# London's housing targets delayed as cost and regulation hurdles stall brownfield development



Despite ambitious government targets, the UK is facing significant challenges in meeting its housing delivery goals, with London—a critical market due to its high prices and demand—experiencing some of the most severe blockages. To fulfil the pledge of 1.5 million new homes over the current parliamentary term, an unprecedented pace of construction averaging 300,000 homes annually is needed. Yet, current build rates project that the 1.5 millionth home will not be completed until March 2032, nearly three years behind schedule. This shortfall is largely driven by a stark lack of financial viability in many regions, with housing development considered viable in less than half of the country. London and the South East remain relative exceptions due to higher property values, yet even here, construction rates have dropped to their lowest in a decade, with just 31,000 new homes completed in 2024-25 against an annual target of 88,000.

A major cause of the slowdown is the difficulty and high cost associated with developing brownfield sites, which dominate available land supply in London. Although the city has the potential to supply upwards of 400,000 new homes through brownfield redevelopment, the extensive costs attached to site remediation, alongside stringent biodiversity net gain (BNG) obligations and affordable housing targets, often render projects financially unviable. Remediation costs have risen sharply due to escalating contractor fees, while biodiversity requirements impose costly upfront assessments, habitat creation obligations, and long-term maintenance, particularly onerous in already densely developed areas with limited space for ecological enhancement. These cumulative burdens push many projects from marginal viability into infeasibility.

Affordable housing requirements in London mandate that 35% of new developments must be affordable, an aspirational policy increasingly at odds with the economic realities facing developers. With build costs rising by 18% over the past five years and affordable units sold below market value, the margin to absorb these costs is slim. Though government grants provide some support, funding is limited and heavily skewed towards rental homes that generate less upfront income. The stringent Building Safety Regulator (BSR) approvals introduced post-Grenfell have further exacerbated delays. High-rise projects in particular are held up by protracted Gateway 2 approval processes, which often exceed the regulatory 12-week timeline, causing costly hold-ups for roughly 10,000 homes in construction limbo across the capital. These bureaucratic hurdles compound the existing viability challenges and deter developers from initiating new projects.

Efforts to stimulate housing delivery have been made on several fronts. The Mayor of London has reported progress through the Land Fund, which has unlocked over 8,000 homes ahead of schedule, including thousands of affordable units. Nationally, the government has pledged substantial investment in affordable housing, including a £2 billion fund targeting 18,000 new affordable homes in England by 2029, and aims to support the broader 1.5 million home target via planning system reforms aimed at reducing red tape and speeding approvals. Prime Minister Keir Starmer has called for adjustments to planning laws to cut legal challenges and empower local decisions more effectively, with modifications to the Planning and Infrastructure Bill expected to accommodate these changes. Simultaneously, housing industry leaders stress the need to reduce burdensome regulations such as the 35% affordable housing target and biodiversity net gain mandates, which some argue could be scaled back to 15-20% and 5% respectively to reinvigorate smaller schemes and overall viability.

Calls have also emerged for more direct government intervention to relieve demand-side pressures, particularly for first-time buyers. Bellway’s CEO, Jason Honeyman, advocates the elimination of stamp duty for first-time purchasers and the introduction of long-term deposit assistance schemes to counteract affordability constraints and invigorate market activity, especially for younger buyers lacking familial financial support. While competing political voices debate the best approach, it is clear that without addressing both financial viability and procedural barriers holistically, London’s—and by extension the UK’s—housing supply crisis will deepen.

