



The Government is committed to getting Britain building again. This paper forms part of a series of working papers on different aspects of planning reform, designed to inform further policy development in collaboration with the wider sector.

Summary

This paper invites views on further action the Government should take to speed up homes being built. It sits alongside the Government's technical consultation on requiring transparency and accountability measures for build out rates on housing sites.

We know that slow build out is of great frustration to many local planning authorities and communities that rightly expect homes, infrastructure and services that have been promised as part of a planning approval to be delivered as quickly as possible. We also know that developers are responsive to commercial incentives and build out homes at a rate that is beneficial to their business and reflective of the wider economic environment.

This paper therefore invites views on options the Government could pursue to ensure the right incentives exist in the housing market, and local planning authorities have the tools they need, to encourage homes to be built out more quickly. In addition to the transparency and accountability measures set out in the technical consultation, this includes incentivising and supporting models of development that build out faster, such as partnership models, greater affordable housing, public sector master-planned sites, and smaller sites. We also invite views on giving local authorities the ability – as a last resort – to charge developers a new 'Delayed Homes Penalty' when they fall materially behind pre-agreed build out schedules.

A series of questions are posed at the end of the paper on which we welcome responses and will consider all views, before determining how and whether these proposals are taken forward.

Introduction

1. As part of the Government's Plan for Change, we are committed to delivering 1.5 million homes this Parliament. We have already taken decisive action to increase the number of planning permissions granted through our December 2024 updates to the National Planning Policy Framework, including reintroducing mandatory targets for the number of new homes and enabling development on low quality 'grey belt' land where housing need cannot otherwise be met. We will go even further in the coming months to streamline the planning system by introducing more 'rules-based' national policies for development management, creating a more proportionate statutory consultee system, and finalising our proposed National Scheme of Delegation in relation to planning committees.
2. This faster and more permissive planning system will allow for higher levels of housebuilding by increasing the flow of land into the development system. It is however crucial that

permissions for homes in theory become actual homes in practice, as quickly as possible.

3. The Competition and Markets Authority (CMA) and others have concluded that most homes in England are not built as fast as they can be constructed, once permission is granted, but only as fast as the developer expects to sell them at local second-hand market prices.¹ This leads to a build out rate for large sites which can take decades to complete.² While it is commercially rational for developers to operate in this way, the systemic impact is a lower level of housebuilding than we need. The Government is therefore committed to taking firm action to ensure housebuilding rates increase to a level that makes housing more affordable for working people.
4. In the public debate on housebuilding rates, three related concepts are often confused.
 - a. **Land banks** are, for the most part, a normal part of the development system. Developers hold a pipeline of sites at all stages of the planning process, to avoid stop/starts between schemes. In its 2024 study, the CMA found no evidence of current land banks systemically distorting competition between housebuilders. We do, however, have concerns that certain types of contracts over land prior to its entry into the planning system (which can be part of 'strategic' land banks) can be a barrier to entry for SME developers. We are therefore legislating to make Contractual Control Agreements (such as option or promotion agreements) more transparent, to help diversify the industry and reduce barriers to entry for SME builders.
 - b. **Delayed or stuck sites** are those at all stages of the planning and building process (including with full planning permission) that are delayed, not building out, or only building out very slowly due to a problem that the developer or landowner is struggling to resolve themselves. Often this is due to the discharge of a planning condition, an issue raised by a statutory consultee, a newly discovered site issue, or the developer running into financial difficulties. We have created the New Homes Accelerator to tackle this sort of blockage (see Box 1) and get stuck sites moving. In wider cases, sites may be stuck in negotiations over suitable S106 contributions, sometimes because the promoter has overpaid for the land not fully factoring in the policy requirements set out in planning policy. In this paper we consider further reforms to the Compulsory Purchase Order (CPO) process, relevant to stalled sites.
 - c. **Slow build out** is where sites have full planning permission, are being built, but the pace of building is slower than it could be under different development models and incentives. Multiple market studies have found that most large housing sites are built at the pace the homes can be sold at current second-hand market prices, rather than the pace at which they could be constructed if pre-sold (i.e. to an institutional landlord). The rate of building consistent with selling at local second-hand market prices is known within the industry as the 'absorption rate'. The Letwin Review concluded that local absorption rates were a "*binding constraint*" on build out rates. The CMA observed, that "*the private market will not, on its own initiative, produce sufficient housing to meet overall housing need, even if it is highly competitive*".

