

REPORT



Global housing delivery

Addressing the challenges



RICS[®]

Global housing delivery

July 2026

Author

Robin Rivaton is a technology entrepreneur and author. He is the chief executive of Stonal, a European proptech company, and co-founder of Vibiscus, an acoustic deeptech start-up. He serves as an independent board member of CDC Habitat, SOCOTEC, TwentyTwo Real Estate and the real estate business of Société Générale. He is the author of eight books on economics, technology and political economy, with a long-standing focus on housing policy.

The views and opinions expressed by the author are their own and do not necessarily reflect the official policy, position or opinions of RICS.

Published by the Royal Institution of Chartered Surveyors (RICS)

Parliament Square
London
SW1P 3AD

www.rics.org



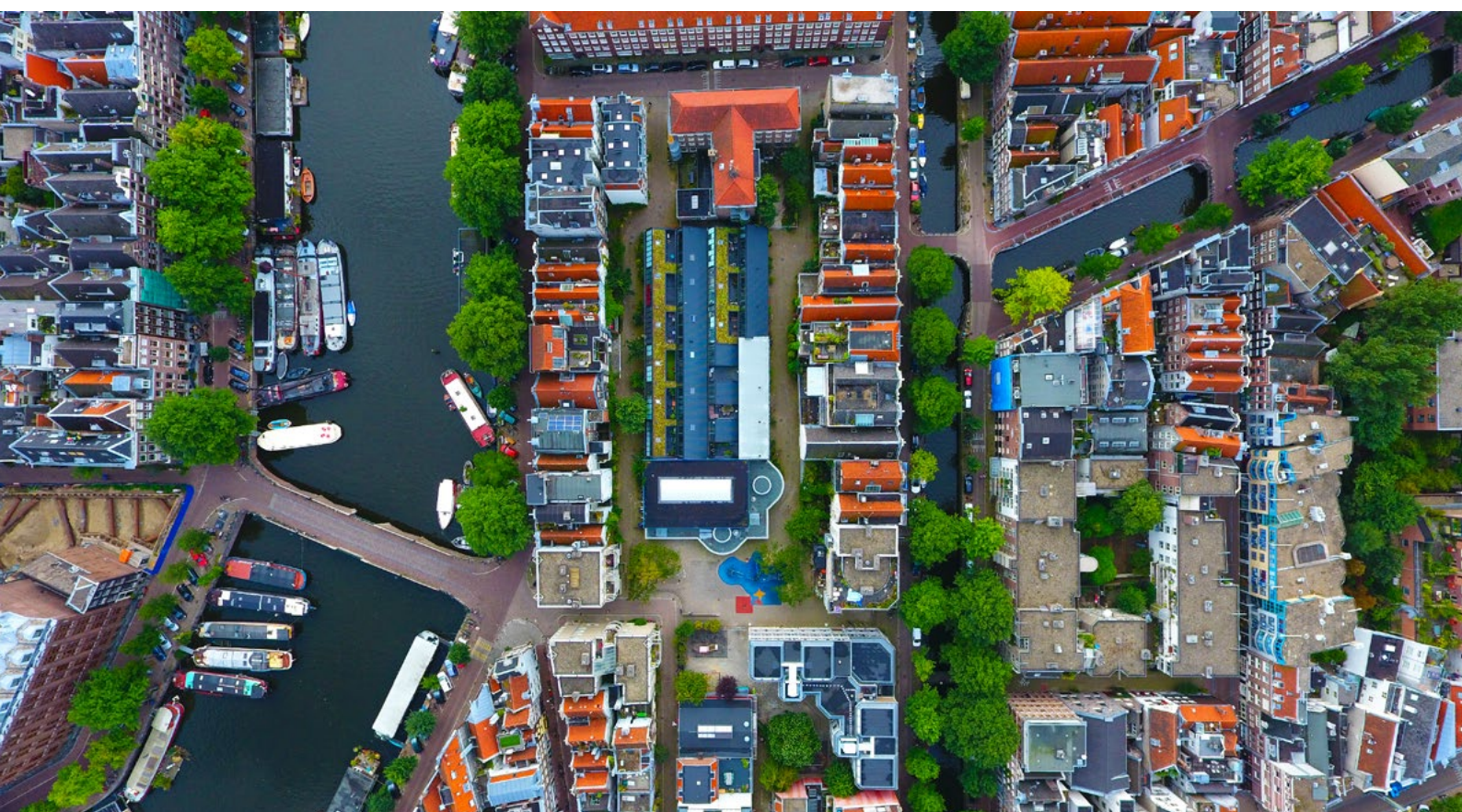
No responsibility for loss or damage caused to any person acting or refraining from action as a result of the material included in this publication can be accepted by the authors or RICS.

