

2025

Government progress report

One year since the General Election

July 2025

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Introduction

One year ago, the Labour Party returned to office with a bold commitment to ‘back the builders, not the blockers’ and to deliver 1.5 million homes during the Parliament.

The decisive first steps the Government has since taken to reform and speed up the planning system, including the new National Planning Policy Framework (NPPF) and the introduction of the concept of ‘grey belt’, have been welcomed by the home building industry and are vital for increasing housing supply and kickstarting economic growth in the years ahead.

However, planning reform alone cannot unlock the scale of housing delivery required. The wider policy landscape for home builders remains very challenging, with hundreds of thousands of homes delayed, blocked, or not coming forward for the following reasons:

- 100,000 private homes and at least 17,400 Affordable Homes are blocked or delayed due to a lack of bids from Registered Providers for Section 106 units.
- Around 100,000 homes could be unlocked over the next five years if a first-time buyer support scheme were introduced. For the first time in almost 60 years, there is no effective government support for home ownership.
- 160,000 homes are delayed due to the nutrient neutrality moratorium.
- The delivery of nearly 20,000 dwellings is delayed due to water neutrality.
- Tens of thousands of homes are held up due to foul connection and wastewater-capacity-related issues.

Insufficient resourcing of Local Planning Authorities, statutory consultees and the Building Safety Regulator also continues to cause significant delays, while a range of new and incoming policy costs and levies, such as the Building Safety Levy, make viability very challenging. These were all barriers inherited by the incoming government last July, but progress in addressing them has been limited, slow or is still awaited.

This report assesses the Government’s progress over the past year in greater detail. It starts by outlining housing delivery trends in England since July 2024, looking at the



available indicators of housing supply. It goes on to benchmark the Government's performance so far against the priorities set out in the Home Builders Federation's (HBF) 2024 industry manifesto, '[Home building: An engine for growth, prosperity and opportunity](#)', and explores new and emerging issues since the General Election. Overall, the analysis shows that progress on the priority areas that HBF outlined in last year's industry blueprint has been mixed:

Government progress: One year on	
Policy area	Overall verdict
Affordable Housing and homes to meet the needs of first-time buyers and older persons	Limited or no progress
Establishing a clearer and more certain planning policy landscape	Significant progress
Fixing the planning process and tackling systemic issues hindering delivery	Some progress
Finding a solution to nutrient and water neutrality	Some progress
Expanding the workforce to deliver high quality, green homes	Some progress
New and emerging issues since the General Election	Limited or no progress

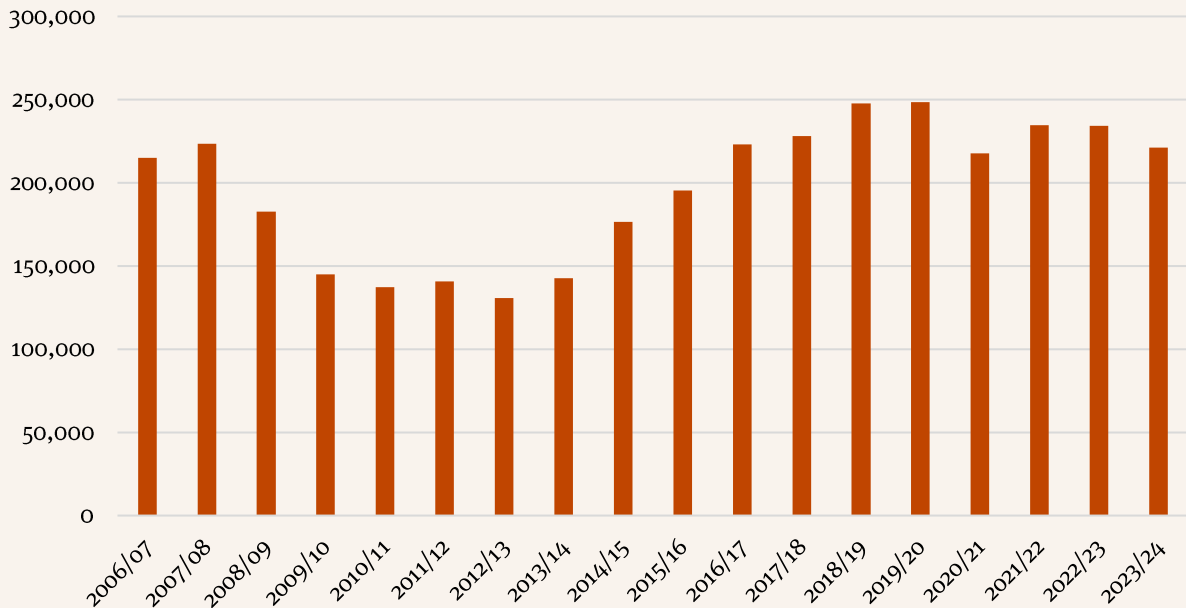
Overview: Housing supply trends since the General Election

The new Government entered office amid a challenging economic and policy backdrop. A period of high interest rates and inflation, coupled with the December 2023 changes to the NPPF and other policy decisions by the previous Government, had caused housing supply to fall year-on-year.

