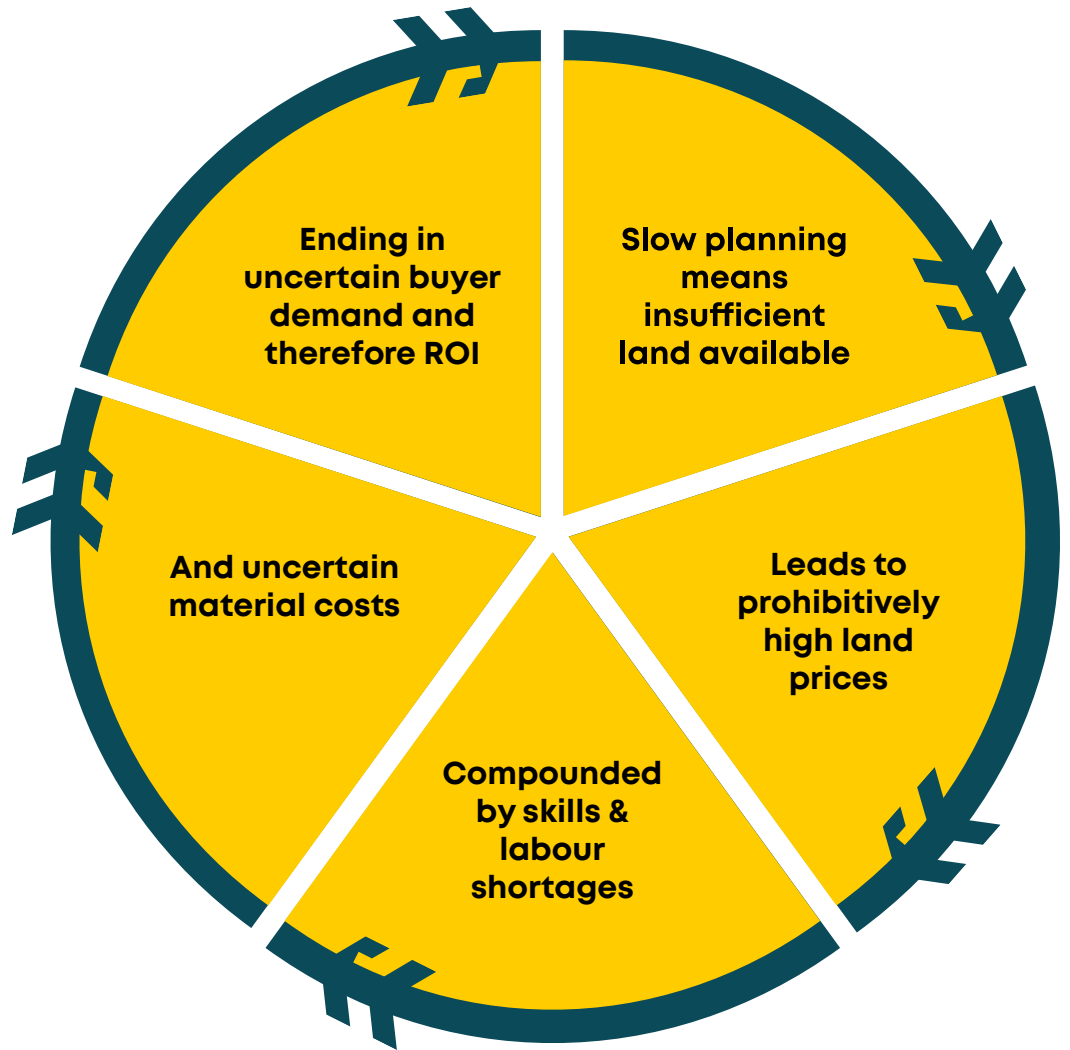


# **Roadmap to Building 1.5 Million Homes**

[aldermore.co.uk](https://aldermore.co.uk)

**Aldermore**



## Overview

The Government's ambition to deliver 1.5 million homes by the end of this Parliament is admirable but facing significant roadblocks. As the Office for Budget Responsibility (OBR) recently set out, the Government is currently on-track to reach 1.3 million homes based on its existing planning reforms, assuming all else goes well.