In sum, London’s housing strategy remains stuck amid an intricate web of economic, regulatory, and environmental challenges. The brownfield-first approach, though environmentally commendable, is currently hindered by prohibitive costs and delays. Experts agree that only a multifaceted reform package combining targeted financial support, planning simplification, and regulatory adjustments will unlock the city’s potential. Without such changes, achieving the government’s housing targets while maintaining ambitious social and environmental standards appears increasingly unlikely.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.newcivilengineer.com/latest/brownfield-first-why-londons-housing-strategy-is-stuck-on-contaminated-ground-16-10-2025/), [[6]](https://www.theplanner.co.uk/2025/09/15/london-housing-delivery-major-crisis), [[7]](https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/)
* Paragraph 2 – [[1]](https://www.newcivilengineer.com/latest/brownfield-first-why-londons-housing-strategy-is-stuck-on-contaminated-ground-16-10-2025/), [[6]](https://www.theplanner.co.uk/2025/09/15/london-housing-delivery-major-crisis), [[7]](https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/)
* Paragraph 3 – [[1]](https://www.newcivilengineer.com/latest/brownfield-first-why-londons-housing-strategy-is-stuck-on-contaminated-ground-16-10-2025/), [[6]](https://www.theplanner.co.uk/2025/09/15/london-housing-delivery-major-crisis), [[7]](https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/)
* Paragraph 4 – [[5]](https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target), [[4]](https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/), [[3]](https://www.reuters.com/world/uk/british-government-tweak-planning-overhaul-boost-economic-growth-2025-10-13/), [[7]](https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/)
* Paragraph 5 – [[2]](https://www.reuters.com/world/uk/bellway-ceo-calls-end-stamp-duty-revive-uk-housing-sector-2025-10-14/), [[7]](https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/)
* Paragraph 6 – [[1]](https://www.newcivilengineer.com/latest/brownfield-first-why-londons-housing-strategy-is-stuck-on-contaminated-ground-16-10-2025/), [[6]](https://www.theplanner.co.uk/2025/09/15/london-housing-delivery-major-crisis), [[7]](https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/)

