

# Ten-Year Housing Strategy

## Unlocking Institutional Investment: A Call to Action



March 2025

# About the BPF

The British Property Federation is the voice of the UK property sector. Our ambition is to work in partnership with national and local government, and with local communities, to create places we can all be proud of.

The property industry underpins all aspects of modern life – we live, work and relax in buildings and we rely on the built environment to support us – whether delivering goods to our homes, or providing modern healthcare facilities or designing safer, cleaner town and city centres.

Our industry invests billions of pounds across the country to provide great homes, work and leisure spaces, to play our part in the UK reaching its environmental goals and to reduce bills for our customers whilst giving them a better experience.

We help power the economy, adding more than £110bn a year, or 5% of Gross Value Added (GVA). We support one out of 13 jobs across the country and pay more than £7bn in direct taxes each year, contributing another £7bn indirectly to local communities.

## The BPF Group



# Introduction

The Government's ambitious target of 1.5 million homes over the next five years is essential in the UK's constrained housing market, with a stark undersupply of social, affordable, market-for-sale and privately rented homes. The BPF supports this target, however we recognise the challenges that realising it will bring – an estimated £200bn of capital will be required to deliver it. Achieving this goal in the current fiscally constrained environment will necessitate exploring alternative sources of funding beyond traditional Government and private funding mechanisms.

The Government's forthcoming Ten-Year Housing Strategy presents a pivotal opportunity to define success, establish clear objectives, and provide a long-term vision for the UK's housing market across all tenures. The strategy can unlock the potential for sustained institutional investment in housing, a vital tool that previous governments have not had access to. It should prioritise clarity in outcomes, reconcile housing goals with broader policy objectives, and provide a realistic roadmap for delivery – including on implementation of the Older Peoples' Housing Taskforce recommendations, which will be key in transforming this vital sector.

With robust planning, including mechanisms for regular evaluation and course correction, the Government can set a credible path to achieving its ambitions for increased supply, improved affordability, and enhanced housing quality over the next decade.

In this paper we detail the opportunities available using institutional capital and our four key policy pillars to deliver the change required.

## The Investment Landscape

Residential institutional investment has significantly contributed to building housing across all tenures, creating homes for everyone. It has built more than 1 million units and played a vital role in the provision of affordable housing through contributions, affordable rents and registered providers.

### Key figures since 2015:

| CATEGORY                                   | TOTAL CONTRIBUTION (£) | 2024 CONTRIBUTION (£) |
|--|------------------------|-----------------------|
| Build-to-Rent (BTR)                        | 40 billion             | 4.5 billion           |
| Purpose-Built Student Accommodation (PBSA) | 90 billion             | 4.2 billion           |
| Older People's Housing                     | (N/A)                  | 2.5 billion           |
| Affordable Housing                         | Estimated 5 billion    | (N/A)                 |

*Forecasts from JLL, Savills, Knight Frank and Cushman Wakefield.*

# The Challenge and Opportunity Ahead – Summary

The sector currently faces many challenges in attracting capital:

- Institutional investors are concerned about the risk-adjusted returns in UK housing compared to other global markets, particularly the US and Europe.
- Renters Reform and Building Safety Regulations, whilst absolutely necessary, have increased investor uncertainty and risk, making the UK housing sector less appealing.
- There is a lack of clarity on how the Government intends to address viability challenges and close the affordable housing funding gap.

**We believe that four key policy pillars are required to meet the 1.5m target:**



## 1. Incentivise institutional investment

- **Provide clear, decisive messaging** to the international investment community reaffirming the UK as a leading destination for long-term, stable investment.
- **Introduce effective tax incentives** to stimulate more institutional investment into homes for rent. In particular:
  - Introduce targeted Stamp Duty Land Tax (SDLT) incentives for institutional investors in large scale build to rent developments, and review the impact of abolishing Multiple Dwellings Relief on the provision of new rental homes.
  - Brownfield land: Government should introduce a new, impactful tax incentive to stimulate development on brownfield land. This could be considered as part of the Government's forthcoming consultation on the effectiveness of Land Remediation Relief.
- **Provide regulatory certainty** by prioritising only the most essential reforms, clearly signposting reforms well in advance and with sufficient detail and focusing on those reforms that do not inhibit the ability of institutional capital to invest in UK housing.