ISBN 978 1 78321 577 5

© Royal Institution of Chartered Surveyors (RICS) July 2026. Copyright in all or part of this publication rests with RICS. Save where and to the extent expressly permitted within this document, no part of this work may be reproduced or used in any form or by any means including graphic, electronic, or mechanical, including photocopying, recording, taping or web distribution, without the written permission of RICS or in line with the rules of an existing licence.

Contents

1 Introduction	1
2 Key underlying trends in population and housing	2
2.1 Household formation rate exceeds population growth rate	2
2.2 The urban exodus: scale and limits	3
2.3 Why fewer inhabitants does not automatically free up housing	3
3 Accelerating global housing delivery	5
3.1 Make planning and zoning pro-growth	5
3.2 Overcome local opposition	11
3.3 Don't be shy about using taxation measures	14
3.4 Consider public interventions	18
4 Conclusion	23



1 Introduction

The global residential real estate market is [valued at approximately \\$393 trillion](#), underscoring how critical housing is to economies, societies and individual well-being.

The availability, quality and affordability of housing influence where people live; their access to jobs, education and healthcare; and even family formation. As outlined in [The housing theory of everything](#), the housing crisis is not merely a symptom of broader socioeconomic issues – it is a driving force behind them. A shortage of affordable homes doesn't just affect where people reside; it disrupts urbanisation patterns, exacerbates inequality and limits economic growth. For further information, see the [RICS position on the future of affordable housing in Europe](#).

[Studies have shown](#) that as households' perceived probability of attaining homeownership falls, people systematically shift their behaviour: they consume more relative to their wealth, reduce work effort and take on riskier investments.

Fixing the housing supply can alleviate many downstream problems, including rising inequality. One of the key drivers of inequality is the accumulation of wealth through property ownership, particularly when multiple properties are owned by the same individuals or families. These properties are often transferred through inheritance, further entrenching economic disparities. As property ownership becomes more concentrated, wealth inequality grows, exacerbating social divides and reducing social mobility – as demonstrated in a [report by the Institute for Fiscal Studies](#) looking at the impact in the UK.

In this paper, we consider the main trends in population and housing needs, a variety of measures being undertaken by governments in different developed economies to address shortcomings in housing delivery and the impact those measures have had. We then provide suggestions on further measures that could be implemented to accelerate global housing delivery.



2 Key underlying trends in population and housing

There is an argument that demographic changes will help resolve at least some of the challenges presented by the housing market today. As the OECD noted in [Shrinking smartly and sustainably](#), close to one fifth of OECD countries (seven out of 38) saw their populations shrink between 2001 to 2022, and a further seven are expected to do so by 2060. However, it also states that 'between 2001 and 2021, nearly 36% of OECD non-metropolitan regions located far from midsize or large Functional Urban Areas...experienced population decline'. At the same time, immigration, which disproportionately affects larger cities, plays a crucial role in population growth. As outlined in [research from the Federal Reserve Bank of San Francisco](#), immigration is largely an urban phenomenon, driven by the concentration of economic opportunities in cities. This trend is expected to continue, reinforcing the demand for housing in major urban centres.

2.1 Household formation rate exceeds population growth rate

Rate of household formation has consistently outpaced population growth in most countries and historical periods. A [meta-study](#) found that, since the 1800s, the rate of household formation has exceeded that of population growth in almost every nation and time frame. This trend is projected to continue due to declining average household sizes. In the EU, the total number of households increased by 7% between 2013 and 2022, with the number of single-adult households without children showing the most rapid growth, rising by 21% in that period.



These shifts indicate changing social and lifestyle preferences, as well as demographic trends such as rising divorce rates, increased migration and a decline in multigenerational living arrangements.

2.2 The urban exodus: scale and limits

When confronted with the housing crisis, some argue that there is no true shortage, pointing to the rising number of vacant homes. However, this oversimplifies the issue and ignores the critical aspect of housing distribution. While it's true that a notable percentage of homes remain vacant, this is often because these homes are located in areas lacking access to employment opportunities and essential services.

Many of these vacant homes are situated in rural or economically stagnant regions, far from the urban centres where housing demand is most acute.