The most recent [MHCLG data](#) up to March 2024 shows that annual housing supply in England amounted to 221,000 net additional dwellings in 2023/24, down 6% on 2022/23.



Annual net housing supply in England, 2006/07-2023/24



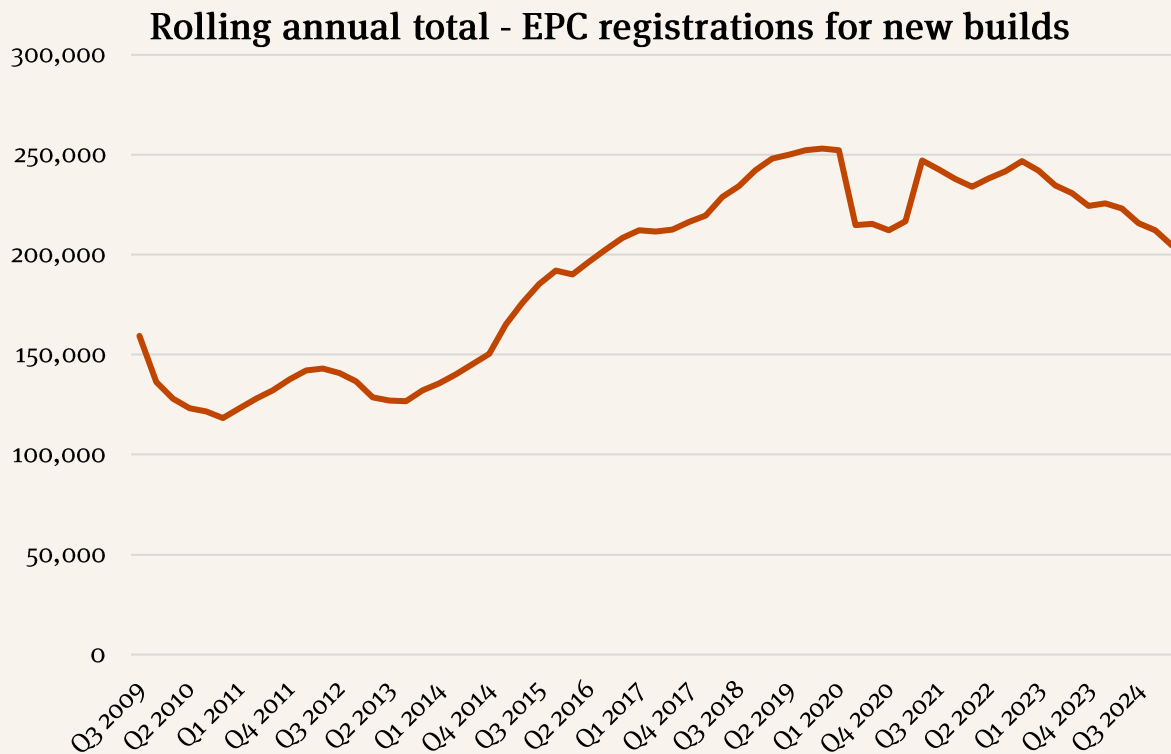
We will not have a clearer picture of how many homes have been delivered since the General Election until the 2024/25 'net additional dwellings' figures are released in November. However, all the available indicators of current and future housing supply remain on a downward trend, and delivery is likely still significantly below the levels seen during periods of peak housing supply.

EPC registrations and council taxbase

[Energy Performance Certificate \(EPC\) registrations](#) are the most useful proxy for how many new homes are being built. Data on these registrations is released quarterly and tends to track the 'net additional dwellings' figures closely.

The latest EPC registration data suggests that the number of new homes completed has continued to decline since the General Election. There were 205,000 new homes registered in the year to March 2025, compared to 212,000 in the year to December 2024 and 226,000 in the year to March 2024. The latest figures are a 20% drop from when housing supply was at its peak.