## 2. Strategic planning approach that supports rental living across all tenures

- **Recognise the distinct business models of housing for sale and housing for rent**, ensuring tax and planning policies promote increased supply across all tenures, including Build to Rent (BTR), affordable housing, student accommodation, and housing for older people, including implementing the recommendations of the Older Peoples' Housing Taskforce on the latter.
- **Mandate mixed-tenure development on large sites** (500+ homes) through stronger NPPF guidance, requiring a blend of Build-to-Rent, affordable housing, and specialised housing types (e.g., older people, students, custom/self-build) to accelerate build-out rates, foster community diversity, and enhance placemaking across all phases of development.



### 3. Create a centralised hub focused on housing delivery

- **Bring together key bodies**, aligning the Department for Business and Trade (DBT), the Ministry for Housing, Communities, and Local Government (MHCLG), and Homes England to coordinate efforts into one centralised ‘hub’. This would align closely with the Older Peoples’ Housing Taskforce recommendation of top-down, integrated action across Government, extending outward into communities. Homes England is well-placed to play a leadership role in delivering this initiative.
- **Incorporate ‘Planning Super Squads’**: Integrate existing “planning super squads” into the central hub to expedite delivery and provide targeted support for complex or large-scale projects.
- **Deliver transparency**: Ensure the hub regularly reports on progress, addressing planning delays and regulatory barriers, providing clarity to the industry.



### 4. Drive development viability and new housing supply

- **Reopen and modernise the PRS Debt Guarantee Fund**: Extend and enhance the scheme to provide development financing and support for key sectors, including Build-to-Rent and housing for older people.
- **Increase grant funding for social housing**: Introduce targeted grants and rethink how affordable housing debt is treated to unlock more delivery.
- **Encourage public-private partnerships (PPPs)**: Establish frameworks to encourage joint ventures between developers and local authorities, including reforms to best consideration rules for affordable housing projects.

## Pillar One

# Incentivise Institutional Investment

To establish the UK as a global leader in attracting long-term, stable investments, the following actions are essential:

### Clear and Decisive Messaging

Across other investment sectors, the Government has sent a clear message to the investment community that Britain is “open for business.” There is now a growing call for the Government to extend this approach to investment in housing, sending an equally strong signal to unlock opportunities in this critical sector.

- **Objective:** Provide unambiguous communication to the institutional investment community, positioning the UK as a prime destination for institutional capital. Work with Homes England and the BPF to deliver housing investment summits.
- **Why It Matters:** Investors seek certainty and confidence when committing to large-scale projects. Clear messaging will demonstrate the UK’s commitment to fostering an environment conducive to sustainable, long-term growth.

### Stamp Duty Land Tax (SDLT) Incentives

The abolition of Stamp Duty Land Tax Multiple Dwellings Relief (SDLT MDR) has resulted in an estimated 13k-25k fewer homes being built this year and a drop in both domestic and overseas investment into UK housing delivery. In the context of increasing demand for additional housing, and for quality rental homes in particular, a new form of SDLT incentive that targets large scale investment in housing is needed. For further detail, see our full briefing on MDR <https://bpf.org.uk/media/8379/bpf-position-on-stamp-duty-land-tax-multiple-dwellings-relief-abolition.pdf>.

- **Objective:** Introduce a targeted SDLT relief for transactions of over 30 homes specifically designed to attract institutional investors into key areas such as housing for older people, build-to-rent developments, and PBSA.
- **Why It Matters:** Targeted SDLT relief will encourage investment in sectors critical to addressing the UK’s housing and social infrastructure challenges, unlocking much-needed capital for projects that drive economic growth. In a global market where countries like Australia providing tax reliefs to investors in rented housing, the UK must remain competitive in order to attract and retain this capital.