¹ 2024, CMA, Housebuilding Market Study – Final Report, p.52; 2018, Letwin, Independent Review of Build Out Draft Analysis p.11; 2024, Lichfields, From Start to Finish 3, p.17

² Lichfields, From Start to Finish 3, 2024. The lower quartile build out rate of the largest sites looked at in this study (2000+) was 100 homes per year, implying at least 20 years from the first home built to the last.

5. Government has a clear and primary role in helping to drive forward action that addresses delayed or stuck sites and slow build out. Slow build out is an important problem because even as we grow the number of planning permissions granted and unblock delayed or stuck sites, the benefits to working families and to the economy are only realised once homes are completed. Ultimately, no-one can live in a planning permission. On large sites (sites of 2,000 or more homes), the median build out rate was recently found to be c.140 homes per year,³ implying *at least* 14 years from the first build to site completion. The focus this paper is therefore how to: (a) overcome absorption constraints to get more homes built more quickly; (b) continue to strengthen the local authority toolkit to unblock stalled and stuck sites.

Box 1: New Homes Accelerator

The New Homes Accelerator (NHA) is a collaboration between the government, Homes England and the Greater London Authority, working with local authorities, developers and other key stakeholders to unblock and accelerate the delivery of housing developments that are, for various reasons, not progressing as quickly as they could be. The NHA is a key component of the government's commitment to deliver 1.5 million new homes by the end of the Parliament.

The New Homes Accelerator will support delayed sites and sites which are progressing more slowly than they should by leveraging government resources and fostering collaboration among key stakeholders. We have announced 10 sites, with combined capacity for over 35,900 homes, that will benefit from site specific government support.

The Accelerator's 2024 Call for Evidence, which received responses on over 350 sites, amounting to around 700,000 homes, identified both systemic problems with the planning and development process, and site-specific issues. Systemic issues include the role of statutory consultees (and other organisations involved in the development process), infrastructure delivery, utilities provision and environmental factors. Through the Accelerator's collaborative engagement with other government departments and statutory consultees, we have already helped move along more than 20,000 homes in the planning system.

6. This is not just a task for Government. At the launch of the Government's NPPF reforms in July 2024, the housebuilding industry promised to: *"work with local authorities, delivery partners and our supply chain to commence construction and build out as quickly as possible"*. We are clear in our commitment to continue to support industry and – in return – we expect them to hold firmly to their commitment.

What drives faster build out?

7. Historically and internationally, there are many examples of development happening much faster than it does on most active sites currently in England.⁴ The evidence points to many interrelating factors determining the speed of build out.

³ Lichfields, From Start to Finish 3, 2024

⁴ In the Netherlands, the new town of Almere had annual build rates of 2,000-3,000 homes per year in the 1980s and 1990s – far higher than achieved in any comparable English large new development in recent decades (Kisacik, Level of participation in land development: The case of Almere, Netherlands 2024, p.107). Milton Keynes had far higher build out rates (two to three times) across its initial development under a Development Corporation than a comparable city

- a. **The restrictiveness of local planning and the concentration of market power** – recent research has shown that sites are built out faster where a local land and planning system is generally less restrictive (i.e. there are more permissions available and fewer physical constraints to building) and where no single firm has dominant market power. The researchers argue that this is because in markets with more planning permissions available and multiple firms competing, developers do not anticipate as much house price growth across the construction period and so are incentivised to build and sell faster, rather than phasing sales (and therefore builds).⁵
- b. **Local demand** – all else being equal, places with higher demand for new housing see faster rates of market housebuilding.⁶ This is simply because more homes can be sold each year at prevailing market prices, so developers are prepared to build more homes more quickly to meet that higher demand. Developers closely monitor local sales rates and adjust their build rates, to avoid holding unsold stock if the sales market softens.
- c. **Housing typologies** – there are different build out rates and patterns for blocks of flats, compared to terraced and detached homes. Flatted developments are harder to slow down mid-build compared to detached homes and are more often debt-financed, requiring a faster return of capital. Over historic interest rate cycles this has meant a ‘lumpier’ rate of delivery from flats compared to schemes primarily composed of houses.⁷
- d. **Small sites and SMEs** – absorption constraints are less pronounced on small sites (typically built by SME firms), as each site represents a much smaller share of an overall local sales market. The Letwin Review found a *‘clear, negative... relationship between the size of the site and the percentage of the site built out each year’*.⁸ SME housebuilders are also less well capitalised than volume developers and so will prioritise a faster return of capital at a lower margin, meaning that they deliver faster build out rates.
- e. **Levels of affordable housing** – sites with a higher share of affordable housing are built more quickly on average. This is because homes are sold to registered providers (such as housing associations) in bulk and are then available below market rates e.g. for social rents or shared ownership. Lichfields found that housing schemes with more than 40% affordable housing on site were built out at 140 dwellings per year, compared to just 75 dwellings per year for sites with 10-19% affordable housing.⁹
- f. **Mixed tenure** – as well as higher levels of affordable housing, there is evidence that schemes which incorporate an element of ‘Build to Rent’ private rental housing are built faster. MHCLG analysis of planning pipeline data finds build out rates are 30% to 60% faster on projects with build to rent compared with non-BTR projects.¹⁰ The Letwin Review found that absorption

