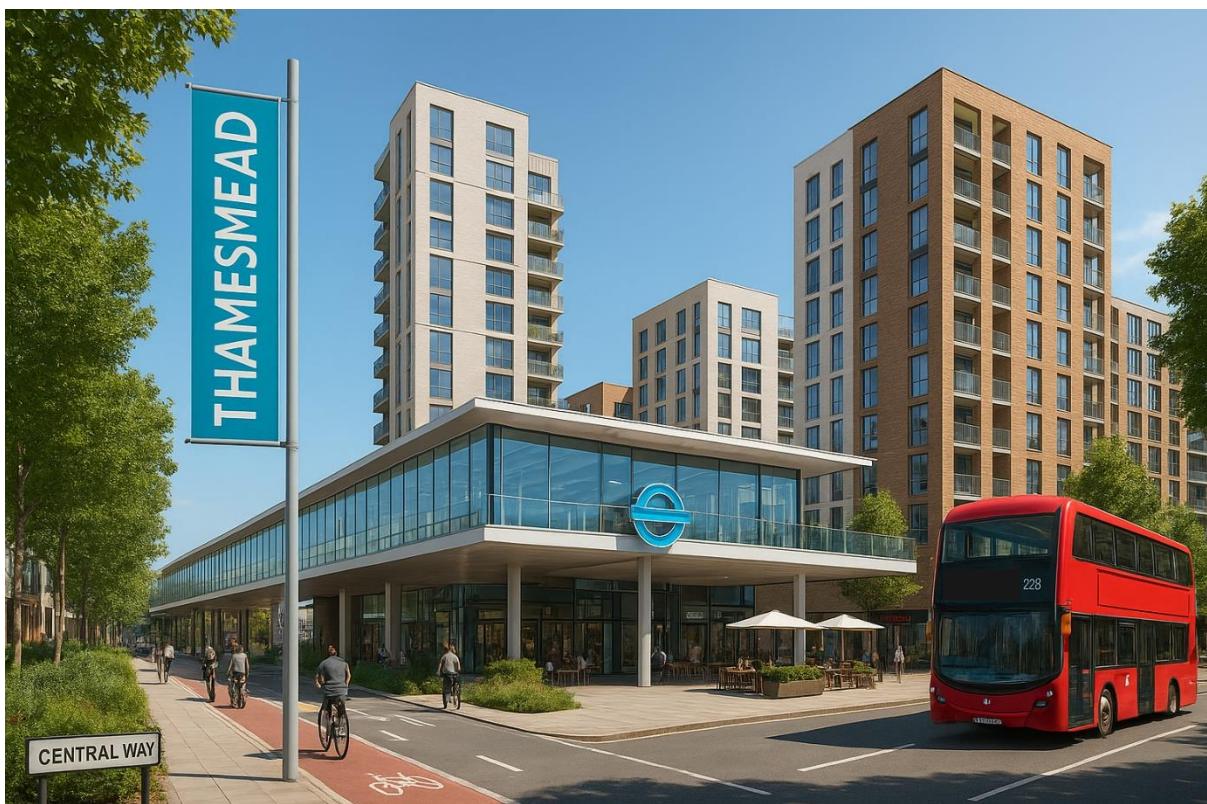
The potential for a New Village in the Royal Docks in Newham – minutes from the Elizabeth Line, the DLR, Canary Wharf and City Airport, built on the land the Mayor already owns.



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Recommendation 2:

The government should commit to funding the DLR extension to Thamesmead in the upcoming Budget, with the Mayor and TfL getting the project built as soon as possible. While Thamesmead has already been listed as one of the government's 'New Towns', this development depends entirely on funding the DLR extension – something the government did not provide in the Spending Review. Committing to a transport link would immediately unlock at least 15,000 homes and significantly regenerate the area.



The potential for a DLR extension to Thamesmead, immediately unlocking 15,000 homes

Recommendation 3:

Targets for 'affordable' housing (housing subsidised by the taxpayer and not available to buy on the market) are a red herring and render developments unviable, prevent the building of thousands of homes and make it harder for Londoners to get on the housing ladder. Both the previous 35% target and the new 20% target is unsustainable and is not being delivered because it is not economically viable – it should be abolished. 35% of nothing is nothing, and 20% of nothing is also nothing. Abolishing this arbitrary target would enable developers to build significantly more homes, make many smaller developments viable, and ultimately give Londoners a better chance of buying a home of their own.



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Recommendation 4:

Legislation which introduced The Building Safety Regulator (BSR) was passed by the previous government with genuine intentions following the Grenfell Tower disaster, but it has proven to be fundamentally flawed in practice and should be updated. The regulator is not functioning as intended and its substantial backlog is placing people at risk by delaying essential building safety works – making the very issue it was created to tackle worse.

The regulator's backlog and 70% rejection rate increases costs for new developments and is preventing thousands of homes from being built. Huge volumes of minor or routine maintenance on existing buildings, such as changing a boiler system, should never have been included in the regulator's remit. Removing this work would help to significantly reduce wait times for major fire safety work and new developments. Introducing a pre-application process would maximise the possibility of quicker and more efficient approvals. These reforms would allow the BSR to deliver what it was designed to do – facilitate remediation works and ensure a Grenfell-like disaster cannot happen again.

Recommendation 5:

Half of the available land in London is not viable for developers to build on, even if the cost of the land itself was removed. Work has stopped on one in six construction projects. By 2027/28, London will have a 94% shortfall in the number of new homes the government says the capital needs. We must create the economic conditions for development to be profitable, otherwise homes will simply not get built. No developer will build to make a loss. In the upcoming Budget, the government should introduce a tax relief system for developers proportionate to the number of homes built by that developer, while also considering other ways to make building homes and infrastructure more economically viable.

Recommendation 6:

The government should abolish stamp duty land tax for primary residences in the upcoming Budget, and reinstate a dedicated form of support for first time buyers. Removing this economically damaging tax on aspiration will allow people to move, downsize or get on the housing ladder without being penalised financially.

Recommendation 7:

As part of its amendments to the Planning Bill currently in the House of Lords, the government should further restrict the powers of unelected taxpayer-funded quangos preventing the



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building of housing – including the likes of Natural England, Historic England and the Environment Agency, who unnecessarily delay development and needlessly make the planning process more expensive with little accountability. When a taxpayer-funded quango objects to a development, the full details should be published on a new publicly available database to increase transparency and accountability.