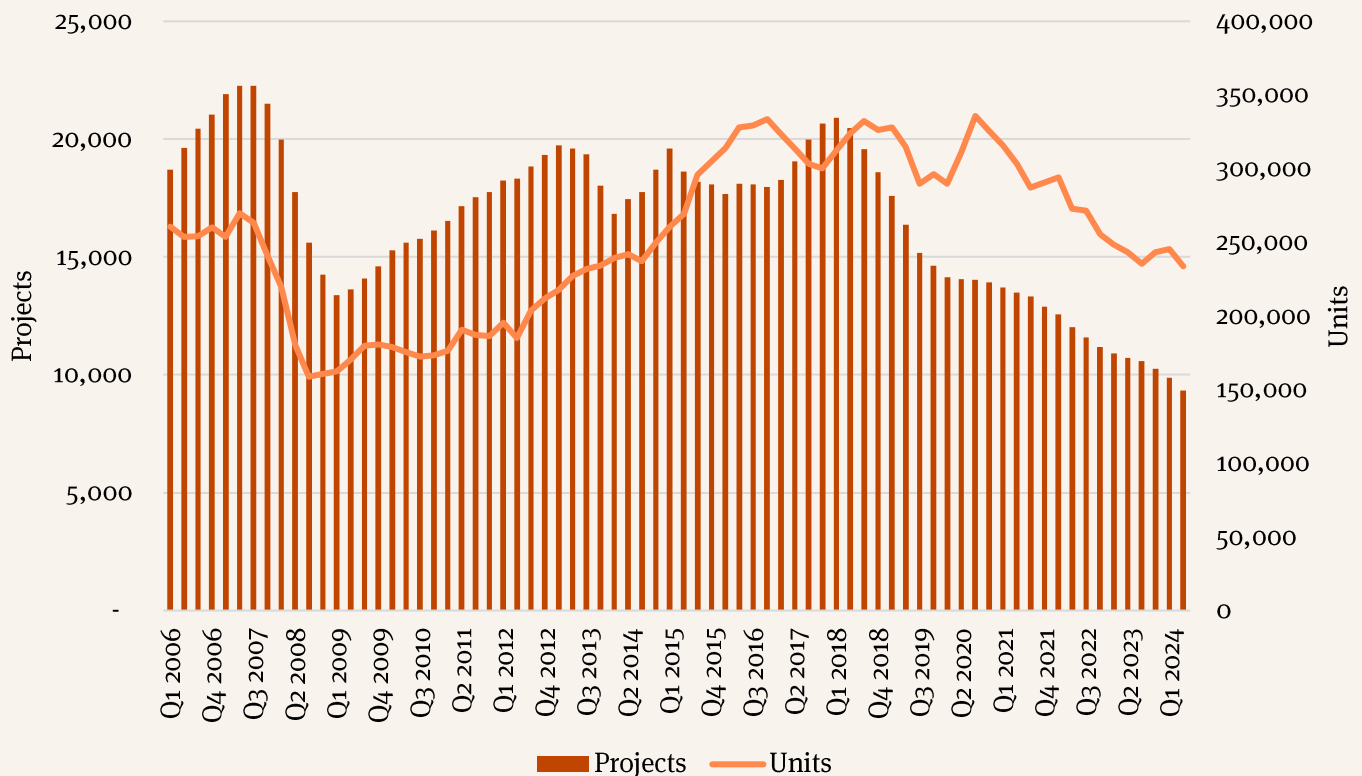
The [council taxbase](#) is another useful measure of new housing supply and correlates well with other housing supply statistics. The latest figures, released in November 2024, show that in England there was an increase of 213,000 dwellings in the year to September 2024, down on the increase of 237,000 dwellings in the year up to September 2023.

Planning permission approvals

Looking ahead to future housing supply for the rest of the Parliament, planning permission approvals are a key indicator of supply in the coming months and years. The latest [HBF and Glenigan data](#) shows that the rolling annual number of units approved in the year to March 2025 was around 234,000, a 5% drop on the previous 12-month period and the lowest 12-monthly outturn recorded since 2014. The figure is just 63% of the 370,000 number the Government has cited as an ambition to achieve through cumulative local authority housing targets across the country.



Rolling annual total planning permissions, England, 2006 to Q1 2025



Taken together, therefore, all the available data released since the General Election suggests that housing construction levels are flatlining at best, and planning permissions for new sites and new homes continue to fall, with the likelihood of imminent increases seeming remote.

In turn, the [Office for Budget Responsibility's \(OBR\) March forecast](#) projected that, while the Government's planning reforms are expected to boost housing output, there will only be between 1.2 and 1.3 million net additions in the UK as a whole up to 2029-30, probably equivalent to around 1.1 million net additions for England over the period – short of the Government's 1.5 million new homes target for England.

Nevertheless, it is worth noting that the OBR assigned a very strong growth projection to the Government's NPPF planning reforms, estimating that, based on its forecasts for housing supply, the overall economy could be 0.2% larger by 2029-30 thanks to these



measures – demonstrating the potential economic growth and fiscal benefits if the 1.5 million homes ambition were to be achieved.