### Brownfield Development Support

Brownfield development has been targeted repeatedly by successive governments for development incentive, however this has not delivered the step change required. We need a new clearer tax incentive system that matches the Government's reforms to the NPPF and brownfield land.

The Government is set to consult on the effectiveness of Land Remediation Relief in 2025, the conclusions of which could create a modernised, more effective and broader framework.

- **Objective:** Develop a clear policy framework or incentives to prioritise brownfield site regeneration as a key component of institutional investment strategies.
- **Why It Matters:** Brownfield land has significant potential for regeneration, but uncertainty around reliefs, delays in tax incentives, and complex regulations prevent these sites from being factored into investment decisions. By improving clarity and introducing targeted financial measures, the government can unlock brownfield land for development, drive housing supply, and attract institutional investment.

### Provide regulatory certainty

Regulatory uncertainty is a key concern of institutional investors, who require certainty over the investment landscape, including regulation, to make their investment decisions. Continuous, small-scale reforms over the past several years have resulted in a lack of clarity and increased hesitancy on the part of global investors, threatening the attractiveness of the UK as an investment destination.

- **Objective:** Provide regulatory certainty by prioritising only the most essential reforms, clearly signposting reforms well in advance and with sufficient detail, and focusing on those reforms that do not inhibit the ability of institutional capital to invest in UK housing.
- **Why It Matters:** Capital is increasingly global, and the UK is competing with other countries to attract institutional investment into housing. Investors prioritise long-term regulatory certainty to ensure returns on their investments, which take several years to realise on rented developments. To ensure that the UK continues to attract larger volumes of investment, the Government must provide regulatory certainty.

## Pillar Two

# Strategic Planning Approach that Supports Rental Living Across all Tenures

### Integrate Rental Living into the 10-Year Housing Strategy

The housing strategy provides a chance to reflect the diverse and evolving needs of UK households, where rental living is no longer a ‘second-class’ tenure but a vital and permanent component of the housing mix. Historically, home ownership has been prioritised, yet rising affordability challenges mean renting remains the most viable option for many, while others actively choose rental living for its flexibility and convenience. Recognising this shift is critical to delivering a housing strategy that supports families, older people, students, and key workers alike, while addressing the ongoing supply crisis and ensuring sustainable, high-quality homes for all.

- **Objective:** Embed a clear, long-term focus on rental living across all tenures within the national housing strategy and test impacts of housing policies on rental tenures.
- **Why It Matters:** Rental living plays a critical role in addressing housing supply challenges, supporting mobility and meeting the needs of diverse groups, including families, older people, and students. It is distinctive and can face adverse impacts from policy measures designed to support build-to-sell.

### Mandate Mixed-Tenure Development on Large Sites

The Government’s commitment to delivering 1.5 million homes this Parliament provides an opportunity to reshape the approach to housing delivery on larger sites. While recent updates to the NPPF are welcome in promoting mixed-tenure development, a stronger, more explicit requirement is needed to ensure this ambition is fully realised. Implementing the recommendations of the Letwin Review and subsequent Competition and Markets Authority market study would significantly accelerate delivery, support community diversity, and improve placemaking outcomes. A mandatory mixed-tenure approach on large sites – those delivering 500 or more homes – would not only speed up build-out rates but also bring wider economic, social, and infrastructure benefits.

- **Objective:** Require mixed-tenure housing delivery on sites of 500+ homes through strengthened NPPF guidance.
- **Why It Matters:** A blend of tenures accelerates build-out rates, enhances community diversity, and supports placemaking throughout all phases of development. Mixed-tenure sites attract diverse investment, deliver housing at scale, and ensure critical infrastructure is implemented sooner.