Recommendation 8:

The construction and housebuilding industries have a shortage of key skills which is making building more difficult and more expensive, while the Mayor and the GLA have an Adult Skills Fund which is not being utilised effectively. The Adult Skills Fund should, therefore, be used to help Londoners train and retrain in the construction industry. The Government should actively promote housebuilding industry apprenticeships among young people to help address these skill shortages in the long-term.

Recommendation 9:

As well as a shortage of housing, we also have a shortage of buyers. The mortgage market has not been allowed to adapt to the current housing climate, with the traditional 10% deposit mortgage out of reach for many prospective buyers. The government should work with the industry and regulatory authorities to introduce more low deposit mortgage options, especially among middle and higher earners with good credit history. Consistent rental payment history should routinely be used as part of the criteria to support a mortgage application, and should be included in overall credit scores.

Recommendation 10:

The government, the Mayor and councils should actively promote the building of mansard extensions to sympathetically increase housing density across London. The inclusion of a new clause in the National Planning Policy Framework in 2023 under the last government explicitly permitted mansards on appropriate properties, provided the style of mansards in the area at the time of the building's construction is emulated.

Recommendation 11:

The Mayor and the GLA have been given £9 billion pound for building social housing, but the performance of these schemes is unacceptably low. If the Mayor had delivered on building the number of social homes he has already been given the funding for, developers would be free to concentrate on building homes for the open market which Londoners can buy. The Ministry for



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Housing, Communities and Local Government should, therefore, place the GLA in a form of special measures following the poor delivery of the current £4bn 2021-26 Affordable Homes Programme, providing additional support and capacity, while also examining what has gone wrong. The Department should set out a delivery plan for the outstanding homes, ensuring lessons are also learned for the next £11.7bn housing programme.

Recommendation 12:

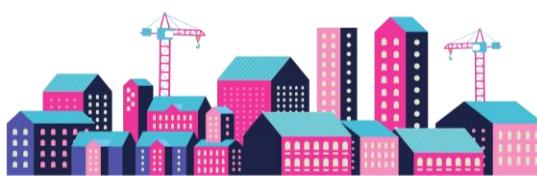
The government should work with mortgage providers, housing associations, and the wider development industry to quickly complete a review of shared ownership and then develop a new, fairer model which is affordable, does not unfairly ‘trap’ buyers, and is a genuine staircase for those looking to reach 100% equity on their home.

Recommendation 13:

The Mayor and the GLA should establish a Estate Regeneration Fast Track Scheme. Where a majority of residents support an estate regeneration proposal in a recognised ballot, the Mayor and the government should support measures to fast track such proposals through planning.

Recommendation 14:

In the next London Plan, the Mayor should make provision for Build to Rent homes, introduce a “cascade” policy, to provide more flexibility and allow unsold Section 106 affordable housing units to be changed to a different affordable tenure where appropriate, raise the income eligibility threshold for intermediate housing in the next London Plan from the current level of £90,000 per annum, make it easier to use brownfield land for housing, and encourage alternative forms of accommodation to support relieving homelessness. The Mayor should also use the next London Plan to actively promote and incentivise developers to build family homes as well as flats.



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Current Housing Delivery and Increasing Supply

London is facing chronic and systemic issues with the delivery of homes – across all types of housing. In the last five years, we have seen a drastic decline in the rate of completions of both private homes for sale on the open market, and housing which is designated as affordable and is subsidised by the taxpayer for those who meet the eligibility criteria.

Industry data from Molior shows that between 2015 and 2020, there were 60-65,000 homes for private sale or rent under construction in London at any given time. Today, that number has fallen to 40,000, and 5,300 of those are halted part built. Molior forecasts that just 15-20,000 new homes will be actively under construction on 1st January 2027.¹

There were just 3,248 private starts in London in Q1-Q3 2025. The capital is now on track for fewer than 5,000 private construction starts in the whole of 2025, laying bare the scale of the crisis facing housebuilding in London. Work has now stopped at one in six construction projects – either because the building contractor has gone bust as a result of rising construction costs, or work is deliberately on hold because the sales market is so weak.²



Source: Centre for Policy Studies

¹ <https://www.moliorlondon.com/media/molior-report-media-2025/10/molior-residential-development-in-london-q3-2025.pdf?v=2>

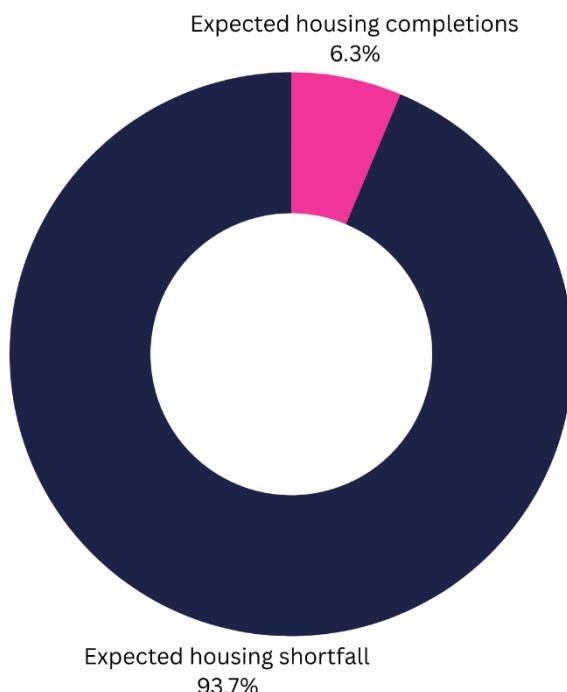
² ibid.



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Most concerningly of all, current data shows this meltdown in the housebuilding sector is not going to improve in the years to come – it's going to get worse. Most of the 40,000 homes currently under construction in London are due to be completed in 2026. After this point, Molior forecast that completions in 2027/28 will drop further to just 11,000. The government's target for London is 176,000 homes over two years, meaning just 6% of this figure would be achieved. The capital would be left with a shocking 94% shortfall in the number of new homes the government says we need. Housing starts are down by around 10% across England (excluding London), compared to a 73% fall in London over the past year.³

Private Housing Delivery 2027/28



Source: Molior

With so few homes being added to the market, and with Build-to-Rent or Buy-to-Let completions collapsing after 2027, Londoners can expect rents to increase further still as the supply of new homes on the market dries up.

