

Discussion Brief

# Britain's Housing Challenge

How can the UK Increase  
Housing Supply, Expand Home  
Ownership, and Restore  
Affordability for Future  
Generations?

Discussion Briefs exist to stimulate debate. They do not necessarily represent the views of the Conservative Party.



## Contents

Foreword.....	3
How to Take Part.....	4
Summary Briefing .....	5
The Scale of the Housing Problem .....	6
Why Building Houses is so Hard .....	8
Planning system .....	8
Urban Density .....	8
Design quality .....	8
Environmental Regulations .....	8
Heritage Regulations.....	9
Affordability Regulations .....	9
Council Contributions.....	9
Zoning & Land Supply.....	10
Skills shortages. ....	10
International Comparisons .....	11
Questions for Discussion.....	12

## Foreword

### Dear Members and Supporters,

The Conservative Party is the oldest and most successful political movement in human history, not because we are hungry for power or positions but because we want to make this country a better place.



That is why I am so pleased that the Conservative Policy Forum and the Policy Renewal Programme are bringing together so many people who are keen to put their ideas forward. Housing sits at the heart of aspiration. As Conservatives, we instinctively understand that having a home of your own matters: having a home gives people a stake in their society, their community, and their country. Home ownership may not be for absolutely everyone and we recognise that, but what matters is that people feel rooted: that they have community, security, stability, and a sense of belonging, and a stake in our future.

The portfolio I now hold of housing, communities and local government also provides a vital opportunity to engage younger people. The uncomfortable truth is that over the past few elections, the average age of the Conservative voter has crept steadily upwards. We are not getting the level of engagement we need from people under 50, and I am not talking about teenagers, but people in their 30s and 40s. These are people who are working, raising families, paying rent or mortgages, and who understand both the value of money and the pressure of the cost of living.

Not only are too few of them voting Conservative: many are considering leaving the country for a better life elsewhere. One of the causes of that is housing: either the difficulty in buying a home, rental costs eating a disproportionate amount of salary, or small or inadequate housing meaning people feel that they cannot settle down and start a family.

Giving people a credible chance to get a foot on the housing ladder, or at least to afford a decent, secure home, is absolutely central to the future. If we want to form the next government, we must offer an aspirational vision for a new generation. People need a genuine stake in society and renewed confidence in the future. That is what I want to champion. I want ideas that will genuinely move the dial, drawing on the best thinking from across the Party and grounded in real experience and evidence.

Proposals that are properly costed and clear about where the money comes from and how it would be used. These ideas will help set our direction for the years ahead. Over to you.



**Sir James Cleverly TD VR MP,  
Shadow Secretary of State for Housing,  
Communities and Local Government**

## How to Take Part

Please send your responses to the questions in this paper to [CPF@conservatives.com](mailto:CPF@conservatives.com), using the associated response form published alongside the paper on the CPF website. The deadline for sending your response is **31 March 2026**. A summary of responses to this consultation paper will be sent to the Shadow Secretary of State, Sir James Cleverly, the Party Chairman, and the CPF Management Team soon after. We look forward to hearing your views.

Kind Regards,

### **The CPF Management Team**

John Penrose, CPF Chairman  
Ahmereen Reza OBE, CPF Vice-Chairman  
Frances Lasok, CPF Director  
Sai Karthik Madabhushi, CPF Deputy Director - Nations and Regions  
Selina Short, CPF Deputy Director - National Policy  
Paul Startin, CPF Deputy Director - Local Policy

**With thanks to contributors:** Paul Startin, Thomas Inman, John Hargreaves, and the CPF members and supporters who took part in the October 2025 Housing Policy workshop.  
[www.ConservativePolicyForum.com](http://www.ConservativePolicyForum.com) | @ConservativePF

## Summary Briefing

Housing costs in the United Kingdom, for both renters and buyers, have been rising quickly in recent decades. In England, the median house price is now 7.7 times the median annual wage. This figure stood at just 3.54 in 1997.<sup>1</sup> While it used to be the case that a majority of young Britons owned their homes, now only 34% of 25-34-year-olds are home-owners. Nearly half of women have delayed or decided against having children, with many citing rising housing costs as the main reason. Private sector rents are rising too, with migration being a key contributor.