Regulatory hurdles, land supply constraints, and skills shortages mean housebuilding in the UK is slower, costlier, and more complex than in many European countries. Without urgent intervention, these challenges will limit economic growth, restrict social mobility, and undermine the Government's housing targets.

To achieve meaningful change, the Government must take decisive action at every stage of the housebuilding process. Aldermore's five-step roadmap outlines clear, actionable solutions that will unlock the homes Britain desperately needs.

# Planning Reform: Cut delays, unlock growth

The planning system is the single biggest barrier to housebuilding. Reforming it will be a major undertaking, requiring both a new approach and better resourcing.

- **Accelerate local plans:** only 35% of councils have updated their local plans in the past five years<sup>1</sup>. Compulsory targets and a legal requirement to identify land must be reintroduced to ensure a steady pipeline of development-ready sites.
- **Release land more efficiently:** in addition to the Government's existing green belt policy to bring low quality grey belt land into scope, Aldermore recommends considering the release of green belt land on sites near larger urban areas and away from national parks or areas of outstanding natural beauty.



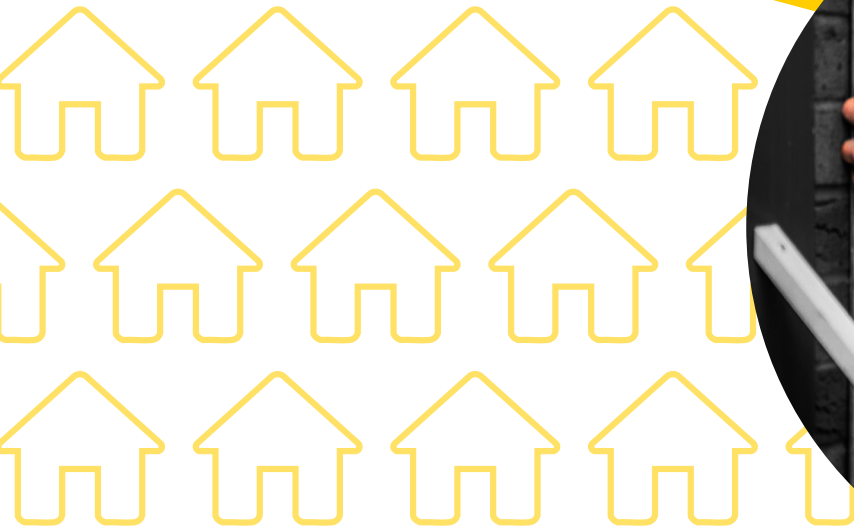
# Land Pricing:

## Make land more affordable

Sky-high land prices block smaller housebuilders and self-builders from contributing to the 1.5 million homes target. Addressing this requires both planning reform and targeted incentives:

- **Land Tax on idle development:** introduce an incremental tax on granted sites where development has not started within 12 months, increasing over time to deter land banking.
- **Unlock smaller sites:** encourage parcelled land sales for SME builders and self-builders, for example from farmers with surplus land in rural areas, backed by financing guarantees from the British Business Bank.





## Skills & Labour: Build the workforce to build the homes

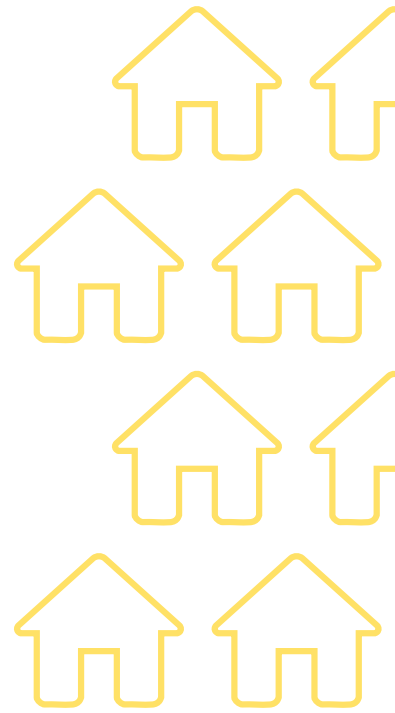
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We welcome the Government's plans to spend £625 million on construction skills shortages, as well as the expected 60,000 new workers this could bring. Labour supply massively threatens housing delivery. Without skilled labour to actually build the new houses, planning reforms will not be enough.