With development costs so much higher, Molior also find that it is now unviable to build profitably in half of London – even if the land is provided free and there are no planning obligations like affordable housing. The cost of building homes rose by 21% between 2021 and

³ Ben Hopkinson, The City That Doesn't Build, [London-Briefing-FINAL.pdf](#)



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2023 because of inflation in the construction sector. No developer will build homes to make a loss, so we must create the economic conditions for building housing to be profitable.

Of those homes which are being built, analysis by the Centre for Policy Studies shows four fifths of homes built in London last year received planning permission under Boris Johnson's London Plan – not Sadiq Khan's. Just a fifth of homes completed were built under the plan Sir Sadiq Khan put in place in 2021.⁴ Of the new homes where construction started in the past year, the Molior database shows that 53% received planning permission under Johnson's plan rather than Khan's. While the current Mayor has frequently derided the lack of progress made by his predecessor, Boris Johnson is in fact responsible for the only real housing delivery currently taking place in London.

Between 2016 and 2024, meanwhile, Sadiq Khan was granted £8.82bn by the previous government, across two Affordable Homes Programmes (AHP), to build up to 151,000 subsidised homes. Only half of these homes have so far been completed. These are homes which are not sold on the open market to private buyers, and only a small number of Londoners overall will qualify for these homes once built.

In the first programme 2016-23, £4.82bn was provided to build 116,000 affordable homes, all of which have been 'started' but only 76,625 have so far been completed up to June 2025, with the remainder not due to be completed until 2030 or in some cases even later.⁵

In the second programme 2021-26, £4bn was granted to the Mayor, originally to build 35,000 homes. However, delivery of this programme did not start until 2023 and the target has subsequently been reduced twice, to the current level of 17,800-19,000 homes. As of June 2025, just 5,500 of these homes have been started and 997 completed, of which at least 443 were acquisitions rather than newly built homes.⁶

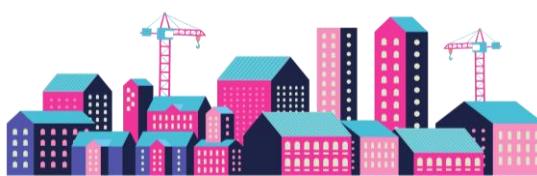
Following the Chancellor's Spring Statement in June 2025, it was announced that London would receive £11.7bn for the next Affordable Homes Programme, this time over ten years from 2026/27 to 2035/36.⁷ However, no details have yet been provided about how many homes this will fund, nor the timescale for delivering these homes to ensure that they are not all left to the latter end of the ten-year period as in previous programmes.

⁴ Ben Hopkinson, The City That Doesn't Build, [London-Briefing-FINAL.pdf](#)

⁵ Affordable housing completions up to March 2023 are from the [London Assembly Affordable Housing Monitor 2023](#). Later completions are from the [GLA Affordable Housing Statistics](#).

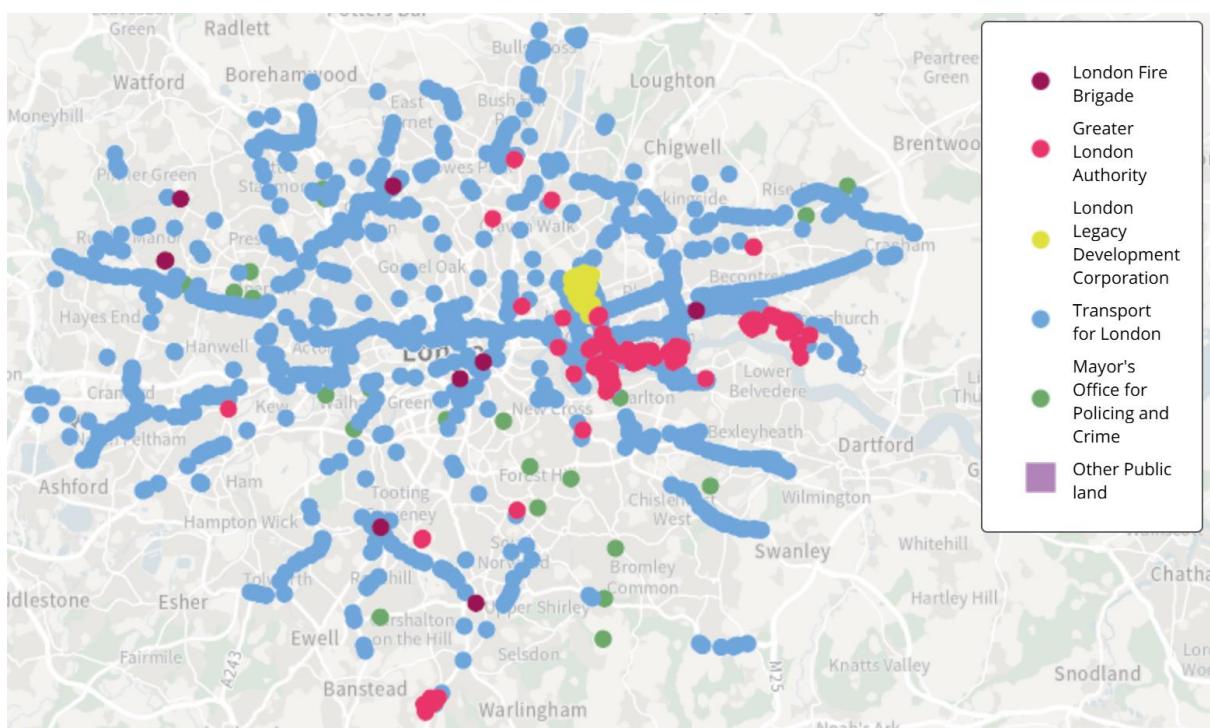
⁶ [GLA Affordable Housing Statistics](#)

⁷ <https://www.gov.uk/government/news/hundreds-of-thousands-to-get-secure-roof-over-their-heads>



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The GLA and its functional bodies own and control significant amounts of public land. This includes land owned by Transport for London, the London Fire Brigade, Metropolitan Police, and two Mayoral Development Corporations in Old Oak and Park Royal (OPDC) and the former Olympic Park (London Legacy Development Corporation, LLDC), in addition to land owned by the GLA itself. Since 2016, fewer than 2,000 homes per year in total have been completed across all these sources of land. In the case of OPDC, one of largest brownfield development sites in Europe, no homes at all have been completed on land that it owns.⁸.