The Government must now go further and faster if it is to achieve its housing ambitions. To understand how the Government can make progress in the rest of the Parliament, the priority areas outlined in HBF's 2024 industry manifesto will now be considered.

Housing the nation: Affordable Housing and homes to meet the needs of first-time buyers and older persons

In June 2024, ahead of the General Election, HBF's 'Blueprint for the next Government' called for interventions to increase the supply of affordable, high-quality new homes of all tenures – including for first-time buyers, older persons and those on lower incomes. Unfortunately, there has been limited progress in addressing these housing needs since the last election.

First-time buyer support

First-time buyers are a critical segment of the property market, but in recent decades buying a home has become increasingly unaffordable for younger generations. The average property value for first-time buyers is now 10 times the average annual net salary¹, while the average age of first-time buyers has risen from 31 in 2003/04 to 34 today². This long-term trend of worsening affordability has been exacerbated in recent years by high interest rates and the lack of a government-backed support scheme for the first time in almost 60 years.

The resultant weak effective demand from first-time buyers is undermining the industry's confidence to invest in an ambitious pipeline of new homes. [Public First's economic modelling](#) demonstrates that introducing an equity loan scheme for first-time buyers would unlock the delivery of at least 19,700 additional new homes per year, amounting to almost 100,000 new homes by the end of the Parliament, with the supply benefits potentially even greater if interest rates come down further.

¹ [HBF, Broken Ladder](#)

² [MHCLG, English Housing Survey 2023/24](#)



It is welcome that the Government has announced that it will make permanent the UK-wide Mortgage Guarantee Scheme to ensure the consistent availability of mortgages for buyers with small deposits, which is recognition of the need for further support for first-time buyers. However, at present, the Scheme does not have the scope to unlock home ownership and housing supply at a sufficient scale, and lacks enough participating lenders.

Therefore, HBF is calling for a new, ambitious equity loan scheme for first-time buyers who want to buy a new property. Under this proposed scheme, first-time buyers would require a 5% deposit, matched in the form of a 15% equity loan from the Government, which would include a developer fee from the participating developer, equivalent to 1% of the sale price. Such a scheme would unlock housing supply, boost growth, and support younger generations onto the housing supply.

Uncontracted Section 106 units

The industry's ability to scale up housing delivery and generate economic growth also continues to be severely hindered by the lack of bids from Registered Providers (RPs) for Section 106 Affordable Housing units – an issue that is becoming ever more pressing. [HBF data](#) shows that there are at least 17,400 Affordable Housing units with detailed planning permission that are currently uncontracted, and a further 100,000 private homes that are blocked or delayed as a result of this issue.

Progress has been made to shore up the stability, capacity and finances of the RP sector. At the recent Spending Review, £39 billion of additional funding was announced to support the sector over the next decade, alongside a long-term rent settlement of RPI +1%. This additional funding will hopefully give RPs greater confidence and capability to invest, which is crucial to resolving the issue over the longer term.

However, a short-term resolution to the problem of uncontracted Section 106 units is still urgently needed. The Government should now consider whether grant funding could be made available for use on Section 106 units for a time-limited period. By allowing RPs to 'top up' their bids with grant funding, a bit of breathing space would be created in which a longer-term solution could be sought, while also ensuring that much-needed affordable new homes are not lost in the immediate to medium term.



Greater use of cascade agreements by local authorities could also be encouraged, such as via a Written Ministerial Statement, so that if an RP cannot be found, Affordable Homes can be changed to an alternative tenure or, as a last resort, a payment made to the Local Planning Authority (LPA) in lieu of the Affordable Housing.

Older persons housing

HBF actively supported the work of the current Government's Taskforce on Older People's Housing, which considered measures to improve the supply, quality and diversity of the housing offer for older people. The Taskforce's report was [published in November](#), and it was positive that the Government supported many of the recommendations. We hope it will now make progress to implement these recommendations during the rest of the Parliament.

It was also welcome that the new NPPF made explicit reference to increasing the supply of housing for older persons. However, the Government could go further still by setting a national annual target for the delivery of older persons' housing and requiring LPAs to include a strategy for delivering this tenure in local plans.



