Can Britain Build 300,000 Homes a Year?

Dave Boundy

13. June 2026

Introduction

Successive governments have adopted targets of around 300,000 new homes per year. The target is understandable. House prices remain high, many people struggle to enter the housing market, and there is widespread agreement that the country needs more homes. Failure has produced the current housing crisis. Although this article focuses mainly on housebuilding, I believe that the failure to build sufficient homes lies at the heart of both the sales and rental crises.

The question is not whether more homes are needed. The question is whether current policies are likely to deliver them. Much to my dismay, I do not see that they will.

I should declare my bias in this discussion. I am liberal (with a small "L") and believe in left-wing ideals. I am also a pragmatist so I recognise the political reality that some housing policy suggestions will not be politically practical in the short term. Unfortunately, we have a short term crisis in the UK, so practical, short-term solutions are needed. My instinct, particularly given the evidence, is that a programme of building council houses is the solution. However, government are unlikely to fund such a radical move so I shall start from the position that we have to accept that a mixed-economy solution is needed.

Overall

This article looks at housing through a different lens. The historical evidence suggests that Britain has previously achieved housing output above 300,000 homes per year, but only within a system that included substantial public participation. The current strategy largely assumes that private enterprise can achieve this target alone.

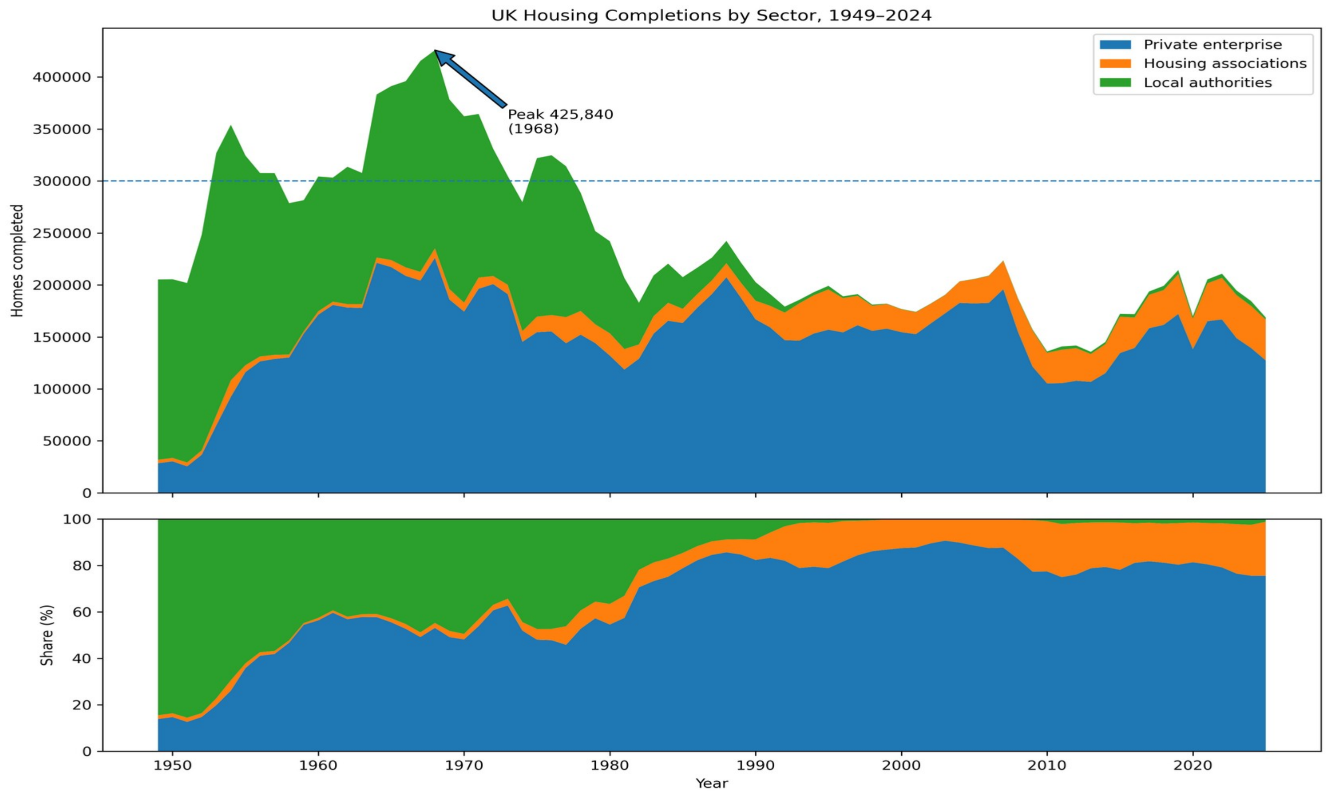
Perhaps it can. But if it cannot, then it seems sensible to explore alternative mechanisms before another decade passes with the target still unmet. If Britain genuinely wants to build 300,000 homes a year, then the question is not what ought to work in theory, but what is most likely to work in practice.

The historical evidence suggests that Britain once possessed a housing system capable of delivering more than 300,000 homes annually. The graph suggests that Britain has previously solved this problem. The question is whether we can learn from that experience without simply attempting to recreate it. The challenge is not to recreate the 1960s, but to discover what combination of public policy and private enterprise can achieve similar results today.

Let's look at these issues closer.

History

Looking at the historical record, I am convinced that it will not.



This graph shows UK housing completions since 1949, broken down by private enterprise, housing associations and local authorities. Private enterprise peaked at approximately 226,000 completions in 1968. Total output peaked at approximately 426,000. Two observations stand out. The first is that Britain has repeatedly built more than 300,000 homes per year. Indeed, during the late 1960s total output exceeded 400,000 homes annually. The second is that these periods of high output were achieved when local authorities were major contributors to house building.