Land over 0.5ha owned by the GLA and its functional bodies⁹

In terms of overall housing supply, the total number of homes completed in London per year has been reducing every year since 2020. In 2023/24 just 32,162 homes were completed in London.¹⁰ This is well below the target of 52,000 homes per year in the current London Plan, and less than half of the 88,000 homes per year government target for the next London Plan.

Meanwhile, London's housing problems are getting worse. Private rents in London are much higher than the rest of the country. In June 2025 the average rent in London was £2,252 per month, compared to £1,399 across England as a whole. London rents increased by 7.3 percent in the 12 months to June 2025, compared to 6.7 percent in England as a whole.¹¹

⁸ Data from the following Mayoral Questions from February 2025: [2025/0471](#), [2025/0472](#), [2025/0473](#), [2025/0474](#), [2025/0475](#) and [2025/0476](#).

⁹ <https://apps.london.gov.uk/public-land/>

¹⁰ <https://assets.publishing.service.gov.uk/media/6565f6c68f1f41000dd5d1ea/LT118.ods>

¹¹ [Private rent and house prices, UK: July 2025](#), Office of National Statistics (ONS)



According to recent figures, the number of homeless people in London requiring temporary accommodation has reached 183,000, the highest level ever recorded. London boroughs are collectively spending £4m a day on temporary accommodation, over £120m per month.¹²

London also has high levels of rough sleeping, with 13,231 people were seen rough sleeping in 2024/25, a 10 percent increase from the previous year, and a 63 percent increase since 2016.¹³ According to the latest figures, at least 6.6% of households in London and 14.8% of social households are overcrowded, which are likely to be underestimates.¹⁴

It is welcome that the government's spending review included announcements on a ten-year rent settlement, rent convergence and other support, which had been longstanding requests from the social housing sector.

In particular, delivery needs to be significantly improved in the current Affordable Homes Programme and lessons need to be learned for the next programme. With ten-year funding now confirmed for the next Affordable Homes Programme, there is a risk that the majority of the homes may not even be started until the end of the ten-year period, with completions then taking a further 5-10 years, which would not be desirable or acceptable. There needs to be far more oversight from the Mayor and the government, including strong annual targets for starts and completions, and alternative arrangements prepared in case the Mayor is unable to deliver sufficient progress.

Affordable housing is also funded and delivered through planning agreements with developers, known as Section 106 agreements. However in recent years there have been increasing difficulties with finding registered affordable housing providers to take on the Section 106 affordable homes that developers have agreed to provide. Often this is because the type or tenure of the affordable homes may not be what is actually required for the area. In particular, the planning requirement may have been for a certain number of social rented homes, but in practice these homes may not attract a delivery partner to take them on. This can lead to homes sitting emptied or not built at all, and an under-delivery of affordable homes.

In such situations, a “cascade” policy could be introduced, as recommended at our London Housing Conference, to allow the affordable homes to be ‘flipped’ to an alternative tenure, to enable the affordable homes to be delivered, with adequate safeguards to prevent any abuse.¹⁵

¹² <https://www.londoncouncils.gov.uk/news-and-press-releases/2025/ps330m-homelessness-overspend-housing-crisis-threatens-bankrupt-london>

¹³ [Annual Bulletin 2024/25](#), Combined Homelessness and Information Network (CHAIN)

¹⁴ [Housing in London 2024](#), Greater London Authority (GLA), p. 56

¹⁵ <https://www.s106management.co.uk/news/s106-cascade-mechanisms---what-are-they>



Eligibility for intermediate housing, including shared ownership, intermediate rent, London Living Rent and other affordable home ownership products, has been capped at a household income of £90,000 since 2018.¹⁶ Given the significant inflation and house price increases seen since then, this cap is becoming more restrictive to those earning what would now be considered to be moderate incomes in London. Therefore the Mayor should take the opportunity in the next London Plan to review and increase the cap by an appropriate amount.

The pressure for 50% affordable housing on public land and the additional regulation created by the Mayor to create 'good growth' can make it extremely challenging to bring forward housing schemes on many surplus brownfield sites in public ownership. The current London Plan takes a 'threshold' approach to affordable housing, of 35% on private land and 50% on public land, with those schemes meeting or exceeding the threshold getting a 'fast track' approach through planning. The London Plan also has a strategic target of 50% of all homes approved across London being affordable housing, rendering developments unviable. Sadiq Khan must take responsibility for having introduced these policies.

The Building Safety Regulator

The Building Safety Regulator (BSR) was established by the previous government as part of improvements to building safety for taller 'higher risk' buildings following the Grenfell Tower disaster. However, developers are currently experiencing long delays in getting their projects considered and approved by the regulator, with some delays as long as 18 months.¹⁷

To get approval, buildings now have to pass through a series of 'gateways'. Gateway 1 includes the submission of a fire statement during planning. Gateway 2 involves the approval of a complete design, which must be passed before construction starts. Gateway 3 is a final inspection before people can move into the building.

Unfortunately, the rollout of the BSR, in particular Gateways 2 and 3, has been poorly managed by the regulator. Data from the BSR and compiled by the Centre for Policy Studies shows that 69% of applications for Gateway 2 (pre-construction) were rejected. Of 193 new buildings that have submitted applications, 178 (92%) are still held up by the BSR at the time of writing, with the median waiting time growing to 36 weeks.¹⁸

¹⁶ [London Housing Strategy](#), GLA, 2018, p108

¹⁷ <https://projectsafetyjournal.com/gateway-regime-building-safety-regulator/>

¹⁸ Ben Hopkinson, The City That Doesn't Build, [London-Briefing-FINAL.pdf](#)



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Significantly more design work also needs to be done to get to this point, which increases upfront costs and financing issues, all of which impact the viability of schemes. The abnormally high 70% rejection rate suggests it is incredibly difficult for developers to understand the regulator's criteria in enough detail before submitting applications in comparison to planning applications, for example. Gateway 3 currently takes around four months, but some delays have reached more than a year and a half – leaving an 18 month wait for people to move into a completed building.