Housing the nation: Affordable Housing and homes to meet the needs of first-time buyers and older persons	
Industry ask in HBF's 2024 blueprint	Verdict
Introduce a targeted home ownership scheme for FTBs who want to buy a new, energy efficient property.	Limited or no progress
Work with home builders, RPs and Local Government to find a short-term solution to the issue of uncontracted S106 units so that desperately needed Affordable Homes are not lost. This could include, but not be limited to, encouraging a greater acceptance of cascades by Local Planning Authorities (LPAs) and making Homes England grant funding available for use on S106 units for a time-limited period.	Limited or no progress
Provide clarity as soon as possible on the funding and direction of the Affordable Homes Programme for 2026 and beyond.	Significant progress
Require all LPAs to assess the demand for all forms and tenures of housing for older persons and include policies and a strategy for meeting this demand in local plans.	Some progress
Implement the recommendations of the Older People's Housing Taskforce when the report is published.	Some progress
Make home ownership a reality for more people through the expansion of green mortgages, whereby the savings that energy-efficient homes can offer on utility bills are factored into mortgage affordability criteria.	Limited or no progress
Encourage the purchase of more energy efficient homes by abolishing stamp duty for purchasers of all homes with an EPC rating of B or above.	Limited or no progress
Overall verdict	Limited or no progress



Increasing housing supply: Establishing a clearer and more certain planning policy landscape

In recent years, the country has not been planning for enough new homes. For many years, national planning policy has consistently failed to offer the right incentives and sanctions for councils to maintain up-to-date policies that ensure housing needs are met.

The Government has made significant progress on reforming planning policy in the past year. The most positive reforms include reversing the December 2023 changes to the NPPF, introducing the concept of ‘grey belt’, and reforming the Standard Method of housing need so that the existing housing stock of an area is the baseline.

The Government’s ‘devolution revolution’ has also been welcomed by industry. In particular, mandatory strategic planning across England is a significant step that will help housing need to be fully accommodated across broader economic and geographical areas. Devolution to regional mayors will also ensure housing is better coordinated with public transport, local skills and labour market needs, and environmental goals.

The OBR estimates that the planning reforms in the revised NPPF alone will increase net additions by 170,000 across the forecast period and contribute 0.4% to GDP by 2034-35 – delivering substantial benefits to the economy and the Government’s fiscal headroom.

Of course, there is always more that can be done to provide a stable and well-functioning planning policy framework:

- The Long-Term Housing Strategy should be published as soon as possible, with a clear commitment to a stable policy framework that housebuilders can operate within.
- LPAs could be further incentivised to have an up-to-date local plan.
- As will be discussed later in this progress report, the recent proposals for new rules that would require home builders to commit to clear delivery timeframes as a condition for securing planning permission are disappointing. The reality is that developers only see a return on investment when they sell homes.



Ultimately, the most significant risk now is that the Government squanders the opportunities of its planning reform agenda by not addressing other constraints on development. Without sufficient extra resources for LPAs, for example, the higher number of applications that the Government is now planning for through the NPPF will simply not be processed in a timely manner. Problems in associated markets, such as the mortgage market and the RP market for Section 106 homes, also continue to suppress housing delivery and the industry's ambition to increase output.



Increasing housing supply: Establishing a clearer and more certain planning policy landscape	
Industry ask in HBF's 2024 blueprint	Verdict
Reverse the December 2023 changes to the NPPF, with a particular focus on reinstating mandatory housing targets and the Five-Year Housing Land Supply.	Significant progress
Reform the Standard Method of Housing Need so that the existing housing stock of an area is used as a baseline, rather than household projections. A rate should be applied to this baseline by which all areas would be expected to grow their housing stock in line with a national ambition, and be a starting point from which local assessments would be derived.	Significant progress
Introduce a 10-year plan for housing to tackle the housing crisis and provide longer-term certainty for the industry.	Some progress
Review the Green Belt and identify areas of poor ecological value, including brownfield sites, to support the development of high quality, energy-efficient new housing.	Significant progress
Incentivise LPAs to have an up-to-date Local Plan in place by ensuring only areas with a current plan will receive infrastructure (or equivalent) funding.	Limited or no progress
Encourage more devolution deals that confer statutory and mandatory spatial plan-making powers.	Significant progress
Overall verdict	Significant progress



Fixing the planning process: Tackling systemic issues hindering delivery

While significant progress has been made to improve planning policy at a national level, at the local level, it has never been more costly, risky or complex to take a site through the planning process. Delays and uncertainty in planning timescales and decision-making are the single biggest reasons why SME house builders struggle.

One key issue is the under-resourcing of LPAs, which causes significant delays at all stages of the planning process. The Government's intention to allow local authorities to set planning application fees at a level for cost recovery through the Planning and Infrastructure Bill should help to ameliorate these delays, although the performance of planning services must be closely monitored to ensure there is improvement commensurate with the higher fees.

In addition, industry has welcomed plans to introduce a national scheme of delegation and to rationalise the list of statutory consultees. The recent package to support SME home builders was also largely positive, with the burden of regulation lifted for small sites and a new 'medium site' category of up to 49 units to be introduced.