without a DevCo model (Centre for Cities, Restarting Housebuilding III: New Towns and Land Value Capture, 2025, p.38).

⁵ Ball, Cheshire, Hilber, Yu; Why Delay? Understanding the Construction Lag, aka the build out rate; LSE, 2024

⁶ Ball et al, Ibid. Based on their data, they estimate as a baseline that a 1 percentage point increase in housing demand reduces the construction duration in the ‘average’ location by 2.7%, prior to considering factors such as additional planning constraints, market concentration, etc.

⁷ Lichfields, Ibid. Neal Hudson, data on recent EPC certificates: [Weekly Summary: 25th April 2025 – BuiltPlace](#)

⁸ Independent Review of Build Out Rates, Draft Analysis, 2018 p.10

⁹ Lichfields, From Start to Finish 3, 2024

¹⁰ As of 31st May 2024

rate constraints do not apply in the same way on mixed tenure sites as for largely mono-tenure estates.

8. In total, the evidence suggests that to raise aggregate build out rates across the housing system in England, we will need a strategy that addresses each of these factors, while balancing the risk of creating newly stalled sites from interventions that impact scheme viability.

Our strategy to speed up build out

9. The Government is therefore pursuing a five-part strategy to speed up build out.
 - a. First, continuing with **reforms to the planning system** – to lower risks and costs, make it more streamlined and rules-based, and to increase the flow of land with permission into the system. This includes mandatory housing targets for local planning authorities, a modernised Green Belt policy, and wider changes to planning committees and statutory consultees.
 - b. Second, **sustainably supporting demand**. This will need to be carefully balanced against the risk of price inflation (a risk which planning reforms should reduce somewhat) and whilst ensuring responsible lending. The Government is committed to a permanent, comprehensive Mortgage Guarantee Scheme to ensure a steady supply of low-deposit mortgages to first time buyers across the market cycle. The Financial Conduct Authority have started work on reform of their mortgage regulations to improve access to mortgages and support sustainable home ownership alongside strong consumer protection.¹¹ Other sources of sustainable demand include the successor to the Affordable Homes Programme; a robust Build to Rent sector attracting institutional capital; and strong demand from housing associations for Section 106 properties.
 - c. Third, **supporting the growth of SME developers building small sites**, by tackling the key barriers they face- including timely planning decisions, regulatory burdens, the availability of suitable sites and access to finance. Homes granted planning permission across many small sites will typically build out faster than the same number of homes granted permission on a single large site.
 - d. Fourth, **encouraging large, strategic sites to be built with greater tenure diversity**, delivering higher shares of affordable housing and Build to Rent homes. Some developers have already moved towards a 'partnerships' model for large sites, which might involve pre-selling homes to an institutional investor for build to rent (as well as pre-sales to Registered Providers for affordable homes) and we want to sustain and encourage the growth of this welcome approach.
 - e. Fifth, increasing the role for **strategic master-planning**, in particular through Homes England, new Development Corporations and the expanded role for Mayoral Strategic Authorities in spatial planning. By coordinating land assembly, planning and delivery on major new housing-led developments the public sector can de-risk development and ensure that the right economic and social infrastructure (transport, health, education) is delivered. Strategically master-planned large developments can also parcel up land for different models of delivery (build to rent, affordable housing, SMEs, self and custom build) which the

¹¹ [FCA sets out steps to support home ownership | FCA](#)

evidence suggests allows faster build rates. This will allow private sector partners to compete to build the homes and infrastructure on a volume and quality basis, rather than generating the bulk of their returns through high risk and high margin land promotion and development.