The BSR was set up with the explicit mission of ensuring that a Grenfell-scale tragedy could never happen again, but the largest fire risk comes from older buildings and overcrowding. The BSR, by holding up newer, safer buildings and delaying essential safety work on existing buildings, is contributing to that risk.¹⁹

As of early October, the regulator had 869 existing buildings awaiting a Gateway 2 decision (the design approval required before work can start), compared to 159 new builds stuck at the same stage. Of the 869 buildings, 271 need external cladding remediation works. *Inside Housing* identifies one such building which has cladding panels that are vulnerable to falling off and have fallen off previously. The application to make the building safe has been with the regulator for 11 months. No building work can take place in that time, meaning the building remains unsafe.²⁰

Inside Housing also reports that one housing association is still waiting to replace 60 internal fire doors on a building in London, which was deemed a high-risk action after a fire risk assessment. The organisation put in an application to the BSR in November 2023, which rejected it, requesting required scaled drawings of all 60 doors. The new doors are currently sat in a shipping container outside the building waited to be fitted.²¹

When the BSR was established, the legislation introduced a wide definition of works to existing buildings, using the regular building regulations definition of “building work”. This meant the regulator would have to sign off huge volumes of planned and routine maintenance – which should never have fallen into the BSR’s remit. The sheer volume of work which fell into this category quickly overwhelmed the regulator and the number of staff it had recruited, creating substantial delays.²²

The range of issues inherent within the BSR and their causes cannot be covered sufficiently in this report alone – they are numerous and represent a perfect storm of fundamental problems

¹⁹ Ben Hopkinson, The City That Doesn’t Build, [London-Briefing-FINAL.pdf](#)

²⁰ <https://www.insidehousing.co.uk/insight/why-are-hundreds-of-existing-buildings-stuck-waiting-for-approval-to-make-them-safe-94028>

²¹ ibid.

²² <https://www.insidehousing.co.uk/insight/why-are-hundreds-of-existing-buildings-stuck-waiting-for-approval-to-make-them-safe-94028>



within the original legislation, and mismanagement of the early stages of the regulator's introduction. The YIMBY Initiative has produced a comprehensive report on the background to the BSR and its performance so far, with a series of detailed and practical recommendations on how to improve the regulator.²³ These recommendations have received cross-party and widespread industry support, and the government and the BSR should implement these suggestions.

What is clear is that the regulator is simply not functioning as intended, and updating the original legislation would allow the BSR to deliver the outcome it was established for – facilitating remediation works and ensuring a Grenfell-like disaster cannot happen again.

Industrial Land

The current London Plan restricts the use of surplus industrial brownfield land to build new homes and meet housing needs. This means that potential housing developments on these sites can often either be resisted outright or the industrial space must be re-provided, even if the site is empty or derelict.²⁴ This reduces the amount of available land for housebuilding in London, often in accessible locations, or increases the costs of developing such land.

A more flexible and less prescriptive approach to surplus industrial land could free up much-needed land for housing development, especially around stations and other areas well served by public transport, with industrial uses reserved for less publicly accessible sites.

Estate Regeneration

Estate regeneration has the potential to deliver thousands of new and better quality homes, by making better use of existing housing estates and replacing old housing stock. Since 2018, the GLA has required any landlord seeking GLA funding for estate regeneration schemes, which involve the demolition of social homes and the construction of 150 or more homes, to hold a ballot to demonstrate resident support for the scheme. As of August 2025, 39 schemes have received a positive ballot vote in favour of regeneration.

To further incentivise good estate regeneration schemes, the Mayor, working with the government and local authorities, could go further and offer a fast track route through planning for schemes that receive a majority of resident support, subject to meeting certain conditions

²³ The YIMBY Initiative, [Safe-and-Abundant-Digital.pdf](#)

²⁴ [London Plan 2021 Chapter 6 Economy](#)



such as building safety and local amenity. A similar proposal for estate renewal passports has been advocated by Britain Remade and at our London Housing Conference.²⁵

Pension Fund Investment

Institutional investment in new housing supply, particularly from pension funds, has long been a goal of housing policy in London. Pension funds typically look for long term investments with a stable and reliable yield. This makes them a good potential investor in London's housing market, particularly in purpose build long term rented schemes in the private rented sector or even social housing.

In 2020 the London Pensions Fund Authority, which manages local government and public sector pension schemes in London, alongside other partners formed The London Fund, designed to invest in housing and infrastructure projects in London. So far the LPFA has invested £150m into the London Fund, with a target of £300m.²⁶ However in 2024, the London Assembly's GLA Oversight Committee raised concerns about the lack of progress with the fund, especially in relation to London boroughs and public landowners such as TfL.²⁷ There is a clear opportunity for the Mayor and his team to work more directly with the fund to help direct much-needed investment in housing in London.

Quangos

Taxpayer-funded quangos like Natural England, Historic England and the Environment Agency are contributing to significant delays within the planning system, often with little transparency and accountability. While bosses at these quangos insist they do not 'block' developments, the delays and additional costs created by these regulators effectively act as a block to building housing and infrastructure. The Department for Environment, Food and Rural Affairs (Defra) oversees 37 agencies alone, which sit at arm's length from the Secretary of State.

Natural England's budget is set to balloon to £333.6 million in 2025/26 with more than 3000 staff on the payroll, up from £196 million in 2022/23.²⁸ The Home Builders Federation (HBF) estimates that since June 2019, more than 150,000 new build homes have been blocked from being built "because of Natural England's (NE) disproportionate moratorium on housebuilding".²⁹

²⁵ https://www.britainremade.co.uk/section_three_policies

²⁶ <https://www.lpfa.org.uk/our-investments/london-fund>

²⁷ <https://www.london.gov.uk/sites/default/files/2024-03/GLAOC%20-%20LPFA%20-%20Letter.pdf>

²⁸ [Natural England spending to increase despite 12% 'core funding' cut](https://constructionmanagement.co.uk/natural-england-nutrient-neutrality-housebuilding-construction/)

²⁹ <https://constructionmanagement.co.uk/natural-england-nutrient-neutrality-housebuilding-construction/>



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In that period, NE issued advice to 74 local planning authorities preventing them from granting planning permission for residential development unless nutrient neutrality could be achieved, yet research suggests housebuilding and construction contributes less than 1% of nitrate and phosphate pollution.³⁰

In 2024, Natural England itself acknowledged that it was too involved in 'day to day' interactions with the planning system, with nearly 47% of the 34,000 consultations it receives annually low risk cases where there is no statutory remit for their involvement.³¹ While this was in theory welcome news for smaller developers, concerningly the quango said it would instead be focusing on 'significant infrastructure projects, local plans, and large housing schemes' instead, simply moving extra costs and delays onto bigger, much needed projects instead. Natural England should clearly not be straying beyond its statutory duties, and Ministers need to hold senior leadership to account when they find cases of the regulator overreaching.

