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A Housing Forum Report

Housing Solutions: Practical insights from the housing sector

The Housing Forum

The Housing Forum is the UK's cross-sector, industry-wide organisation that represents the entire housing supply chain. Our growing membership drawn from over 150 organisations across the public and private sectors share our vision of 'A Quality Home for All'.

To achieve this, we have set out the industry insight into the policies needed for everyone to live in a good quality, sustainable and affordable home.

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The Housing Forum would like to thank all our Board members for their insights and contributions to this publication.

Introduction

This report asks the following questions on how policymakers and the housing sector can work together to deliver on our ambition of a quality home for all:

1 What are the best cost-free policy changes that could help?

2 What are the best ways Government could spend money to help?

3 What should the housing sector do better?

4 How should we be planning for the long-term?

Our call to action

The lack of a quality home causes homelessness, poor health and limits opportunities in life.

The Government has big ambitions for increasing housing supply, with a 1.5m target across five years, with the growing need for new homes recognised across the political spectrum. Planning reform and more ambitious housing targets have been positive steps to increasing delivery.

However, these positive policy reforms have come against a backdrop of increasing costs – both from market forces (rising construction costs and higher interest rates) and additional policy costs – initiated when the viability challenges were perhaps not so apparent. **The biggest barrier to delivering new homes is now widely recognised to be viability, with it recently calculated that housebuilding is unviable across 48% of the country.[1] Bringing down costs is therefore critical.**

Fixing our housing crisis won't be easy, but we believe there is a way forward. Our vision for housing in 25 years' time includes sufficient housing for everyone, supported by improved infrastructure in well-designed places where communities flourish and local economies develop.

Our updated 2026 Housing Solutions sets out what insight from across the housing sector tells us is needed from policy makers and those who fund housebuilding and guide government investment in housing.

Our three key ambitions are to:

1. Increase housing supply

A Quality Home for All our citizens is essential. Housing must be seen as part of the growth agenda – as essential as transport infrastructure – and needed to address labour shortages in many areas.

2. Improve quality, safety and sustainability

Housing must be warm, dry, safe and able to tackle increasingly extreme weather events such as heatwaves. New homes should be zero-carbon ready. Older homes need upgrading, and we need innovative new ways to build homes with lower embodied carbon.

3. Ensure affordable housing and choice for all

Funding is needed for affordable housing sector to deliver homes for those in need. A lack of housing destroys lives. A range of housing tenures and products for rental and ownership are needed to ensure choice for all generations.

1 Viability of housebuilding, Zoopla, 2025

1. What are the best cost-free policy changes that could help?

We've listed here five top cost-free ways that Government could help the housing sector to deliver on our ambitions for increasing housing supply, addressing need and improving housing quality.

1 MHCLG should introduce a new model of first-time buyer support, funded by industry

First-time-buyer support is the one piece of the jigsaw that is currently lacking, and is fundamental to attempts to step up the rate of housing delivery. Lloyds Banking Group have shared figures with us that show that a third of potential buyers of new homes are turned away due to lack of deposit or failing affordability tests.

Targeted support for first time buyers purchasing newbuild homes can also help increase housing delivery. There are developer-funded equity loan models that have been proposed, where the cost of offering a five-year interest-free loan can be funded by a developer contribution of around 1.5% of the property value – which developers would be willing to pay to opt into the scheme.[2] This model therefore has no significant cost to Government.

MHCLG should also support, through the National Housing Bank, wider investment at scale into a new programme of shared ownership that offers greater choice to buyers.

2 See, for instance, A New Equity Scheme Option 1 as set out in Pocket Living's Rebuilding the Ladder Report

2 The income thresholds for shared ownership should be increased

Income thresholds for shared ownership (£80,000 for household incomes outside London and £90,000 inside London) have been frozen for a decade now. They should be increased in line with wage inflation to £120,000 outside London and £135,000 in London. This would give access to dual earning families in particular who are unable to afford to buy a sufficient size of home in the open market. It would also help social landlords to offer higher shares, making grant go further and increasing housing delivery.