Metropolitan areas exert a sponge effect on the rest of the country, absorbing young talent from the regions, creating distinct islands of growth. As the housing market worsens, migration from less affluent neighbourhoods intensifies, creating visible vacancies that, in turn, make these areas less appealing to both potential internal migrants and current residents.

COVID-19 reignited aspirations for a major redistribution of the population, but the idea of a large-scale 'urban exodus' has proven largely illusory. COVID-19 did not introduce new mobility patterns; instead, it accelerated existing migration trends – specifically, the movement from the largest metropolitan areas to smaller, more affordable urban centres, rather than to rural areas.

This shift aligns with established patterns of internal migration, where retirees in developed countries like the US and France often prefer relocating to sunnier, more temperate locations as their final destinations. As these destinations become increasingly expensive, they gradually lose their appeal. For the first time in five years, Texas was downgraded from an inbound migration state to neutral for those moving from other states in the US, according to the [Atlas Van Lines 2024 migration study](#). In countries that lack these sunny destinations, such an urban exodus was much less frequently documented.

2.3 Why fewer inhabitants does not automatically free up housing

Research highlights that population changes do not necessarily correlate directly with housing costs. In US metropolitan areas, [data shows](#) that house prices often continue to increase in cities, even in places with slow or negative population growth, due to factors like high per capita incomes and limited housing stock, rather than population alone.

The analysis suggests that a 1% rise in population increases house prices by 0.03%. Conversely, a 1% increase in per capita housing stock (housing stock divided by population) reduces house prices by 0.83%. Per capita income has the highest impact on house prices, with a 1% increase leading to a 1.5% increase in house prices. Studies show similar patterns in other countries, such as [in Australia](#).

In some urban areas experiencing population decline, house prices and rents can still rise due to the phenomenon of multiple home ownership without renting. This trend is often fuelled by individuals who maintain homes in urban centres for convenience, while also owning larger properties in more suburban or rural settings. Such multiple home ownership can also be driven by speculation, as has been the case in some of the [largest Chinese cities](#).

The explosive growth of mass tourism also strains housing markets in major global cities. Typically, 10–20% of tourists use short-term rentals rather than hotels. In [Paris](#), with 40m overnight stays in 2019, this represents 6m nights, equivalent to about 20,000 housing units being removed from the residential market. These numbers represent significant pressure in specific neighbourhoods, particularly historic districts and trendy areas, with some seeing up to 12% of their housing stock converted to short-term rentals.