One of the biggest issues with quangos is the lack of accountability and transparency, suggesting what we do know about the extra costs and delays they incur is the tip of the iceberg. In October 2025, the Chancellor Rachel Reeves told a private meeting of technology executives that she had unblocked 20,000 homes in Sussex that were being held up by a rare type of microscopic snail which is invisible to the eye.³² Details of the blockage only came to light because the developer raised the issue directly with the Treasury.

If quangos wish to make these interventions while being funded by the taxpayer, they should be transparent around doing so and should put their objections into the public domain so that they can be held accountable.

³⁰ <https://constructionmanagement.co.uk/natural-england-nutrient-neutrality-housebuilding-construction/>

³¹ [Natural England announces changes to its involvement in planning application and planning policy work.](#)

³² [Rachel Reeves clears planning blockage amid 'good relationship' with developer | Environment | The Guardian](#)



Helping Renters Become Buyers

Mortgage Market and Credit History

Access to mortgages is an important factor in increasing access to home ownership. Not only does this allow more people, especially younger people, the capital to purchase a new home, it also helps promote new housing supply by giving confidence to developers that there will be a market to purchase the new homes they build.

Following recommendations from the Bank of England, the government recently announced that the number of mortgages available at a higher loan-to-income (LTI) ratio will be increased.³³ This is a welcome measure and long overdue.

LTI is a key measure used by lenders to determine how much someone can borrow for a mortgage, showing the amount of the loan as a multiple of their gross annual income. For example, an LTI ratio of 4.5 means that someone can borrow up to 4.5 times their annual income. Currently lenders can only provide 15% of mortgages at over 4 times LTI, but a key recommendation at our London Housing Conference earlier this year was that these limits should be relaxed.³⁴

However, renters have generally been at a disadvantage when applying for mortgages, because rental payment history is not typically taken into account when assessing the credit worthiness of the mortgage applicant.³⁵ It is difficult to see how this prohibition makes sense, when similar criteria such as credit card payment history can be used to support a mortgage application.

Helping renters into home ownership not only directly helps people achieve their aspirations, it also indirectly helps other renters by relieving pressure on the rental market. Lack of access to home ownership means that, according to the English Housing Survey, over the last 20 years the proportion of London households privately renting has increased from 14% to 32%, whilst the proportion owning a home with a mortgage has reduced from 39% to 25%.³⁶

This is a barrier that the government, working with regulatory authorities and the mortgage industry, should seek to remove, so that a good rental payment history can become part of someone's overall credit score and part of the standard assessment when applying for a mortgage.

³³ <https://www.gov.uk/government/news/reeves-to-cut-financial-red-tape-to-boost-homeownership>

³⁴ <https://www.bankofengland.co.uk/prudential-regulation/publication/2025/july/pr-a-review-of-the-lti-flow-limit-rule-and-offers-interim-mbc-statement>

³⁵ <https://www.bbc.co.uk/news/uk-politics-41724322>

³⁶ [Mind the Gap](#), Homes Builders Federation, 2025, p11



Shared Ownership and Alternatives

Shared ownership is seen as one of the main forms of intermediate housing, designed for those on moderate incomes who do not qualify for social housing, to help people on lower incomes into home ownership. It remains the predominant form of intermediate housing under the Mayor's Affordable Homes Programme.

The principle behind shared ownership is that those eligible are able to purchase a share of a property, with the remainder owned by a registered provider, usually a housing association, on which rent is paid. It is possible to increase, or sometimes reduce, your share in the property, a process known as staircasing.

Issues have been raised about shared ownership for many years, especially the level of rent and service charges that are often levied on residents. As noted in a London Assembly Housing Committee report earlier this year, service charges in shared ownership are uncapped and can rise rapidly, sending annual housing costs above 40% of net household income.³⁷

Complaints to the Housing Ombudsman about shared ownership have soared relative to other tenures, with the most common complaints relating to repairs, costs, managing relations, and moving and selling properties, and many shared owners reporting that they feel "trapped".³⁸

By contrast, alternative schemes or a reformed model could avoid these drawbacks whilst helping people on moderate incomes into home ownership. This includes shared equity, where the buyer purchases a share of the property, a housing association purchases the remaining share as an equity loan, which the resident then pays back over time or if they choose to sell the property.³⁹

Stamp Duty and First Time Buyers

Prior to April 2025, first time buyers benefitted from a higher level of relief from stamp duty, not paying any stamp duty on the first £425,000 of the value of the property they were purchasing, when buying a home of up to £625,000 in value. However, from April 2025 the £425,000 threshold for first time buyers was cut to £300,000, and this relief is now only eligible for properties of up to £500,000 in value. In the context of London, where the average house price in June 2025 was £561,000, this in practice makes such reliefs very difficult to obtain, making it

³⁷ <https://www.london.gov.uk/sites/default/files/2025-06/Housing%20Committee%20-%20Leasehold%20report%20-%20FINAL.pdf>

³⁸ <https://www.bbc.co.uk/news/articles/clyz8m8jj4mo>

³⁹ <https://www.sharetobuy.com/buying-schemes/shared-equity-what-is-it-and-how-does-it-work/>



much harder for first time buyers to purchase a new home.⁴⁰ Recent research from the Home Builders Federation found that first time buyers in London would have to save 50% of their income for over 13 and a half years to afford a deposit for a new home, while the average first time buyer property is now 17 times the average annual net salary of 22-29 year olds.⁴¹

Abolishing stamp duty on primary residences for all buyers would help to significantly reduce the cost of moving, and allow those who wish to upsize or downsize to do so without being financially penalised.