3 Listening to the voices of people who need housing should be mandated in the planning process

The voices of people who need housing, or who will live in housing that's yet to be built, often go unheard in debates around housebuilding. The evidence that planning committees and officers must consider when determining applications is therefore skewed and partial towards existing (well-housed) residents who wish to object. MHCLG should review how best to do this and The Housing Forum would be keen to facilitate conversations with groups who could help. Changes could include a broader approach to consultation, representative surveys and including the number of people in temporary accommodation or on housing registers in Committee Report templates.

4 We should count people accommodated, not 'units' in social housing

There is a particularly acute shortage of larger social rented homes, leading to severe overcrowding of larger households across much of the country. A four-bedroom house can house up to eight people – whereas a one-bedroom flat houses only one to two. In addition, larger homes free up other homes, via vacancy chains, helping others indirectly. MHCLG should collect and publish data on the number of different sized homes that are built – including potential numbers rehoused. Redirecting grant towards larger homes may reduce the number of homes built, but will alleviate the housing needs of many more people.

5 Planning authorities must be both supported and required to deliver

The Government has undertaken wide-ranging planning reform, and a period of policy stability is now what is needed most for these reforms to be effective. The speed of the planning system remains a barrier to delivery. Government has recently confirmed plans to let councils set their own planning fees, which has the potential to boost funding. However, there is a need for a more comprehensive performance monitoring system to ensure that the extra funding translates into a faster service. There is also a need for MHCLG to support councils in tackling delays in the system - The New Homes Accelerator could be usefully expanded to take on smaller sites too. Improving local authorities' confidence with CPO powers can also help to bring forward sites for housing at prices that maximise the provision of affordable housing.

2. What are the best ways Government could spend money to help?

Government finances are constrained, but housing is an essential requirement for citizens to live a productive life, and for the economy to flourish.

The proposals here offer industry's insight into the best ways to support housing delivery, meet need and improve housing quality.

1 Treasury should provide market stimulus, such as a stamp duty holiday

The Government's efforts to increase housebuilding are not working, hindered by the economic headwinds which are causing market downturn. Fiscal incentives such as stamp duty exemptions and holidays can support new homeowners, and can be used very effectively at times when the market needs stimulus to boost demand, being removed in the future when house price growth returns.

2 The Building Safety Levy should be postponed until October 2028

The proposed Building Safety Levy is a tax of around £3,000 on new homes, due to come in from October 2026. With the recent rise in costs arising from the Middle East crisis[3], this could not be coming at a worse time and will cause more developments to become unviable. The Housing Forum believes the Levy should be postponed for two years, until the housebuilding sector is in a stronger position. The Levy was proposed in order to fund remediation work on building safety. This is a time-limited one-off spend, so the financial impact on Government of postponing the levy to collect the same amount of funding but at a later date are not huge.

3 See The impact of the Middle East crisis on the housing sector – some emerging trends

3 The Building Safety Regulator must be resourced to meet timescales

The Building Safety Regulator has been a major cause of delays and financial difficulties in the housebuilding sector over the last two years. Performance is now improving, but the final stage of its processes (Gateway 3) remain untested. It is essential that newly-built homes are signed off successfully and swiftly so that they can be sold, let and lived in.

4 Government should provide access to low-cost borrowing for councils to deliver new homes

Councils do not have access to the low-interest loans from the National Housing Bank. Access to very low-cost borrowing is critical to help make business plans stack up. The historic debt that was transferred to councils through the Housing Revenue Account settlement back in 2012 should also be revisited to ensure that it does not block councils from building new homes.

5 Local authorities must be properly resourced to provide the services needed

Local authorities have been under-funded for years now, and this has caused many to try to leverage some of the funding for local services and infrastructure from new housing development. This may have been viable in a rising market, but is less sustainable now that costs have risen and house prices fallen in real terms. New homes should be built where they are needed, and infrastructure funded by other means if necessary. Councils should be rewarded financially for delivering new homes, with money that can be used to provide the new infrastructure needed. Devolving local tax-setting powers would help local authorities to share in the proceeds of growth and incentivise high-quality place-making.