3 Accelerating global housing delivery

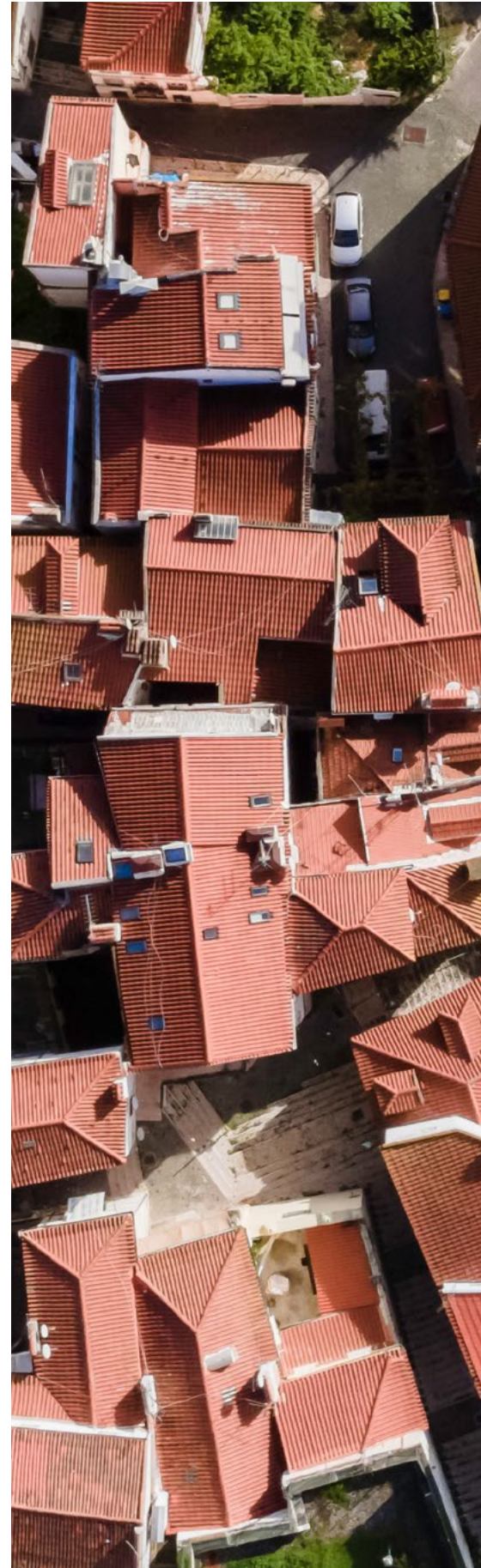
3.1 Make planning and zoning pro-growth

3.1.1 Minimise planning delays

Extended planning procedures create a compounding financial burden that significantly impacts property development economics. When approval timelines stretch from an expected 6–12 months to 18–24 months or longer, two critical financial mechanisms come into play. First, the cost of debt balloons as interest continues to accrue without any revenue generation. Second, and perhaps more critically, extended procedures lock up developers' equity capital for longer periods, preventing its redeployment in other opportunities.

[A comprehensive study](#) analysing planning applications over a 23-year period by the University of Warwick revealed surprising insights into the UK's planning system challenges. Contrary to common belief, the issue isn't planning refusals – in fact, housing unit rejection rates have decreased by 50% compared to the previous decade.

The development market has seen a significant transformation: projects exceeding 50 units now constitute two-thirds of approved developments, with massive projects (over 500 units) representing 38% of new housing approvals – a stark increase from just 8% 25 years ago. While these larger projects have lower rejection rates (single-unit developments are twice as likely to be refused as 500+ unit projects), the real bottleneck occurs after planning permission is granted, with far more delays, red tape and paperwork for larger projects than for smaller ones.



The average timeline for very large developments is 4.5 years from start to completion of the planning process, with some stretching beyond 11 years. This suggests that streamlining post-approval processes, rather than focusing solely on initial permissions, could be key to accelerating housing delivery. A [study examined](#) how local regulatory approval times affected housing production in Los Angeles in the period 2010–2022. It suggested that reducing approval durations and uncertainty by 25% could boost housing production by 11.9% for ongoing projects, and up to 33% when considering new developments.

Automatic planning approval is an innovative approach designed to streamline the planning process for construction projects. This approach leverages technology to automatically review and approve building plans, significantly reducing the time and administrative burden typically involved.

Many countries are also implementing automated systems specifically for low-risk or routine projects, but they can also be used for projects with strong benefits for the community.

In a UK context, public facilities such as schools and hospitals may qualify for permitted development rights under specific conditions, with NHS facilities and school expansions often receiving expedited processing when addressing critical capacity needs. However, these projects must still meet design standards and comply with environmental impact assessments and public consultation requirements. Similarly, transit-oriented developments (TODs) often qualify for streamlined approval when they are located within a defined distance of major transit stations, meet minimum density requirements, incorporate mixed-use elements and provide adequate pedestrian and bicycle infrastructure.

In California, TODs have been promoted through significant legislative measures, including the signing into law of *Senate Bill 79* (effective from 1 July 2026), which overrides local zoning limitations to allow greater heights and densities for residential development near transit stops.

Some developments may receive automatic approval if they follow pre-approved design templates. In October 2025, Canada's federal government unveiled the full technical design packages for the country's [Housing Design Catalogue](#), a library of pre-approved, low-rise housing plans meant to streamline construction. It includes 50 complete design packages, from accessory dwelling units (ADUs) and townhouses to fourplexes and sixplexes, each accompanied by detailed architectural and engineering drawings, energy reports and cost estimates. The designs are aligned with local building codes, climatic conditions and construction practices.

Automatic planning approval mechanisms represent a significant shift in urban governance, marking a resurgence of state and national authority over traditionally local planning decisions. This recentralisation trend reflects mounting frustration with local obstacles to housing development, particularly in high-demand areas where NIMBY ('Not In My Back Yard') opposition has effectively blocked new construction. The first step is mandatory housing targets.

In France, housing targets and policies are part of the *Programme local de l'habitat*, which is a strategic planning document developed at the intercommunal level, but they are not mandatory. Germany does not impose mandatory national housing targets, as housing policy is decentralised and primarily managed by the *Länder* (states) and municipalities. States and cities set their own goals based on regional needs.

In the US, there are no nationwide housing targets, as housing policy is largely determined by individual states and municipalities. A prominent example is California's Regional Housing Needs Allocation, which obligates cities and counties to plan for a specific number of housing units at various income levels. The UK government reintroduced national housing targets in the [National Planning Policy Framework](#) and sought to remove barriers to development. In 2025, the UK government proposed reducing development levies and obligations to deliver affordable housing alongside market housing in the London region. This was intended to accelerate housing development more generally in a location where the business case for housing development has been weakening.