10. The elements described above will form part of the forthcoming Long Term Housing Strategy for England. In addition to setting out this broad strategic approach to speeding up house building, this working paper sets out several further specific policy reforms which would strengthen the incentives on landowners and developers to build out rapidly, and for local authorities to take action where build-out rates are unacceptably low.

Transparency and Accountability Measures

11. As set out in the Government's technical consultation accompanying this working paper, we will take forward measures, including those provided for in the Levelling-up and Regeneration Act (LURA) 2023, to introduce a build-out reporting framework. This framework will involve requirements to:
 - a. **submit a build out statement** with a planning application to local planning authorities (LPAs);
 - b. **notify LPAs before development is commenced** through a commencement notice; and
 - c. **report annually to LPAs on housing delivery** through a development progress report. This will provide a comprehensive and consistent picture of build out rates for individual developments for the first time.
12. We will also implement the new power introduced by section 113 of the LURA for LPAs to decline to determine planning applications made by persons who applied for, or who are connected to, an earlier planning permission for the development of land in the LPA's area which has not been built out at a reasonable rate. This will provide LPAs with an important new sanction to address developers who persistently fail to build out quickly and tackle the problem of unscrupulous speculators making repeated applications that they have no intention of ever building out.
13. In addition, we are committed to implementing reforms to the operation of completion notices introduced under section 112 of the LURA. Completion notices require developers to complete their development within a certain period of time if the LPA considers it will not be completed in a reasonable time, otherwise the planning permission will cease – a form of “use it or lose it”. The reforms will replace the need for the Secretary of State's consent for a notice with an appeals mechanism.

Mixed Tenure Thresholds

14. We want to see more housebuilders adopt a partnership model and want to incentivise firms to go further and faster. In our response to the NPPF consultation, we committed to bringing forward additional policies to support mixed tenure development, including a site size threshold above which sites must deliver on a mixed tenure basis.
15. We are considering a range of options to set the threshold at a level which balances increasing build out rates, supports broader market diversification and increases supply overall. The Independent Review of Build Out in 2018 recommended setting the threshold at 1,500 units,

but some NPPF consultation responses suggested a lower threshold. As a result, we are considering several options for where to set the threshold, including at 500 units.

16. We welcome further views on the right threshold – and on whether and how should be some discretion for Local Planning Authorities – ahead of further detail on the policy as part of the consultation on National Decision Making Policies and a revised National Planning Policy Framework later this year.

Compulsory Purchase Orders

17. Compulsory purchase is an important tool for ensuring land required to facilitate development is brought forward in a timely manner, especially where it has not been possible to purchase land by agreement and there is a compelling case in the public interest.
18. Many factors contribute to the failure of authorities to purchase land by agreement. One factor is where landowners have alternative proposals for use of their land. Where landowners can demonstrate they have alternative, deliverable proposals, this can undermine the compelling case in the public interest for use of a CPO.
19. However, on sites which have been stalled over a long period, for example, sites allocated in local plans which do not come forward or sites with multiple planning permissions that are never commenced, it is more difficult for landowners to argue, with any certainty, that their alternative proposals could be delivered in a timely manner.
20. Furthermore, currently CPOs can only be confirmed, rejected or withdrawn. If a CPO is rejected on the basis a landowner has alternative proposals for the land subject to the CPO, but the landowner does not progress their scheme, the authority must re-establish the case for use of a CPO and the CPO process must be re-commenced. This can cause delay and financial implications for authorities.
21. Therefore to support use of CPOs on these types of sites, we intend to implement a reform introduced by the Levelling-up and Regeneration Act 2023 to allow the conditional confirmation of CPOs. This will allow the compelling case for use of CPOs to be established earlier in the land assembly process on sites where alternative proposals have been put forward by landowners.
22. The conditional confirmation of CPOs could be used to ensure landowners progress their alternative proposals within certain timescales, which would be made clear when an individual CPO is conditionally confirmed. Where they fail to do so, CPO powers could then be switched on. We believe the conditional confirmation power will de-risk use of CPOs on stalled sites because the existence of alternative proposals will no longer carry the same weight in the decision-making process.
23. We intend to bring forward the secondary legislation required to implement this reform later this year.