6 Local Housing Allowance should be re-pegged to market rents

Caps on Local Housing Allowance have not inflated with market rents, deterring the building of market housing for lower income groups and increasing the numbers who are homeless and in temporary accommodation. This damages lives and putting severe pressures on local authority budgets. Re-pegging LHA to rents is costly, but could be part of the Government's wider reforms to welfare, and is essential to avoid acute poverty of tenants whose benefits fall far short of their rent, and to stem the growth the (much costlier) Temporary Accommodation sector. The Government should commit to ensuring that Local Housing Allowance remains pegged to the 30th percentile of market rents, and changes as market rents change.

7 VAT should be removed from all types of retrofitting undertaken by social landlords

Treasury should remove VAT from the costs of retrofitting, regeneration and fire safety work when undertaken by social landlords. This would help alleviate some of the extreme pressures on their balance sheets and enable them to make better decisions around the long-term future and viability of some of their older homes that are in need of upgrading.

3. What should the housing sector do better?

The Housing Forum works across the housing sector, running events to bring people together, improve knowledge and help the sector identify and share solutions to the problems we face.

We've listed here a few of the top areas for the sector to be focusing on currently.

1 Councils and Registered Providers must ensure that procurement delivers efficiently

Procurement is intended to ensure we get the best quality outcome for the best price. But too often it drives up costs, with the public sector charged higher prices than the private sector. The Housing Forum's report - Procurement: The Price we Pay - suggests ways in which we can bring costs down without compromising quality.

2 Contractors, architects and housebuilders need to work together to standardise design processes

Standardisation of design processes can bring down costs. This need not entail a standardised product that looks the same everywhere, but can entail standardisation of legal documents, such as S106 agreements and less visible design choices (such as bathroom specifications) which can help build economies of scale and facilitate investment in off-site construction.

3 Housebuilders should invest in their own planning processes

Housebuilders should do more to ensure that planning applications comply with all policies, using AI and other tools to identify any areas where they may not. Engagement with pre-planning advice and effective use of Planning Performance Agreements, and signing off S106 agreements at an early stage, and ensuring plans for long term stewardship arrangements are in place can all help.

4 The housing sector must ensure that new homes work for the people who live in them

There remains a lack of understanding of the user-experience of living in modern very low carbon homes with newer technologies – such as heat pumps, batteries and mechanical ventilation. Research has been emerging of ways to ensure that new technologies are delivering as intended in the real world and post-occupancy evaluations provide valuable insight. Those commissioning, building and managing homes need to ensure they learn from the evidence.

5 Housebuilders and councils should work collaboratively to address problems with slow-build out rates

Councils and housebuilders both want new homes - Councils want to meet their housing targets, provide homes for people and reduce the numbers in temporary accommodation. Housebuilders – including social landlords – desperately want to deliver new homes. Their businesses and welfare of their residents depend on it. The reasons why sites stall can be complex and site-specific. Institutional investors are highly motivated to deliver homes on time because delays affect their returns.

Yet too often, we hear of sites that are stalled for reasons that aren't always well understood. Councils should take a proactive approach, with housebuilders working collaboratively with them to understand and tackle the causes of stalled sites, working in partnership to deliver.

6 Councils must ensure housing is central throughout local government reorganisation

There is a need to ensure that housing does not get lost in the move from district/county to unitary structure. Government must ensure that local authorities are resourced to cover the costs of transition, and that a clear transition plan is in place where responsibilities are clear at all times and there is no 'eye off the ball' in terms of making local plans and delivering new homes. Appointing a Chief Planner can help to ensure there is someone there to champion the need to deliver new homes particularly within the new strategic planning framework of Spatial Development Strategies.

4. How should we be planning for the long-term?

Housing built today should be providing a home for someone for at least the next 100 years.

The Government needs to lead work to build long-term solutions to long-term problems.

1 Government should establish a new Housing Delivery Unit for better co-ordination of the housing ecosystem

As recommended by the 2024 Radix Big Tent Housing Commission report 'Beyond the permacrisis' Government should establish a "specialist Housing Delivery Unit to work across Whitehall to co-ordinate the delivery of housing working with and through all relevant government departments, agencies and all other appropriate bodies to set strategy, track progress, monitor delivery and directly tackle on the ground barriers to building."