- **Align Skills England with local Councils:** establish construction training hubs, boost funding for apprenticeships, and ensure local authorities offer placement opportunities for trainees.
- **Incentivise Skilled Migration:** introduce targeted visa schemes for essential construction workers.
- **Expand retraining initiatives:** transition new workers into the sector, focused on specific roles where there's a recruitment shortfall. In addition to targeting essential, skilled immigration, this will further address the skills gap which holds back growth.



# Modern Methods of Construction (MMC): Boost productivity, reduce costs



Modern construction techniques, such as modular housing, can cut build times in half and require 50% fewer workers than traditional methods<sup>2</sup>. Whilst the Government's plans to recruit 60,000 new construction workers is welcome, there are opportunities to dovetail this with innovative new construction techniques to achieve greater impact.

- **Create a national MMC strategy & warranty scheme:** establish a clear framework with measurable targets, reducing regulatory uncertainty and insurance barriers.
- **Allow cost-plus contracts for Councils:** enable local authorities to use cost-plus contracts. If the developer knows their profit up front, but not their revenue, there's a strong incentive to finish their development quickly. If materials prices run away from them, they're covered. If they drop, the council benefits. Cost-plus contracts can therefore protect against material price volatility whilst ensuring projects are completed on time and to budget.



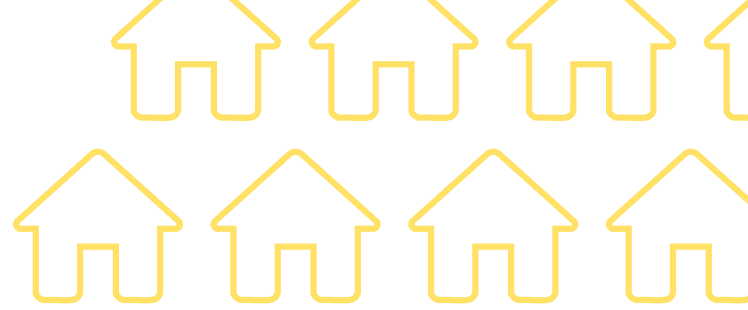


# Increasing Demand Certainty: Give developers confidence to build



Developers need certainty to invest. Market fluctuations and buyer hesitancy create risk, particularly for SME housebuilders. The Government can stabilise demand through targeted incentives:

- **Government-backed underwriting of new builds:** commit to purchasing unsold new builds after 12 months at market rate minus 5%, reducing risk for developers while replenishing council housing stock. (Consider introducing an appropriate annual cap on the number of properties / total value of properties that the Government can buy back, as well as a potential cap on individual property price e.g. so the Government doesn't need to buy back multi-million pound dwellings.) Furthermore, consider introducing prescribed rules on the mix between properties the Government keeps as council housing and properties it sells back to private buyers. Whilst replenishing council housing stock in some areas is desirable, it must be possible also to sell homes to private buyers dependent on the locality.
- **Tax incentives for new builds:** introduce stamp duty cuts for buyers of new builds and tax breaks for developers that exceed delivery targets, stimulating both demand and supply.



# Conclusion

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Delivering 1.5 million homes requires bold action. Aldermore's roadmap provides practical, targeted solutions to remove bottlenecks, reduce costs, and give developers the certainty to build. By implementing these steps, the Government can unlock housing, drive economic growth, and meet its manifesto commitment.

For further information, or to organise a meeting with Aldermore to discuss the above, please get in touch with [George.Young@aldermore.co.uk](mailto:George.Young@aldermore.co.uk).

## Notes to editors

<sup>1</sup><https://www.gov.uk/government/consultations/plan-making-reforms-consultation-on-implementation/levelling-up-and-regeneration-bill-consultation-on-implementation-of-plan-making-reforms>

<sup>2</sup><https://www.cic.org.uk/blog/time-and-cost-efficiency-for-modular-construction>

# Aldermore

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