The present housing shortage is caused by persistent under-building. While Britain used to build up to 300,000 houses per year, that figure has been closer to 200,000 since the 1980s. Analysts have suggested that there is a shortfall of 3-4 million homes.

House-building is complicated by a wide range of factors:

- Britain's planning system is complicated and slow, and its localised nature gives voice to the significant minority of the population who oppose development in their neighbourhood.
- British cities are not very dense; 2.3 million homes could be added to our urban areas if they were as dense as those in France or Japan.<sup>2</sup>
- The design quality of new-builds is not prioritised by planning authorities or developers, and this invites more local opposition to housing.
- Building is slowed by environmental stake-holders, like Natural England, the Environment Agency, Historic England, and many others. Development is also restricted in the Green Belt, Areas of Outstanding Natural Beauty, and conservation areas.
- Quotas for affordable housing, the Community Infrastructure Levy, and Section 6 agreements require developers to make significant financial and infrastructural commitments to the communities in which they are building.
- Neighbourhood development plans specify the zones in which different kinds of development (retail, residential, industrial) may be permitted.
- The construction industry has suffered an acute skills shortage since Brexit, with the effects being exacerbated by Covid. By 2032, this industry will need 1 million more workers.<sup>3</sup>

Ideas from other comparable nations:

- Germany, Japan, and France use 'zoning' systems which presume approval for planning applications which comply with preset local regulations.
- In Switzerland, local communities get a cut of the profits of new developments.
- In Germany and the Netherlands, much of the infrastructure planning takes place at a regional level (as opposed to nationally or locally).

---

<sup>1</sup> Office for National Statistics: [Housing Affordability in England and Wales](#)

<sup>2</sup> Centre for Cities: [Flat Britain](#)

<sup>3</sup> Places for People: [The UK Construction Skills Shortage](#)

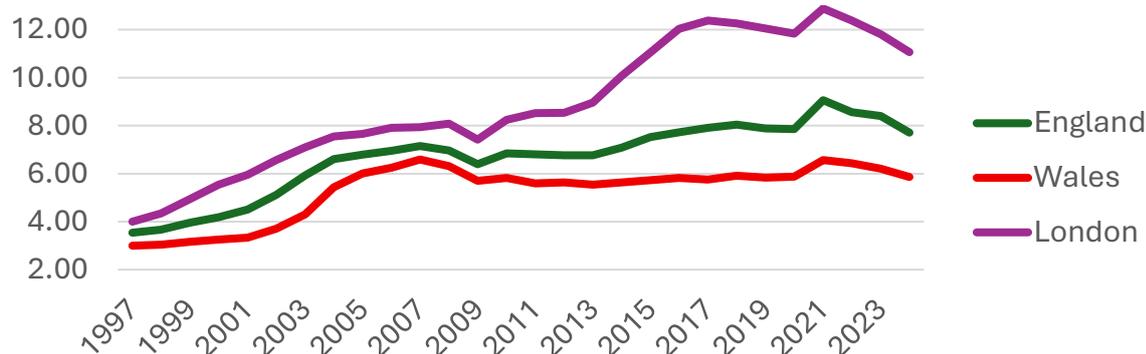
## The Scale of the Housing Problem

Housing policy is one of the most consequential areas of domestic policy in the United Kingdom, shaping economic growth, social mobility, family formation, labour market flexibility, and intergenerational fairness. For much of the post-war period, housing was treated as a core component of national infrastructure. In recent decades, housing delivery has failed to keep pace with demand, creating a persistent structural shortage.

As part of the problem diagnosis phase, the Renewal programme has commissioned external analysis from Onward. Their report –*The Turnaround: Rebuilding Britain’s Economy* – examines the role of housing supply constraints in shaping economic performance and living standards<sup>4</sup>. Their analysis provides a useful contribution to the wider debate and highlights several challenges that merit consideration.

In recent decades, house prices have risen far faster than earnings. In England, the median house price is now 7.7 times the median earnings. This figure stood at 3.54 in 1997.<sup>5</sup> The chart below shows the change in this ratio over time.