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## Bibliography

1. <https://www.newcivilengineer.com/latest/brownfield-first-why-londons-housing-strategy-is-stuck-on-contaminated-ground-16-10-2025/> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/bellway-ceo-calls-end-stamp-duty-revive-uk-housing-sector-2025-10-14/> - Bellway CEO Jason Honeyman has called on the UK government to eliminate stamp duty for first-time homebuyers and introduce a long-term deposit assistance scheme to revive the struggling housing market. Homebuilders are facing declining demand due to affordability challenges and low consumer confidence, despite offering incentives such as deposit top-ups and discounts. Honeyman criticized the lack of government support, noting that many young people lack family financial backing. Since the April expiration of temporary stamp duty relief, first-time buyers in England must pay tax on homes over £300,000. Honeyman and other major builders are urging the Labour government, which has prioritized housing in its economic growth strategy, to provide entry-level support to stimulate market activity. In a contrasting move, Conservative Party leader Kemi Badenoch recently pledged to eliminate stamp duty for primary home purchases. The government also aims to build 1.5 million homes by 2029, though it is currently projected to fall short by 200,000 units.
3. <https://www.reuters.com/world/uk/british-government-tweak-planning-overhaul-boost-economic-growth-2025-10-13/> - The British government announced its intention to modify its proposed overhaul of the planning system to better support economic growth and alleviate fiscal pressures before the upcoming budget. Prime Minister Keir Starmer criticized the current planning rules for hindering development and emphasized the goal of building 1.5 million homes by the 2029 election. However, the Office for Budget Responsibility (OBR) earlier predicted the government would fall short, reaching only 1.3 million. To address this, the government plans to include new measures in the Planning and Infrastructure Bill aimed at cutting red tape. These changes will reduce the impact of legal challenges on major housing projects, limit local council power to reject applications while under government review, and streamline approval for new reservoirs. The revised bill is returning to the upper chamber of parliament next week, coinciding with the finalization of OBR forecasts for the November 26 budget. An improved economic forecast could ease pressure on Finance Minister Rachel Reeves, who is aiming to maintain fiscal discipline without raising income taxes, amid concerns from businesses and households about potential tax increases.
4. <https://www.reuters.com/world/uk/britain-invest-2-billion-pounds-build-18000-affordable-homes-2025-03-25/> - Britain's government has pledged 2 billion pounds to build up to 18,000 affordable homes in England, as part of an effort to deliver 1.5 million properties by the end of parliament and stimulate economic growth. Construction is set to begin in March 2027, with expected completion by 2029. Prime Minister Keir Starmer's Labour Party is focusing on housebuilding central to its growth strategy, with plans to expedite construction and address the country's housing shortage. Housing Minister Angela Rayner highlighted the importance of this investment in helping working people and families acquire secure homes. Recent data showed that in 2024, the average house price was 7.7 times the average full-time income. Additionally, temporary tax incentives for first-time buyers and purchasers of less expensive homes will expire soon. The funding announcement follows a previous pledge of 600 million pounds to address skills shortages in construction and train 60,000 workers by 2029. Further long-term investment in housing will be detailed after the government's spending review in June.
5. <https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target> - The Mayor of London, Sadiq Khan, has announced that more than 8,000 new homes have been started via his Land Fund, five years ahead of schedule. The Land Fund, established in 2017, provides financing for projects, including buying land for developers and partners, to unlock more homebuilding opportunities in London at a faster pace. The fund has enabled the Greater London Authority to be more direct in tackling London's housing crisis. In the previous year, nearly 6,700 affordable homes at social rent levels were completed, marking the highest in a decade. The Mayor continues to work closely with national partners to secure additional support to build the level of new housing London needs.
6. <https://www.theplanner.co.uk/2025/09/15/london-housing-delivery-major-crisis> - Housing delivery in London is in a 'major crisis,' with just 30,000 homes completed in the year to June, developers are warning. The figure, based on the number of new properties in the capital issued with energy performance certificates, is 12 per cent down on the previous year. The Home Builders Federation (HB) is warning that London is expected to deliver 440,000 of the government’s 1.5 million new homes target by 2030, with the overall share of national housing delivery in the capital falling from 20 per cent a decade ago to 15 per cent. Planning permissions have also 'nosedived' to their lowest levels since records began in 2006, with only 966 projects approved in the year to June. The number of new site starts has plummeted by 38 per cent, with the HBF warning that under the government’s standard method, output would need to increase by 175 per cent to meet the calculated 88,000 homes a year that London needs. Housing delivery in the capital is hampered by lengthy planning delays, compounded by the complexities of the London Plan which, on top of local and national rules, contains 88 separate residential policies. A further factor are delays caused by the Building Safety Regulator’s Gateway approval process for high-rise residential buildings. As of mid-2025, nearly 10,000 homes have been held at the Gateway two pre-construction stage for more than 26 weeks. The trade body also cited policy costs such as second staircase requirements in high-rise buildings, carbon offset charges, the mayoral construction infrastructure levy and biodiversity net gain. London’s 35 per cent affordable housing requirement is now 'proving increasingly unsustainable' and not viable on most sites. Londoners are facing the highest barriers to home ownership in the country, it warns, with a first-time buyer needing to save 50 per cent of their income for 13 and a half years to raise a deposit. The HBF is calling on the government to reintroduce a targeted home ownership scheme after the ending of help to buy.
7. <https://housingindustryleaders.com/labours-1-5-million-home-pledge-in-jeopardy-as-london-housebuilding-slows/> - The ambitious Labour housing target of 1.5 million new homes by the next election is facing a major setback, as housebuilding in the capital plummets to record-low levels. Only 30,000 new homes were completed in London in the year to June 2025, marking a 12% drop from the previous year and far below the annual target needed to meet the national goal. Planning approvals in London have fallen to their lowest point since records began in 2006, with just 966 projects greenlit in the past 12 months. Housing developers warn that this slowdown could make it nearly impossible for Labour to achieve its 1.5 million home pledge, with London expected to contribute 440,000 of the new homes by 2030. A report from the Home Builders Federation (HBF) highlights that delays from the Building Safety Regulator are disproportionately affecting high-rise developments, leaving as many as 10,000 homes in limbo for more than six months. Rising costs from building regulations, taxes, and brownfield site remediation are also putting pressure on builders, with some projects becoming financially unviable. Neil Jefferson, Chief Executive of HBF, said: “London urgently needs a comprehensive housing policy overhaul. Current regulations, combined with new taxes and complex approval processes, have made the capital a challenging environment for housing investment.” Rick de Blaby, Chief Executive of Get Living, added: “Building homes in London has never been more difficult. The cumulative regulatory burden is pushing up costs and slowing delivery at a time when the city desperately needs more housing.” A Ministry of Housing, Communities and Local Government spokesperson acknowledged the disappointing figures but emphasized that the government is committed to achieving the 1.5 million homes target. Efforts include close collaboration with the Mayor of London and the Greater London Authority to accelerate approvals and construction. A spokesperson for the Mayor of London highlighted that while housebuilding has slowed nationally, the city has historically delivered strong results, including tens of thousands of affordable homes and new council housing starts at levels not seen since the 1970s.