Reaching for silver bullet solutions can often generate unintended negative consequences. Better co-ordination will give improve policymakers' understanding of the cumulative impacts of regulation on the sector, create clearer routes for communication and provide a mechanism to address specific viability challenges in the housing ecosystem. The tax system could be better used to encourage what we want (new housing), and discourage what we don't want (derelict brownfield land).

2 Government should harness the opportunities presented by new towns

The New Towns Taskforce has set out potential locations for new towns, including large urban extensions. The Government now needs to work closely with the areas hosting a new town to ensure that a long-term plan is made for how they will develop, integrating the provision of infrastructure, housing and environmental protections.

New towns offer opportunities to utilise the economies of scale in construction and grow the offsite construction sector, including MMC.

They are about more than just new homes, offering opportunities for making great places that will be in demand both now and in the future, with jobs and a strong local community.

Community-led approaches can help build local support for housing, by allowing those who will live in it to be at the heart of the process. This is particularly valuable in new towns, where a new community is forming, and the large-scale nature of them should enable potential sites to be found and different models of stewardship piloted. This may include multi-generational housing and co-housing for older people. Reinstating the Community Housing Fund as a feed-in to the Affordable Homes Programme for undercapitalised community organisations would also help here.

3 Long-term and flexible funding is needed to support investment in existing homes

We need significantly more investment in decarbonisation for both social housing and private housing. This will help reduce carbon emissions, tackle fuel poverty and improve energy and price security reduce reliance on gas supplies from unpredictable international markets. Funding is also needed to enable social landlords to reach the new Decent Homes Standard and improve the quality of social housing.

Funding sources for retrofitting are too fragmented, short term and insufficient. This makes it difficult for landlords to coordinate different strands of work needed on the homes they manage. Fire safety and energy efficiency improvements need to be coordinated. The supply chain needs long-term visibility of funding and of policy change in order to meet demand.

Security of funding is currently a significant barrier to firms taking on new workers, including those finishing college courses or starting apprenticeships.

4 We need a plan for dealing with old and poor quality housing

The UK has the oldest and least energy efficient housing stock in Western Europe. At the current rate of demolition, our homes have an implied lifetime of 5,000 years - older than the Great Pyramid of Giza. We need a large increase in both redevelopment and investment in existing homes.

Social landlords have made good progress at improving the energy efficiency of their stock in recent years, supported by government funding. Some older homes will not ever be as energy efficient as newer homes, but that should not necessarily mean they need demolishing. The sector needs clarity on how to deal with these properties.

Some housing does need to be demolished, and social landlords are finding it difficult to fund this work. Funding from the SAHP is typically based on the net increase in affordable homes, which fails to recognise the additional costs in demolition and smaller increase in net income, leaving many projects unviable.

5 Government should review social housing rents, to create a fairer and simpler regime for both residents and housing providers

The costs paid by residents of different types of affordable housing are not always fair. In particular shared owners pay more in rent and maintenance than other subsidised homeownership products, and Affordable Rent tenants pay more than other social renters for the same product. In addition, the social rent formula is badly outdated. Government should work with both landlords and tenants to review rents across the sector, and set out plans to converge onto a new and fairer model. A fairer model should reflect the level of energy bills, so higher rents should be chargeable on the most energy efficient housing.

6 The National Housing Bank should prioritise stability to catalyse private capital at scale and at pace

The launch of the National Housing Bank is very welcome but multiple structural misalignments still prevent private capital from working more effectively alongside public funding. The much-vaunted 'wall of money' retains a strong appetite for UK housing but the lack of certainty or clarity on new regulations, slow decision-making and supply chain capacity mean the risk exposure is still too high for many prospective investors. In addition, the floating of rent control is a significant disincentive to investors even when it has been categorically ruled out by the Chancellor and Housing Minister. **Consistency and stability of policy environment must be a priority for the government to enable long-term investment and delivery partnerships to evolve**.

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