Failure to submit a compliant housing plan can result in penalties and loss of planning competency. California's 'builder's remedy' offers a striking example: when municipalities fail to maintain state-compliant housing plans, developers can bypass local zoning restrictions entirely for projects incorporating affordable housing. Beyond California, several states have implemented similar mechanisms to override local control, including Massachusetts' [Chapter 40B](#) and [Oregon's state-wide elimination of single-family zoning](#). The Netherlands has taken more decisive action to allow central government to bypass local authorities on significant housing projects, or when municipalities fail to meet housing targets.

3.1.2 Apply *de minimis*

In the past, urban development was largely organic, with homes evolving through gradual extensions and modifications without formal planning permission. This informal growth pattern shaped many of our historic neighbourhoods, where houses were expanded vertically or horizontally to accommodate growing families, house multiple generations or create rental income. Homeowners would typically add rooms, convert attics or build backyard structures based on immediate needs rather than regulatory compliance.

Urban development in Tokyo is a story of micro-development: the land is divided between urban promotion area (UPA) and urban control area (UCA), and 19% of the land parcels in the UPA consist of the minimum size of 60m².

Some cities are now looking to their past to inform more flexible approaches, particularly in addressing housing shortages. *De minimis* planning is an innovative approach to streamlining small-scale residential development by exempting projects below certain thresholds from full planning application requirements. Under this system, developments limited to single parcels and involving four or fewer units (commonly known as 'plexes') can proceed without traditional pre-approval processes, with compliance verified through post-construction inspection.

This gentle densification can be achieved through multiple strategies:

- converting large single-family homes into multiple units
- creating junior ADUs in existing homes
- adding ADUs in backyards or above garages, and
- demolishing and rebuilding with higher density (duplexes, triplexes or fourplexes on single lots).

While just 8.8% of all housing units in the US were built between 2010 and 2022, that number jumps to 16.8% in Texas, and 20.3% in Austin specifically. Upzoning – the practice of modifying zoning laws to allow for higher-density developments – has been central to Austin's strategy. Oregon pioneered this model with *House Bill 2001*, legalising up to triplexes in most single-family zones with streamlined approval processes, while California's Senate Bill 9 enables property owners to build up to four units on single-family lots with minimal review. Similarly, New Zealand's Medium Density Residential Standards permit up to three units per lot as a permitted activity without resource consent.

De minimis planning represents a significant opportunity to reverse the restrictive zoning practices introduced in the mid-20th century. During the post-war period, municipalities across developed nations implemented increasingly stringent zoning regulations, with floor area ratio (FAR) emerging as a particularly powerful tool for limiting density. In many US cities, FARs were deliberately set low – often between 0.5 and 1.0 in residential areas – to prevent the construction of apartments and maintain the single-family character of neighbourhoods. An estimate from a [Cato Institute policy paper](#) attributes about 20% of housing growth variation to density regulations, including FARs.

The focus on converting single-family properties into duplexes or triplexes aims to address the 'missing middle' housing crisis. According to the US Census Bureau, single family homes make up 67% of the housing stock, including 6% of townhouses (also known as terraced houses or rowhouses), but the numbers are also high elsewhere. In Australia over 80% of housing stock falls into this category, in the UK around three-quarters and France two-thirds.

The traditional rigid zoning approach, which strictly segregates urban functions into distinct commercial, residential and office areas, appears increasingly outdated in contemporary urban planning for multiple compelling reasons. From an economic perspective, mixed-use developments offer greater resilience through diversified usage, improved asset values through adaptability to market changes and enhanced retail viability through consistent foot traffic.

Office-to-residential conversions emerged as a significant trend during the early 1990s recession, when residential values outpaced declining office asset values in many global cities. New York led this transformation in the US, with its 1995 plan for Lower Manhattan, combining zoning changes, tax incentives and preservation initiatives to convert pre-1975 office buildings, creating over 6,500 housing units by 2004.

Los Angeles followed suit with its 1999 Adaptive Reuse Ordinance, generating approximately 20,000 units. London and Toronto responded to their 1990s office market collapse by incentivising conversions through regulatory changes. England notably [removed planning permission requirements for office conversions](#) in 2013, although this initially led to some substandard housing units, prompting new light and space standards by 2021. Frankfurt [transformed its Niederrad Office City into a mixed-use area](#) in the late 2000s, creating over 3,000 apartments.