For the rest of the Parliament, the Government must now prioritise:

- **Increased resourcing for planning departments through an increase in funding to the Planning Delivery Skills Fund:** While the Government has so far announced plans to support local authorities with 300 additional junior planning officers across the country, there is an estimated national shortage of over 2,200 planners.
- **National standard templates and best practices for Section 106 agreements:** A lack of standardisation in the drafting of Section 106 agreements often leads to protracted negotiations and inconsistencies across councils, resulting in delays to housing delivery.
- **Statutory timelines for Section 106 agreements:** Consideration should be given to implementing statutory or guideline-based timescales into the application and pre-application process for handling Section 106 negotiations and the drafting of agreements.



- **Common adoptable standards and mandatory adoption of highways and infrastructure by public authorities:** A lack of common adoptable standards for roads and other infrastructure is increasingly causing delays to housing delivery. It is also unfair for the residents of newer estates to pay equivalent council tax to other residents alongside payment for the management of adopted amenities. The Government is committed to reducing the prevalence of private estate management arrangements, and should prioritise this in the year ahead.
- **Provide further support for SME home builders:** More land for small sites needs to be released, such as through a National Development Management Policy (NDMP) stating that planning applications for small and medium sites on brownfield and Grey Belt land should be approved in most cases.



Fixing the planning process: Tackling systemic issues hindering delivery	
Industry ask in HBF's 2024 blueprint	Verdict
Reduce planning delays by putting planning services on a self-sustaining footing and ringfencing planning application fees for planning purposes.	Some progress
Take the politics out of housing by establishing a fixed national scheme of delegation (introducing a higher threshold for reserved matters submissions to be determined by committee).	Significant progress
Rationalise the list of statutory consultees, seek greater involvement from them in the scoping of planning application material and ensure effective monitoring and enforcement of deadlines for their responses.	Some progress
Accelerate the implementation of National Development Management Policies to help speed up local plan making.	Some progress
Reform S106/CIL by ensuring wider use of standard template agreements as a basis for negotiation to ensure consistency across the country and mitigate delays.	Limited or no progress
Introduce common adoptable standards and mandatory adoption of highways and infrastructure by public authorities.	Limited or no progress
Abandon plans to introduce the Infrastructure Levy.	Significant progress
Provide further support for SME developers. This could include introducing a presumption in favour of development on small sites on brownfield land.	Some progress
Overall verdict	Some progress



Unblocking the housing pipeline: Finding a resolution to nutrient and water neutrality

The acute shortage of homes has been exacerbated in recent years by a disproportionate moratorium on new housing across a quarter of the country imposed by Natural England. Occupancy of new homes makes a negligible impact on the quality of our waterways, but housing embargos have been in place in dozens of local authority areas, preventing the delivery of more than 160,000 homes.

After six years of political inaction, the Planning and Infrastructure Bill offers real promise to resolve the issue of nutrient neutrality. The Government has made clear that the first Environmental Delivery Plans (EDPs) will be focused on tackling the issue, with many home builders able to get on and build so long as they pay the Nature Restoration Levy. First steps have also been taken to hold water companies to greater account for how they invest in their networks.

While we welcome moves to put a solution in place, more detail is now needed on how the provisions in the Planning and Infrastructure Bill will work in practice. EDPs will not be produced for every catchment affected currently by the nutrient neutrality restrictions, and the Government will likely prioritise certain areas where credit markets have failed to emerge. The Government should redouble its efforts to ensure homes affected by nutrient neutrality are unblocked as soon as possible, including through other short-term measures such as reviewing the nutrient neutrality calculator or extending planning permissions if necessary. It must also ensure that the Levy is proportionate to the minimal contribution home builders have made to the problem.

Furthermore, it is concerning that homes continue to be blocked due to water neutrality. This issue relates to Natural England's contention that the over-abstraction of water from a specified aquifer in West Sussex might cause harm to a protected species. As a consequence, all new homes in the three West Sussex local authorities affected are subject to a requirement to demonstrate 'water neutrality'. According to the assessment of the three local authorities affected, this is causing delays to the construction of nearly 20,000 dwellings. It is unclear whether and how soon EDPs will apply to the issue of



water neutrality, with the Government making clear that, at first, these Plans will only apply to nutrient neutrality.