Delayed Homes Penalty

24. We want to incentivise and encourage models of development which allow faster build out,

such as greater diversity of tenure. While we recognise that this is a shift for some parts of the industry, we believe it will benefit all involved – communities will see homes and infrastructure built faster and developers will have more certainty over their sales pipelines.

25. To support that shift, and to address instances where build out is falling significantly behind the agreed schedule without a reasonable justification, we are exploring the possibility of introducing a new tool for local authorities: the “Delayed Homes Penalty”. This would effectively be a last resort measure, which we hope not to have to implement, but may be needed if industry does not sufficiently adapt and fulfil their commitment to deliver homes more quickly.
26. The Delayed Homes Penalty would be available to local authorities for development which falls materially behind pre-agreed build out schedules, as set out through the transparency measures. While subject to further work, including drawing on responses to this working paper, we are considering the following framework for the Delayed Homes Penalty.
 - a. The Penalty would apply only to sites over a threshold size and only where there is evidence of a developer falling substantially behind a build out schedule, pre-agreed with the LPA.
 - b. Agreement and monitoring of build out rates would be aligned to the new transparency measures, which will require developers to pre-agree a build out schedule with the local planning authority before consent, provide a commencement notice before the development begins and then annual development progress reports.
 - c. If a site falls substantially behind the pre-agreed build out schedule in a given year (to 90% or less of the agreed delivery), then the developer would be required to justify the slower build out rate to the planning authority. If this cannot be shown to have been caused by an external factor – such as unusually severe weather, or an unexpected site issues – the developer could become liable for the Delayed Homes Penalty.
 - d. The relevant external factors would be nationally set out in guidance and could be informed by those already used in contracts between Homes England and developers under the ‘build lease’ model.
 - e. If the Delayed Homes Penalty were applied, the relevant party (developer or landowner) would be charged for each home behind the pre-agreed build out schedule. Penalties could be based on a percentage of the house price, or via reference to local Council Tax rates, given the loss of income that a local authority incurs when homes are not built and occupied at the expected rate (although this would not be applied via the Council Tax system itself).
27. It would be important in the introduction of any Delayed Homes Penalty that industry was confident in when and how this would be applied, to ensure that they did not disincentivise land being brought forward for development. We therefore intend to use all views expressed in response to this working paper to inform further policy development, and if the Government decided to take this proposal forward, we would propose to undertake further consultation.

Conclusion and questions

28. Slow build out rates on large sites are a concern for local planning authorities, local communities in need of homes and for the Government which is seeking to substantially increase housebuilding in England. The measures in this paper propose a balanced approach to speeding up build out, drawing on the evidence of what works. We are seeking to push further the existing trend within the industry towards partnership models, through both policy support and by disincentivising a return to the old mono-tenure model.
29. Before measures are taken forward for further consultation, we welcome views on the principles behind our approach to speeding up build out. We are seeking views on:
- a. Do you agree with the evidence base and theory we have set out on build out rates?
 - b. How could we go further to support models of housebuilding which build faster, such as small sites, strategically master-planned and mixed tenure?
 - c. For mixed tenure, what would you consider to be an appropriate threshold level?
 - d. Do you have any views on how the proposed CPO measures would work best in practice?
 - e. How should MHCLG guide local authorities and developers towards reasonable build out schedules (noting that ultimately this will be negotiated locally)?
 - f. What are the right set of exemptions for external factors that impact build out rates? Should this include economic downturns which reduce sales rates, or does that mean that payments would be too weak to induce the shift toward the partnerships business models we want to see?
 - g. For the Delayed Homes Penalty, do you agree with the intention to use it to incentivise the shift towards higher build out models of housebuilding?
 - h. How should the Penalty be calculated? What are the strengths and weaknesses of using a percentage of house price, or reference to local council tax rates? What information would local authorities require?
 - i. Are there wider options you think worth worthy of consideration that could help speed up build out of housing?
 - j. Do you anticipate any environmental impacts from these proposals that the government must consider and the Environmental Principles Policy Statement?
 - k. Do you anticipate these proposals giving rise to any impacts on people who share a relevant protected characteristic, as defined by the Equality Act 2010, that the government must consider under the Public Sector Equality Duty?