Family Homes

Essential to tackling London's overcrowding problem is to build sufficient numbers of new family-sized homes, with at least three bedrooms as well as sufficient supply of larger family homes. However, the Mayor's housing and planning policies do not deliver this, and instead are based around delivering increasing numbers of one and two bedroom flats.

Previous London Housing Strategies, published in 2010 and 2014, have set targets for a minimum number of affordable family homes funded by GLA, of 42 per cent and 36 per cent respectively.⁴² However, the current Housing Strategy, published in May 2018, does not include any such target.⁴³ In addition, the Strategic Housing Market Assessment (SHMA), published in 2017 as a key background document to the London Plan, expresses a 'need' for 55% of all new homes to be one-bedroom units, and within low-cost rented housing the figure is 69%. By comparison, it stipulates that just 14% of low-costed rented homes per year should have three or four bedrooms.⁴⁴ The effect of this is to de-prioritise the need for family-sized homes.

The London Plan also expresses housing targets purely in terms of 'units', which incentivises developments with a larger number of smaller units, rather than some of all of those homes being larger family-sized homes.

Build to Rent

A lack of rented properties, alongside high demand, feeds through into higher rents. Increasing the supply of rented properties can help bring rents under control, whilst increasing the quality of rental accommodation. Build to Rent properties are those constructed specifically for the rental market. Typically landlords will own the whole building and can ensure a consistent level

⁴⁰ <https://www.gov.uk/government/news/uk-house-price-index-for-june-2025>

⁴¹ [Mind the Gap](#), Homes Builders Federation, 2025, p9-10

⁴² [London Housing Strategy](#), GLA, 2010, p16, p29

⁴³ [London Housing Strategy](#), GLA, 2018

⁴⁴ [London Strategic Housing Market Assessment](#), GLA, 2017, p6



of management of the property and services to residents.⁴⁵ They can be financially beneficial to a development's viability by providing forward funding to some or all of the scheme. They can also help get homes built more quickly, as developers will not need to be concerned about flooding the market by releasing too many homes too quickly.

There is also a growing opportunity for smaller developers to enter the Build to Rent market, at a smaller scale of 6-25 units, taking sites that larger developers overlook and filling gaps in the market left by an exodus of single-property landlords.⁴⁶

Stepping Stone Homes

Homeless charity Centrepoint, in collaboration with Nationwide Building Society, has created an independent living programme called Stepping Stone Homes. These are small housing units for young people who have faced homelessness to help them live independently for a period of 3-5 years, with rents capped at a third of their salary.⁴⁷ Its first scheme at Reuben House in south east London, including 33 studio properties, was opened in 2023 by the Prince of Wales.⁴⁸

Stepping Stone units are designed to be compact, at around 21-24. This is lower than the 37 square metres set out in national space standards for a single person unit, which is a requirement in the current London Plan.⁴⁹ This has caused issues and delays with planning applications for some of these schemes.⁵⁰ Providing this type of transitional, targeted accommodation has the potential to help thousands of young people at risk of homelessness. Not only does it help improve the life chances of its recipients, it also benefits London as a whole and relieves cost pressures and burdens on local authorities.

It would be beneficial for the government, and the Mayor through the next London Plan, to amend planning rules to clarify that this type of development should be permitted at lower space standards for the purposes of relieving homelessness.

⁴⁵ <https://buildtorent.info/what-is-build-to-rent/>

⁴⁶ <https://moderndlender.co.uk/rangewell-reveals-hidden-rise-of-build-to-rent-as-sme-developers-transform-the-rental-market.html>

⁴⁷ <https://centrepoint.org.uk/support-us/corporate-partnerships/nationwide-and-centrepoint>

⁴⁸ <https://www.independent.co.uk/news/uk/london/prince-of-wales-sara-cox-peckham-coventry-b2356669.html>

⁴⁹ <https://www.london.gov.uk/programmes-strategies/planning/london-plan/past-versions-and-alterations-london-plan/london-plan-2016/london-plan-chapter-3/policy-35-quality-and>



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Conclusion

The need to get London building is urgent. In fact, it's an emergency. It's difficult to really convey the extent to which housebuilding has collapsed in our capital city, and how bad the consequences of this are. The state of London's housing market as it stands is a disaster for every single Londoner, no matter whether you rent or own.

If you are renting privately, you are very unlikely to be able to save a 10% deposit while spending half of your monthly income on rent. That means buying is an impossibility, even while earning a salary that could be far higher than the UK or London average.

If you already own your home and want to move or downsize, there are very few new buyers entering the market because the prospect of home ownership is so far out of reach for most younger people. Houses will take longer to sell, and stamp duty will financially penalise those looking to move even if you can find a buyer.

If you are on a social housing waiting list or are homeless, the sheer number of people with you on that waiting list means you will be waiting many, many years. The truth is that it is no longer a waiting list because we will never deliver for everyone on that list – it's an impossibility. As more renters reach retirement age and do not own their home, they will join that list too because they cannot afford to rent privately, and so the list gets even longer.

If you are a taxpayer, you will pay to subsidise housing which you yourself are never eligible for and are very unlikely to be eligible for. The scale of the problem is clearly financially unsustainable, and until we admit this we will not produce a solution which genuinely benefits all Londoners. The situation our capital finds itself in benefits nobody, regardless of what type of housing you are currently living in.

So to get London building and end this housebuilding crisis for good, we must get radical and admit some difficult truths. The status quo is not enough – minor tweaks or reforms are not going to solve the problem. The 73% decline in private housing starts this year speaks for itself. London cannot continue to deliver less new housing than any other region in the country.

The solutions outlined here are not easy, because solving this is not going to be easy. They are not simple either, and they require doing difficult things. Calling for more 'affordable' (subsidised) housing is easy. It makes people feel better. It sounds like it might be the solution. What it doesn't do is get more affordable housing built or make housing more affordable to buy – it does the opposite.



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You may support more subsidised housing at first glance or in principle, until you realise you fund it through your taxes, but you would never be eligible for it yourself. It actively makes trying to buy a home on the market more difficult.

Calling for developers to 'do more' and lambasting them both as greedy and the fundamental cause of the problem is easy. Again, it makes people feel better about the situation we find ourselves in. What this doesn't consider is simply how unprofitable most development in London already is. No developer builds houses to lose money, because no business exists to lose money.