## Pillar Three

# Create a Centralised Hub Focused on Housing Delivery

### Establish a one-stop shop for large-scale investors

To address persistent regulatory, planning and investment barriers, and streamline existing government support, it is crucial to establish a centralised hub focused on enabling investment into housing. The hub would be a one-stop shop for large-scale investors and would amalgamate existing structures from the Department for Business and Trade (DBT), MHCLG and Homes England, with Homes England well positioned as the lead body. This hub would be a way to implement the Older Peoples' Housing Taskforce recommendation of integrated, government-led action that extends into communities (the central recommendation in our view), and would provide these benefits to other housing tenures as well – including addressing regulatory uncertainty, which we note is a key concern for global institutional investors.

The hub would integrate part of the current 'planning super squads' to focus on working with investors to tackle systemic challenges and unlock stalled developments. This approach could equip investor capital with the right tools to be able deploy more quickly and in a coordinated manner.

- **Objective:** Create a central government hub of investment into housing bringing together a wealth of capital with a government team to unlock delivery.
- **Why It Matters:** Establishing a centralised hub for investment into housing is essential to overcoming regulatory, planning, and investment barriers that hinder development. By consolidating government structures with capital, the two could quickly deliver towards the 1.5 million homes target.

## Pillar Four

# Drive Development Viability and New Housing Supply

To accelerate housing delivery and ensure developments are financially viable, the following actions are crucial:

### Reopen and Modernise the PRS Debt Guarantee Fund

The original PRS Debt Guarantee Fund was helpful to support the nascent BTR sector. However, as the market has evolved, it is now critical to reopen and modernise this fund to cover development financing and provide longer term bonds, as the impact of a like-for-like scheme will be limited.

- **Objective:** Extend the PRS Housing Guarantee scheme to offer BtR developers a debt funding option, instilling confidence in the market during international headwinds and market cycles. Consider as part of a wider strategy providing further guarantees to other sectors such as older people's housing as recommended by the taskforce.
- **Why It Matters:** The PRS Debt Guarantee Fund has a history of providing essential liquidity to housing developments, enabling projects that may otherwise be unviable. Modernising and expanding the fund will make it a more effective tool in supporting development viability, particularly in economic downturns.

### Invest in more social homes

Significant government subsidy is critical to delivering affordable housing at scale. Across the country, development viability is increasingly affected by the requirement to include affordable housing contributions in appraisals, leading to a marked slowdown in new project delivery.

Compounding the issue, the lack of sufficient grant funding has left many registered providers unwilling to acquire new s 106 stock, further stalling progress in meeting affordable housing needs. The solution, while fiscally challenging, is clear: increase grant funding. To achieve this, we must fundamentally rethink how affordable housing debt is treated—viewing it not as a liability or “bad debt” but as an investment in long-term social and economic value that can drive sustainable growth. Alongside this rethink there is a chance to pilot and explore other international models such as Low-Income Housing Tax Credits.

- **Objective:** Introduce targeted grants and a long-term rent settlement to support the delivery of social housing.
- **Why It Matters:** Without targeted grant funding, social housing projects are at risk of stagnating due to high costs and financial barriers. Providing grants will allow for the creation of much-needed affordable, improving housing supply and contributing to social and economic stability.

## Public-Private Partnerships (PPPs) in Housing Development

PPPs have been the catalyst for several successful regeneration schemes and have delivered much-needed housing. The housing strategy presents a chance to establish best practices, frameworks and encourage local authorities and other government bodies to partner with long-term patient capital to unlock sites.

- **Objective:** Government should set a framework pathway for joint ventures between developers and local authorities to promote PPPs and ensure consistency and certainty for developers and councils. Government should review the Local Government Act 1972 to allow councils to sell land outside the best consideration rule where the land will be used for a development project delivering below market rents, and/or housing for key workers.
- **Why It Matters:** PPPs are essential to scaling up housing delivery, particularly in challenging market conditions. By fostering collaboration between the public and private sectors, the government can leverage both public land and private sector investment to address the UK's housing needs more effectively, delivering sustainable, large-scale housing and regeneration projects.

### References

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