How have we built enough before now?

Private enterprise has been responsible for many homes and remains the largest builder today. However, in the historical data it has never delivered 300,000 homes annually. Its highest recorded output was approximately 226,000 homes in 1968.

This does not prove that private enterprise cannot achieve 300,000 homes per year. Past performance does not determine future performance. Nevertheless, it is worth noting that the current policy relies upon something that has never previously been achieved in the post-war period.

Planning restrictions and land availability

The usual explanation for low housing supply is that planning restrictions and limited land availability constrain construction. There is undoubtedly some truth in this. However, the historical data raise an awkward question.

If planning restrictions are the primary constraint, how did Britain manage to build well over 300,000 homes annually during the 1950s and 1960s? The modern planning system was already in place. Green belt policies already existed. Yet housing output was dramatically higher than it is today.

Local authority building

One striking difference is the presence of substantial local authority housebuilding.

This does not necessarily mean that local authorities should once again become the primary builders of homes. Simply deciding to build more council houses would not solve the problem overnight. However, nor should this be ruled out. To do so would be only on ideological grounds.

Capacity

Housing construction depends upon capacity. Builders require skilled workers, managers, supply chains, finance, equipment and land. Expanding that capacity takes time regardless of whether the builder is a local authority or a private company.

A government announcement cannot instantly create thousands of additional bricklayers, electricians and site managers.

What is the obstacle?

If Britain wishes to build 300,000 homes per year, what currently prevents this from happening? Planning restrictions are frequently identified as the principal obstacle. There is certainly evidence that planning processes can delay development and that restrictions on land use can limit opportunities for construction in some areas. Land availability may also be a genuine constraint in regions where demand is particularly strong. However, planning permission alone does not create homes. Once permission has been granted, houses still need to be financed, designed, built and sold.

The historical evidence suggests that another factor may be important: capacity. Housing construction requires skilled workers, management expertise, supply chains, equipment and finance. These cannot be expanded overnight. If output is to increase significantly, firms must be willing to invest in additional capacity long before the additional homes are completed.

That raises a further question. Why might developers choose not to make such investments? One possible answer is commercial risk. Building homes requires substantial upfront expenditure. If the homes cannot be sold quickly enough, capital becomes tied up and profitability falls. Rational firms therefore have an incentive to expand cautiously rather than aggressively. This is not a criticism of private companies. It is simply the normal behaviour of organisations operating in a market environment. A company that consistently overestimates demand is unlikely to remain successful for long.

If this analysis is correct, then increasing housing supply may require more than additional planning permissions. It may also require mechanisms that reduce the risk associated with increasing output. That possibility suggests an alternative approach.

Encouraging the private sector

If commercial risk is part of the problem, can public policy reduce that risk while preserving market incentives and increasing the supply of social housing?

At present, developers face a straightforward commercial calculation. If they build more homes than the market can absorb, they risk tying up capital in unsold properties. Rational firms therefore have an incentive to expand only cautiously.

Developing an alternative way of working

If the problem is commercial risk, then perhaps the answer is to reduce commercial risk. Suppose that government established housing targets through negotiation with local authorities and developers. Developers would continue to build and market homes in the normal way. They would retain every incentive to maximise private sales. However, if total sales fell short of the agreed target, local authorities would purchase additional homes until the target was reached. Those homes would then enter the social housing stock.

To preserve market incentives, these purchases would take place at a discount. Developers would always prefer a private sale to a public sale. A progressive discount structure could strengthen this further. The first small proportion of homes purchased by local authorities might receive a relatively modest discount, while larger proportions would attract increasingly significant discounts. The objective would not be to guarantee profits. Rather, it would be to reduce the downside risk associated with increasing output.

Such an arrangement might provide several advantages. It could encourage firms to invest in additional capacity because demand would become more predictable. It could provide a counter-cyclical source of demand during market downturns. It would also increase the supply of social housing without requiring local authorities to maintain large construction organisations of their own.

Immigration and Size of the Population

Many people considering this will immediately say “its immigration”. It is obvious that higher population size puts a strain on the housebuilding system. Population growth clearly affects housing demand. However, even if immigration were reduced substantially tomorrow, Britain would still face a significant housing shortage. The challenge of increasing housing supply therefore remains. Unless you are going to throw hundreds of thousands of people a year out of the country (an utterly deplorable, despicable idea) then we still have a housing crisis.

Much as I am tempted to delve into immigration policy, I shall do so in a separate article, but almost everyone accepts that we need some level of immigration. With a declining birth-rate, this might become more pressing. Our society is built around the presumption that some jobs (nursing springs to mind) will have a high level of immigrant in the work force. There is a political demand for change and reduction in numbers but again, this is irrelevant: an anti-immigrant policy would not solve our housing crisis in the short term.

Open questions

The proposal is far from complete. There are important questions still to answer.

The first concerns targets. How should they be determined? Through central government forecasts, local authority assessments, negotiations with developers, or some combination of all three?

The second concerns pricing. If local authorities simply purchase homes at prices determined by developers, the system risks encouraging inflation. Equally, linking prices directly to construction costs may weaken incentives for cost control. Some form of benchmark pricing, independent valuation or price ceiling would almost certainly be required.

There are also questions about land availability, regional variations in demand and the long-term political consequences of slower house-price growth.

The next steps

The historical record shows that Britain has previously built more than 300,000 homes a year. The challenge is not whether such output is possible, but how it can be achieved under modern conditions. That is a discussion we need to begin urgently.

Dave Boundy

13. June 2026