Figure 1: Housing Affordability Ratios in England & Wales, 1997-2024 (ONS, 2024)



As a result of these rising costs, 98% of UK adults living with their parents cannot now afford to purchase a typical first-time buyer home on their own income.<sup>6</sup> Meanwhile, home ownership among 25-34-year-olds has fallen from 55% in 1997 to about 34% in 2022.<sup>7</sup> This has had profound implications for family formulation: 49% of women aged 18-50 having decided to delay starting a family, with a significant number stating that this is due to lack of access to affordable housing.<sup>8</sup> 22% of those aged 18-34 have stated that cost of living pressures, particularly housing, are a major factor behind family planning decisions, with 8% delaying having children due to affordability<sup>9</sup>.

The rise in housing costs in recent decades has occurred because the United Kingdom has

<sup>4</sup> Onward: [The Turnaround](#)

<sup>5</sup> Office for National Statistics: [Housing Affordability in England and Wales](#)

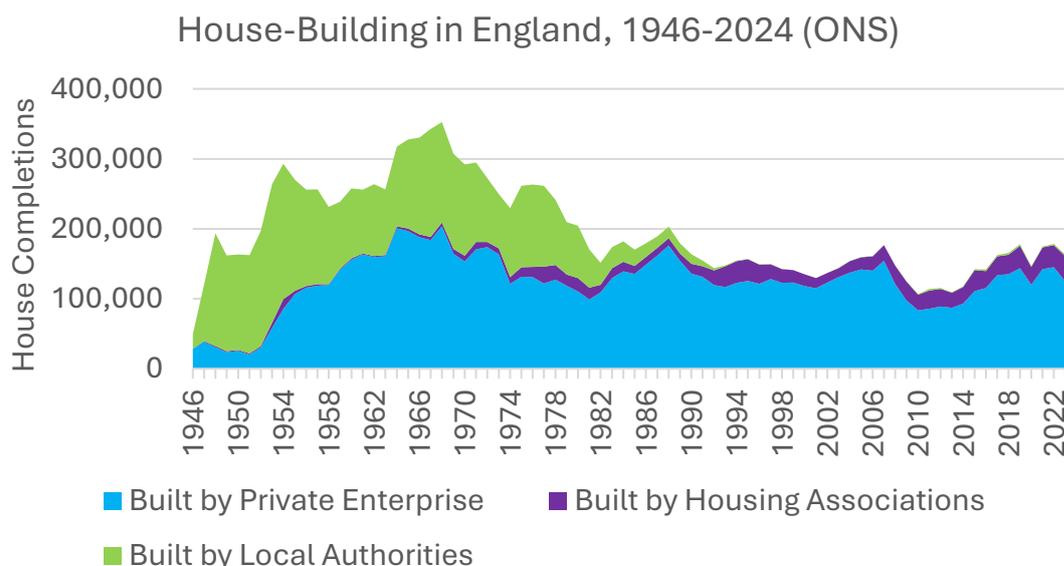
<sup>6</sup> Skipton Group: [Britain’s Trapped Generation](#)

<sup>7</sup> English Housing Survey, ONS.

<sup>8</sup> Ipsos: [Half of British women aged 18-50 have delayed or decided against having future children, with cost concerns main factor](#)

<sup>9</sup> Royal London: [A generation on ‘pause’ as cost of living concerns lead to delays in starting a family](#)

persistently under-built homes relative to population growth and household formation. Between 1950 and the late 1970s, net additions to the housing stock frequently exceeded 300,000 homes per year. Since the late 1980s, this level has rarely been achieved. In the decade prior to the COVID-19 pandemic, net additions averaged approximately 215,000 homes annually.<sup>10</sup> The cumulative effect of this undersupply is substantial. Independent estimates suggest that England alone may now be short of between 3 and 4 million homes relative to need<sup>11</sup>. This imbalance has driven sustained real-terms growth in house prices and rents.



Demand for private rented housing has also continued to rise, with the Office for National Statistics reporting average annual private rental growth of over 9 per cent in 2023–24<sup>12</sup>. Migration, both legal and illegal, has increased the pressure on the rental sector. This is particularly acute within areas already experiencing housing shortage. These factors interact with long standing under-supply, rather than acting independently, but they are nevertheless relevant to understanding recent trends.

Pressures in the Private Rented Sector (PRS) have also been shaped by more recent policy. The effects of the Renters Rights Act, particularly its abolition of fixed-term tenancies, are not yet known. However, given that the reforms will generally make it riskier to rent out houses, it will likely affect rental supply in the short to medium term.