Unlocking the housing pipeline: Finding a resolution to nutrient and water neutrality	
Industry ask in HBF's 2024 blueprint	Verdict
Bring forward new legislation to enable the 160,000+ new homes currently blocked by Natural England's nutrient neutrality mitigation measures.	Significant progress
In the short term, commit to working with Natural England to review its nutrient mitigation calculator to reflect the minor contribution (<1%) that the occupancy of new homes makes toward nutrient pollution and extend planning permission for sites in affected catchments that have been held up due to nutrient neutrality requirements.	Limited or no progress
Resolve the issue of water neutrality.	Some progress
Require water companies to account for how they spend developer fees and invest in their networks to meet the future housing needs of the population.	Some progress
Overall verdict	Some progress



Greener growth: Expanding the workforce to deliver high quality, green homes

Investment in new housing is beneficial not just to the occupants of those homes, but also helps to promote innovative new technologies, generate green jobs, and drive down carbon emissions. The homes of the future will require new skills to build and service them. By turning the shortage of new homes and our sector's ambitions into an opportunity, Britain can be a world leader in new green jobs and technologies.

Since the General Election, the Government has made a series of very positive announcements on construction and green skills. This has included identifying construction as a key priority area for Skills England; setting up the new Construction Skills Mission Board; providing £600 million additional funding to train 60,000 more construction workers; and announcing plans to replace the Apprenticeship Levy with the more flexible and tailored new Growth and Skills Levy. However, with every 10,000 new homes requiring 8,000 recruits, delivering the green homes of the future requires even bolder ambition:

- The Government and Skills England should work to ensure there is a **greater focus on practical skills** in Further Education courses.
- The **recommendations of the [Industrial Training Board \(ITB\) review](#)**, published in January, must be implemented. First and foremost, the Government should work with CITB to adopt a more flexible interpretation and implementation of its grant and funding approach. This would ensure that the green skills of the future, such as the installation of solar panels, are included within CITB's scope and are eligible for grant funding.
- Consistency and clarity in the delivery of high quality and green homes across the country are vital for consumers and industry, so the Government must now ensure there is a **single mandatory consumer code and a statutory Ombudsman scheme**. The Government has confirmed it will take forward these changes, but more clarity as to how and when this will be taken forward is now needed.
- Some homes are still delayed because they cannot connect to the National Grid. The Government's focus on increasing electricity capacity is welcome, but a



greater focus on ensuring green new homes can be delivered at scale is needed.

Greener growth: Expanding the workforce to deliver high quality, green homes	
Industry ask in HBF's 2024 blueprint	Verdict
Develop a roadmap for establishing the talent pipeline needed to deliver low-carbon and energy-efficient new housing. This should include the training and recruitment of heat pump installers as well as measures to ensure that post-16 education has more focus on practical skills and new technologies.	Some progress
Publish the outcome of the Industrial Training Board review and implement its recommendations as soon as practicable.	Some progress
Reform the Apprenticeship Levy to make it simpler, nimbler and more flexible to respond to the needs of businesses.	Some progress
Implement the Competition and Markets Authority's recommendations for a single mandatory industry consumer code and the provision of access to the New Homes Ombudsman for all customers.	Some progress
Produce a strategy for ensuring that infrastructure, such as the National Grid, has sufficient capacity to support the delivery of increasingly energy-efficient new homes.	Some progress
Overall verdict	Some progress



New and emerging challenges since the General Election

Since the General Election, the sheer scale and number of challenges the industry faces have continued to increase, some of which are due to deliberate government policy choices. Alongside addressing the outstanding barriers to development outlined above, action is needed on the following new and emerging challenges.

Building Safety Levy

The home building industry has a longstanding and ongoing commitment to the principle that leaseholders should not be expected to pay for cladding remediation that has been necessitated by either inadequate building regulations or construction defects. As such, HBF and its members supported the introduction of a Residential Property Developers Tax (RPDT) in April 2022, which is designed to raise around £2 billion from UK home builders. In 2023, responsible UK home builders also made voluntary commitments worth a further £4.4bn.

It is disappointing that the Government confirmed in December that it is now pursuing the introduction of another new tax, the Building Safety Levy, to collect another £3.4bn from UK home builders on top of the £6.4bn already committed. As a [letter](#) sent by more than 100 home builders to the Chancellor in March made clear, this additional burden will result in many fewer homes, including Affordable Homes, being built.

Furthermore, it is concerning that no robust Impact Assessment has been carried out to explore the Levy's impact on housing supply, and the need for the new Levy has not been clearly established. The Levy will also disproportionately impact SME home builders, many of whom have never built high-rise buildings.

In addition, as the Public Accounts Committee recently highlighted, no payments have been made thus far by product manufacturers or overseas developers towards building remediation. While the delay in the implementation of the Levy to autumn 2026 is welcome, HBF is calling for the Levy to be suspended and for the Government to instead be braver in tackling product manufacturers who have not made financial contributions to building safety remediation efforts.



