# London’s housing bottleneck shifts from planning to construction hurdles amid homelessness crisis



London is currently facing a deepening homelessness crisis, with local councils spending an unprecedented £5.5 million daily on temporary accommodation to manage the surge in demand. This substantial expenditure underscores the growing struggle to provide stable housing for the capital's vulnerable populations amid a chronic housing shortage.

Contrary to common assumptions that planning regulations are primarily responsible for the housing shortfall, recent data from City Hall reveal that over 300,000 homes in Greater London already have the necessary planning consents but remain unbuilt. This indicates that the core issue may lie not with the planning permission process itself, but rather with the challenges in progressing from consent to construction.

Government statistics show that in the first quarter of 2025, approximately 44,200 new homes were granted planning permission in London, representing 19% of the total approvals across England. However, the subsequent quarter saw a decline, with only 40,800 homes approved, equating to 18% of England’s total. This decline is part of a wider trend, with a reported decrease in the number of new homes actually under construction throughout 2024. Factors such as rising construction costs and shortages in skilled labour have been identified as significant barriers impeding the translation of permissions into completed housing.

In addition to general housing, there has been a notable surge in planning consents for Build-to-Rent (BtR) developments, which have increased by 35% over the past year. For the first time in two years, London has reasserted itself as the leading region for BtR consents, signalling a shift in the capital’s housing development landscape towards this sector. BtR housing offers an alternative model of property tenure that could potentially alleviate supply pressures. Nevertheless, similar to wider construction trends, the challenge remains to convert these consents into tangible construction activity, as the number of new BtR homes under construction has also declined throughout 2024.

Experts and industry representatives have emphasised that while the planning system has often been blamed for impeding housing growth, this narrative may overstate its role. Evidence from the House of Commons Planning and Infrastructure Bill Committee highlights that between 2016 and 2024, over 300,000 homes received planning permission in a span of just five years, suggesting that factors beyond planning regulation—such as financial constraints, market conditions, and workforce shortages—are more significant obstacles to delivering new homes.

This confluence of soaring demand, substantial spending on temporary accommodation, and bottlenecks in the construction pipeline creates a complex scenario for London's housing challenge. Addressing it will require targeted policy responses that go beyond planning reforms, focusing on incentivising construction, mitigating cost pressures, and ensuring a sufficient labour supply to build the homes London desperately needs.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.standard.co.uk/news/london/london-councils-ps5-5m-homelessness-crisis-temporary-accommodation-b1250477.html)
* Paragraph 2 – [[1]](https://www.standard.co.uk/news/london/london-councils-ps5-5m-homelessness-crisis-temporary-accommodation-b1250477.html), [[7]](https://publications.parliament.uk/pa/cm5901/cmpublic/PlanningInfrastructure/memo/PIB26.htm)
* Paragraph 3 – [[2]](https://www.gov.uk/government/statistics/planning-applications-in-england-january-to-march-2025/planning-applications-in-england-january-to-march-2025-statistical-release--2), [[3]](https://www.gov.uk/government/statistics/planning-applications-in-england-april-to-june-2025/planning-applications-in-england-april-to-june-2025-statistical-release)
* Paragraph 4 – [[4]](https://bpf.org.uk/media/press-releases/build-to-rent-planning-consents-surge-by-35-in-12-months-with-london-back-leading-the-way/), [[5]](https://benews.co.uk/planning-consents-for-btr-homes-rose-35-in-the-past-12-months/), [[6]](https://www.propertyreporter.co.uk/build-to-rent-planning-consents-surge-by-35-in-12-months.html)
* Paragraph 5 – [[7]](https://publications.parliament.uk/pa/cm5901/cmpublic/PlanningInfrastructure/memo/PIB26.htm)
* Paragraph 6 – [[1]](https://www.standard.co.uk/news/london/london-councils-ps5-5m-homelessness-crisis-temporary-accommodation-b1250477.html), [[2]](https://www.gov.uk/government/statistics/planning-applications-in-england-january-to-march-2025/planning-applications-in-england-january-to-march-2025-statistical-release--2), [[3]](https://www.gov.uk/government/statistics/planning-applications-in-england-april-to-june-2025/planning-applications-in-england-april-to-june-2025-statistical-release), [[4]](https://bpf.org.uk/media/press-releases/build-to-rent-planning-consents-surge-by-35-in-12-months-with-london-back-leading-the-way/), [[7]](https://publications.parliament.uk/pa/cm5901/cmpublic/PlanningInfrastructure/memo/PIB26.htm)

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## Bibliography

1. <https://www.standard.co.uk/news/london/london-councils-ps5-5m-homelessness-crisis-temporary-accommodation-b1250477.html> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/statistics/planning-applications-in-england-january-to-march-2025/planning-applications-in-england-january-to-march-2025-statistical-release--2> - This government report provides statistics on planning applications in England for the period January to March 2025. It details the number of housing units granted planning permission, highlighting a decrease of 3% from the previous year, with 235,000 homes approved. The report also discusses the regional distribution of these permissions, noting that London accounted for 19% of the total, with 44,200 units granted. Additionally, it addresses factors affecting housing supply, such as construction costs and the availability of skilled workers.
3. <https://www.gov.uk/government/statistics/planning-applications-in-england-april-to-june-2025/planning-applications-in-england-april-to-june-2025-statistical-release> - This official release presents data on planning applications in England for the period April to June 2025. It reports a 7% decline in housing units granted planning permission compared to the previous year, with 221,000 homes approved. The document provides a breakdown of permissions by region, indicating that London received 18% of the total, with 40,800 units granted. It also highlights challenges in translating permissions into actual construction, citing a contraction in the number of new homes under construction throughout 2024.
4. <https://bpf.org.uk/media/press-releases/build-to-rent-planning-consents-surge-by-35-in-12-months-with-london-back-leading-the-way/> - This press release from the British Property Federation (BPF) announces a 35% increase in planning consents for Build-to-Rent (BtR) homes over the past 12 months, with London leading the regions for the first time in two years. The BPF highlights the critical role of BtR in housing supply, noting that over 123,000 homes have been completed. However, it also points out challenges in converting consents into construction output, with a decline in the number of new homes under construction throughout 2024.
5. <https://benews.co.uk/planning-consents-for-btr-homes-rose-35-in-the-past-12-months/> - This article reports on a 35% rise in planning consents for Build-to-Rent (BtR) homes over the past 12 months, as reported by the British Property Federation. It discusses the implications of this surge, noting that London has returned to leading the regions in BtR developments. The piece also highlights the challenges in translating these consents into actual construction, citing a contraction in the number of new homes under construction throughout 2024 and a decline in construction starts compared to previous years.
6. <https://www.propertyreporter.co.uk/build-to-rent-planning-consents-surge-by-35-in-12-months.html> - This article discusses the 35% surge in planning consents for Build-to-Rent (BtR) homes over the past 12 months, as reported by the British Property Federation. It highlights London's return to leading the regions in BtR developments after two years. The piece also addresses the challenges in converting these consents into actual construction, noting a decline in the number of new homes under construction throughout 2024 and a decrease in construction starts compared to the previous year.
7. <https://publications.parliament.uk/pa/cm5901/cmpublic/PlanningInfrastructure/memo/PIB26.htm> - This memorandum from the House of Commons provides evidence to the Planning and Infrastructure Bill Committee, discussing the discrepancy between planning permissions granted and homes built in England. It highlights that, between 2016 and 2024, over 300,000 homes in England received planning permission in five calendar years. The document suggests that the role of the planning system as a barrier to development may have been overstated and calls for a review of non-planning barriers affecting housing delivery.