Increasing housing costs have also contributed to rising homelessness. As of December 2025, 380,000 people in England are homeless. Of those, 350,000 are housed in temporary accommodation – the highest number on record.<sup>13</sup>

<sup>10</sup> Department for Levelling Up, Housing and Communities (DLUHC), Housing Supply: [Net Additional Dwellings](#)

<sup>11</sup> National Housing Federation; Centre for Cities estimates

<sup>12</sup> ONS, [Private Rental Market Summary Statistics](#)

<sup>13</sup> Shelter: [At least 382,000 People are Homeless in England Today](#)

# Why Building Houses is so Hard

## Planning system

Individual site permissions create bias against new housing. 60-70% of residents support housebuilding in principle, but only 40% in their area.<sup>14</sup> The system is complex, slow and needs specialist knowledge, driving up costs, delays and uncertainty which particularly affects small and medium sized firms, increasing housebuilding industry concentration as a few large firms have increased market share, and reducing competition in the process.

## Urban Density

British cities are markedly less dense than those in comparable nations. For example, London's most populated square kilometre has just 20,000 residents. Meanwhile, the densest areas of Barcelona and Paris have more than 50,000 inhabitants.<sup>15</sup> Despite the cities being comparable in population, Manchester has 236,000 fewer homes than Lyon.<sup>16</sup> If Zones 1-3 of London matched the density of Paris, London would have 500,000 more houses. The lack of housing in cities places further strain on the land supply in the countryside. However, increasing urban densification is challenging to implement in a planning framework which requires new developments to conform to the existing character of their surroundings.

## Design quality

The design quality of newbuilds remains under-prioritised by both developers and planning authorities. While bold commitments to design quality are set out in national planning policy, this is often disregarded in practice because of an urgency to meet housing targets.<sup>17</sup> Masterplans and local design codes can be ineffective after applications have been approved, with developers opting for lower-quality building materials and cheap shortcuts. This fuels a perception that new developments are ugly and disruptive to the character of a neighbourhood, eliciting further opposition to housing.

## Environmental Regulations

Britain has a myriad of environmental and sustainability frameworks which complicate development. New houses must be low-carbon, energy efficient, and provide adequate systems of water and drainage. They must provide a represent a 'biodiversity net-gain' for the local ecosystem, and provide appropriate infrastructure for charging electric cars where necessary. In addition to these statutory requirements, developers must also engage with a wide range of stakeholders to obtain planning approval. Natural England is the government's advisor on nature conservation, and must be consulted on protected habitats and species. The Environment Agency must be consulted on flood risks and water pollution. Forestry England, national park authorities, Historic England, and regional water companies must all be consulted where relevant. Many of these stakeholders have little incentive to encourage development.

---

<sup>14</sup> British Social Attitudes 2023: [Public Attitudes to Housing](#).

<sup>15</sup> Centre for Cities: [Cities need to become denser to achieve net zero](#)

<sup>16</sup> Centre for Cities: [Flat Britain](#)

<sup>17</sup> UK Collaborative Centre for Housing Evidence: [Delivering Design Value](#)

Development is further restricted in the Green Belt, which accounts for 12.6% of English land, and in Areas of Outstanding Natural Beauty.<sup>18</sup> In recent months, the current government has re-classified portions of the Green Belt which it deems low-quality as the 'grey-belt', with looser planning regulations.

## Heritage Regulations

British planning policy is also shaped by listed buildings and conservation areas. These arrangements exist to protect neighbourhoods of particular cultural and historical significance from being irreversibly altered or desecrated. Developers have a statutory duty to protect the character of such buildings, and there is a presumption against any planning application which might harm their appearance.

## Affordability Regulations

Planning authorities frequently impose affordability quotas on new developments. Such quotas ensure that a certain proportion of the new properties will be sold or rented at a cost below the market rate. In effect, these properties are subsidised by the developer. About 50,000-60,000 affordable housing units are built each year, with 45% of those units being for sale and 47% for rent.<sup>19</sup> Affordable rents are typically set at up to 80% of the local market rate. However, such quotas may reduce housing supply overall because they generally make it more expensive for developers to build new homes.