As the Mayor has made plainly clear, local government cannot build homes in anywhere near the numbers London requires. So we need developers, and we need them to make money so they can keep building homes. It is a clear truth, therefore, that if we want houses, we need to create the economic conditions that make building them profitable.

It is equally difficult to acknowledge that while the Building Safety Regulator was established by the last government with genuine intentions following the Grenfell Tower tragedy, the unforeseen consequences have been drastic for housebuilding. The performance of the regulator so far, with a huge backlog and abnormally high rejection rate for applications, has been unacceptable. It is also true to say that lengthy delays are putting people in danger, given that some of the projects held up are essential fire safety works in existing buildings. You can staunchly believe that another tragedy like the Grenfell Tower disaster should never happen again, while recognising the system as it is implemented now is fundamentally flawed.

These difficult truths all require fundamental reform if we are to have any hope of solving the problem. Small tweaks or platitudes are no longer enough. Land the Mayor and GLA already own could be used to fast-track 75,000 homes and identify sites for 'New Villages' across London. The government funding the DLR extension to Thamesmead in the upcoming Budget would immediately unlock 15,000 homes. These are huge tasks and they require a huge level of will to deliver them, but it is ultimately achievable if we want it to be. The Mayor should be pushing the government to pull every lever possible to help deliver this.

At the other end of the scale, abolishing stamp duty, utilising the Adult Skills Fund to help address industry shortages, promoting mansard extensions which are already permitted in legislation and making unelected quangos more accountable and transparent would all help to make a practical difference, and could all be done relatively quickly and easily.

Modernising the mortgage market by offering more flexible and lower deposit mortgage options (particularly for middle and higher-income earners who can demonstrate affordability) and



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including rental payment history in mortgage applications and credit scores could again be done relatively easily in the upcoming Budget, and would make a significant difference for first-time buyers and sellers alike, by increasing the number of potential buyers within the market.

We must approach this housing crisis and housebuilding crisis with the sense of urgency it requires. We truly cannot afford not to act. A viable route to private homeownership and the levels of housebuilding London needs does not just benefit individuals. Ultimately, it gives us more coherent and stable communities made up of families who have invested in that area, and it is the only way government funding of housing can be viable and fair for the taxpayer at large.

For too long we have not done enough to promote the huge value we gain from building homes and communities. A small but loud minority have invested a substantial amount of time, effort and money into stopping us from building the new homes, the new infrastructure and the new communities we need. Now is the time to level the playing field and make the strongest and clearest argument possible; building homes and infrastructure unlocks substantial economic growth, supports quality job creation and actively makes places nicer. It is fundamentally a force for good.

Letting this housing crisis and housebuilding crisis deepen further is a choice. We do not have to make it. The choice we can make instead is to get serious about building, making London a far more attractive, prosperous and world-leading capital city.



Appendix: London Housing Conference

On 3rd March 2025, Lord Bailey hosted and chaired the London Housing Conference at City Hall, bringing together key stakeholders from the development sector, social housing, mortgage industry, think tanks, Parliament, local government, and London Assembly Members.

It included the following attendees:

- Kevin Hollinrake MP – Shadow Secretary of State for Levelling Up, Housing and Communities
- Lord Jamieson – Shadow Housing Minister in the Lords
- Vicky Savage – Exec Group Director for Development & Sales, G15
- Robert Colville – Director, Centre for Policy Studies
- Dan Clinton – Head of Buy to Let, Nationwide
- Ben Hopkinson – Head of Research, Britain Remade
- James Stevens – Director for Cities, Home Builders Federation
- Syreeta Robinson-Gayle – Head of Affordable Housing, Barratt London
- Alex Sewell – Strategic Lead for Housing & Planning, London Councils
- Alex Diner – Head of External Affairs and Campaigns, National Housing Federation
- Cllr Lynne Hale – Deputy Mayor and Cabinet Member for Homes, Croydon Council
- Dermot O’Riordan – Co-Founder, Xylo
- Nicholas Boys Smith – Create Streets
- Thomas Turrell AM – London Assembly Member for Bexley and Bromley

The discussion was divided into two sections: Increasing Housing Delivery and Getting Londoners on the Housing Ladder. The discussions were wide ranging and constructive, with many suggestions and contributions from the attendees. These included:

- Allowing gentle density in the suburbs, with homeowners and small builders intensifying existing streets, in ways acceptable locally and subject to design codes and visual pattern books.
- The need for a ten-year rent settlement for social housing to make the finances of the sector more sustainable, along with rent convergence.
- The significant capacity of estate regeneration to increase and improve housing.
- Restoring support to first time buyers, including stamp duty discounts and Help to Buy.
- A ‘cascade’ policy, to allow prospective Section 106 social homes to be converted to other affordable tenures, especially shared ownership and discount market sale. Currently it is difficult to find registered providers who are able or willing to purchase Section 106 social homes that developers are required to provide under current planning rules, so a cascade approach would enable housebuilders to contract more easily with them.
- Excessive London Plan affordable housing thresholds can be a constraint on housing delivery and make schemes undeliverable, especially with build costs having escalated significantly since they were first introduced.



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- Housing targets should reflect the type of housing an area needs, including family homes, rather than just focusing on unit numbers.
- Taking rental payment history into account in mortgage applications.
- Problems with the current model of shared ownership, with the rental side leaving people 'trapped' and making it difficult to sell properties on.
- Permitting housebuilding on strategic industrial locations near stations could deliver thousands of new homes at moderate densities.
- Estate renewal passports, where if a large majority of residents support estate regeneration, this should be allowed to happen without traditional planning challenges.
- Work through and remove or reform hundreds of unnecessary regulations and odd fiscal incentives that stop people building.
- Improve tax incentives to build on brownfield land, such as paying at the end of a development rather than the start.
- Simplify planning rules to avoid duplication between those set in London and nationally.
- Use of technology can maximise time and expertise, the two most valuable resources in the planning system.
- Lenders are currently limited in the number of mortgages they can offer at a higher loan to income rate. Raising these limits would help more prospective homeowners and improve confidence in the housing market.
- Enhance the level of deposit saving schemes, such as the lifetime ISA, which imposes property caps of just £450,000 in London.

Lord Bailey is grateful to all the attendees for their participation and contributions to the conference.