Building Safety Regulator delays

Another critical emerging issue since the General Election is the worsening performance of the Building Safety Regulator (BSR), which is holding up remediation projects and directly hitting investment in new homes. As a result of delays, builders and investors considering the timescales and realities of high-rise development are now increasingly electing not to build such schemes.

HBF has been actively engaged with the BSR to support it with information and data, and has been calling for a significant streamlining of processes and a substantial resource injection to make the BSR's caseload more manageable.

The recent changes to the BSR's leadership and processes announced by the Government will hopefully help to ease the current blockages, and the industry is committed to collaborating with the new leadership as it tackles the significant challenges ahead. If they are successful in making the BSR more functional and efficient, this will not only uphold building safety but also ensure high-rise and urban development can be delivered at the levels the Government wants to see.

Build-out transparency proposals

In May, the Government made announcements on build-out transparency aimed at ensuring home builders 'get on and build' when they have planning permission. The proposals seem to provide local authorities with powers to impose unrealistic build-out timescales or reject future applications on a whim, and establish a principle that Ministers can set business strategies for private companies that have purchased land and gone through the costly planning process, regardless of market conditions.

Numerous independent reviews have concluded that home builders do not delay build out, not least [the CMA's Market Study](#), published only last year. The reality is that developers only see a return on investment when they sell homes. Having purchased land and navigated the costly and bureaucratic planning process, there is no reason at all not to build and sell homes.

The proposals will ultimately deter investment and add another brake on development, threatening to undermine any progress that has been made as a result of the positive



announcements on planning. If we are to tackle the housing crisis, ministers need to focus on the actual reasons why house building levels are flatlining.

Taxation burden

Alongside the proposed introduction of the Building Safety Levy in autumn 2026, the Government's Autumn Budget added additional taxation burdens to the industry:

- Many SME home builders are family businesses, so the changes to Business Property Relief create much uncertainty about the future of many family-owned developers. This threatens to further the decline of SME house builders and hinder entrepreneurship within the industry.
- The increase in Employer National Insurance is unhelpful and adds significantly to business costs at a time when the Government is calling for the industry to grow and, thus, increase recruitment.
- The Stamp Duty threshold for first-time buyers was returned to £300,000 in April this year, adding additional hurdles for younger generations trying to get onto the housing ladder.

The impact of these taxation changes on housing supply and the market must be properly considered, as the cost pressures facing home builders were already challenging.

Wastewater connections

Another emerging issue since the General Election is that LPAs and water companies increasingly question the ability of the water infrastructure network to cope with new housing development. This is holding up tens of thousands of homes, with housebuilders unfairly penalised because water companies have failed to invest sufficiently in infrastructure.

While the Government has taken initial steps to hold water companies to account, it should now provide clear guidance to LPAs that, in deciding planning applications, they should assume that the necessary wastewater infrastructure will be delivered, as this is a legal duty placed on water companies.



Biodiversity Net Gain (BNG) implementation

BNG is an approach to development that ensures that habitats for wildlife are in a better state at the development's completion than before projects began. It was introduced in early 2024 and continues to be supported by the industry.

It was welcome that the Government proposed easing requirements for small and medium sites in May, reflecting the disproportionate burden BNG is having on SMEs. However, more broadly, as BNG has bedded in, issues with its implementation have emerged, as outlined [in a recent BNG HBF report](#). Unsurprisingly, one key issue is that local authorities do not have sufficient capacity to process BNG applications, with a shortage of public sector ecologists causing increasing delays home builders face before construction can begin.

Furthermore, there is inconsistent and unclear guidance on certain aspects of BNG, including the interaction of BNG with local plan-making, and the degree to which local authorities can add their own (often overly burdensome) local BNG policies. These outstanding issues must now be addressed if BNG is to deliver win-win outcomes for communities, nature and housing delivery.

Conclusion

As this progress report highlights, the Government's efforts over the past year have laid some important groundwork for increased housing delivery, particularly in reforms to planning policy.

However, bolder action is now needed. Significant barriers remain that must be urgently addressed if the target of 1.5 million new homes is to be met. Chief among these are the growing backlog of uncontracted Section 106 units, the absence of targeted support for first-time buyers, and persistent delays within the planning process. Furthermore, some policy choices made since the General Election, such as build-out transparency proposals and the decision to press ahead with the Building Safety Levy, will undermine progress.

The industry stands ready to work with the Government to deliver its housing ambitions in the years ahead. Addressing the outstanding challenges and priority areas set out in



this report offers a clear and credible path to achieving the homes the country urgently needs.



HBF

**The voice of the home
building industry**

hbf.co.uk/research-insight