## Council Contributions

Major new housing is liable for the Community Infrastructure Levy (CIL), which is used by local councils to build the infrastructure necessary to support a new development – such as roads, schools, parks, hospitals, and flood defences. Section 106 agreements serve a similar purpose, requiring developers to contribute directly to local infrastructure and abide by their affordable housing quotas. Local Planning Authorities (LPAs) walk a careful tightrope regarding these arrangements. If the obligations placed upon developers through the CIL and s106 agreements are too cumbersome, they may dissuade developers from building altogether. However, if LPAs do not deliver more services or fail to mitigate the effects of new developments, they risk antagonising residents and falling living standards.

---

<sup>18</sup> DLUHC, [Green Belt Statistics](#)

<sup>19</sup> Commons Library: [What is Affordable Housing?](#)

## Zoning & Land Supply

LPAs are also tasked with drawing up development plans and Neighbourhood Plans, which set out how the land in a particular area ought to be used for the foreseeable future. For example, a local plan might classify certain areas as retail zones, business parks, or residential areas, and it might protect some land from any development at all. New developments are legally obligated to abide by the relevant local development plans except in exceptional circumstances.

Spatial planning arrangements such as these highlight the inherent tensions in Conservative planning policies. While development plans are used by local communities to design efficient public transport, preserve green spaces, and protect historic neighbourhoods, they do inherently prioritise central planning over market allocation of land.

## Skills shortages.

The average age of a construction worker is now over 45, and apprenticeship starts in key trades remain below replacement levels<sup>20</sup>. At present, there are nearly 150,000 vacancies in the construction sector, and a further 750,000 construction workers will retire by 2036.<sup>21</sup> More than 200,000 European Union workers have left the industry since 2019, and the Covid-19 pandemic inhibited the ability of employers to train new workers.

---

<sup>20</sup> Construction Industry Training Board (CITB), Construction Skills Network.

<sup>21</sup> Places for People: [The UK Construction Skills Shortage](#)

## International Comparisons

International comparisons provide useful insight into alternative approaches to housing delivery.

Germany, Japan, and France all have consistently higher rates of house-building than the UK. While the British 'discretionary' planning system deals with each planning application as it is submitted, these countries use local 'zoning' systems. Under such a system, planning authorities draw up definitive rules for developments before applications are submitted. If a planning application complies with these rules, it is automatically approved. This arrangement preserves a degree of local influence while eliminating unpredictability for developers. However, it does remove the right of local communities to block developments.<sup>22</sup>

In some countries, local authorities are given a cut of profits of new developments. For example, in Switzerland, cantons are encouraged to authorise house-building because they retain the tax revenues that accrue to new developments. In the USA, tax increment financing is used to similar effect in urban areas. While these systems do provide a financial incentive for planning authorities to approve applications, this may come at the expense of other local or environmental concerns.<sup>23</sup>

Germany and the Netherlands place greater emphasis on land assembly and infrastructure provision at the municipal or regional level. This enables housing growth to be coordinated with transport, utilities, and public services. Both countries have maintained higher levels of housing affordability than the UK, particularly for younger households<sup>24</sup>.

---

<sup>22</sup> Centre for Cities: [Yes, the Grass is Greener](#)

<sup>23</sup> [Joseph Rowntree Foundation: International Review of Land Supply and Planning Systems](#)

<sup>24</sup> OECD, Housing Affordability Indicators; Eurostat

## Questions for Discussion

### Planning and Supply

1. What reforms to the planning system would most effectively increase housing supply without undermining local democratic decision making?
2. Should England move towards a more rules-based zoning system, and how could this be reconciled with localism?
3. Should Green Belt policy change to balance environmental protection with housing need?
4. How can Housing Policy better prioritise development in urban areas where infrastructure and employment already exist?

### Affordability and Home Ownership

5. What are the principal barriers preventing younger households from accessing home ownership?
6. Should policy focus primarily on increasing supply, or is there a role for carefully designed demand-side support?
7. How should mortgage regulation balance financial stability with access to ownership?

### Construction, Land and Infrastructure

8. How can competition in housebuilding be increased, particularly among small and medium-sized builders?
9. What role should modern methods of construction play in addressing capacity constraints?
10. How can infrastructure provision be better aligned with housing growth?

### Long-term Strategy

11. What should be the objectives of a long-term Conservative housing strategy?
12. How can housing policy contribute to productivity, family stability, and intergenerational fairness?
13. What principles should guide housing policy over the next twenty years?