Office-to-residential conversions face [numerous technical hurdles](#) that significantly drive up costs. Building systems require a complete overhaul; while offices typically have centralised HVAC systems, residential units need individual heating, cooling and ventilation solutions, costing €300–400/m². Plumbing represents a major challenge, as offices usually have centralised bathrooms, adding €500–700/m². The floor plate depth of office buildings (often 15–25m) exceeds optimal residential depth (12–13m maximum for natural light), requiring expensive structural modifications or accepting compromised units.

Window configurations designed for open-plan offices rarely suit residential needs, requiring facade modifications costing €800–1,000/m². Adding balconies involves complex structural work at €15,000–20,000 per balcony. Fire safety upgrades, including new emergency exits and compartmentalisation, can add €200–300/m². Asbestos removal, common in 1970s–1980s office buildings, can cost €500–1,000/m².

[Gensler studied](#) 1,400 office buildings in 115 cities, concluding that while around 32% were in theory physically viable as housing, only 5% were in the process of being converted.

Not all office buildings are viable candidates for conversion, and forcing adaptation can result in poor-quality housing while consuming resources better spent on new construction. Buildings with deep floor plates exceeding 25m make conversion nearly impossible without creating dark, poorly ventilated apartments.

Low ceiling heights (below 2.7m) in many 1960s–1970s offices can't accommodate modern residential mechanical systems.

Buildings with concrete waffle slab construction or extensive interior columns severely restrict residential layout possibilities. Precast concrete panel buildings from the 1970s often have poor thermal performance and would require such extensive modification that demolition and new construction would prove more sustainable, both environmentally and economically. The embodied carbon argument for preservation must be weighed against the long-term energy efficiency and liveability of the final product; a poorly converted office building that creates substandard housing doesn't help to address either the housing crisis or sustainability goals.

Nevertheless, these vacant offices represent a potential to create 25,000–30,000 new homes in Paris, and up to 20,000 in central London. In New York, the Office Conversion Accelerator introduced in 2023 has contributed to the 10.3m square feet of space underway or planned. A [study](#) found that 8.7% of office buildings in the downtown areas of the 105 largest US cities are suitable for conversion to residential use, after excluding properties that still have a large percentage of long-term tenants in place and after removing energy efficient buildings from the list.

The urgent need to convert vacant office buildings into residential units faces a significant but often overlooked obstacle: local authorities' fiscal dependence on office space taxation. While empty offices and housing shortages might suggest straightforward conversions, the financial reality for municipalities complicates the picture. In France, office space generates significantly higher property taxes than residential units: offices in prime Paris locations can yield three to four times more in local taxes compared to residential space of equal size.

3.1.3 Accept smaller homes

The growing mismatch between our housing stock and demographic reality calls for a pragmatic reassessment of minimum dwelling sizes. Single-person households now represent a significant and growing share of our population – from students and young professionals to elderly residents – yet our housing regulations remain anchored in postwar standards designed for nuclear families. While the term SRO (single-room occupancy) carries historical stigma, modern micro-housing could offer an efficient housing solution when properly designed and regulated.

Consider the numbers: in major cities, studio apartments routinely force many single residents to spend between 30% and 50% of their income on housing. Meanwhile, 40% of existing homes have unoccupied bedrooms, highlighting the inefficiency of our current housing stock. Well-designed micro-units of 200–300 square feet, with private bathrooms and kitchenettes, could provide affordable housing while maintaining dignity and privacy.

These units, when properly integrated into mixed-income developments, could rent for 20–30% below market rate due to their smaller footprint. Several successful international examples demonstrate the viability of this approach. Tokyo's efficient micro-apartments maintain high occupancy rates while providing affordable housing in prime locations. Singapore's public housing system includes smaller units specifically designed for elderly residents, promoting both affordability and age-in-place solutions.

The self-storage sector's evolution from basic garages to climate-controlled, 24/7 accessible facilities has made this lifestyle increasingly viable. This infrastructure enables seasonal rotation of possessions, allowing residents to maximise their living space while maintaining access to all their belongings. Modern facilities often offer additional services like package reception or donation coordination, further supporting efficient urban living.

3.2 Overcome local opposition

3.2.1 Limiting appeal rights

The impact of judicial contests on property development varies significantly across developed nations, reflecting different legal frameworks and cultural approaches to property rights. In the US, the *California Environmental Quality Act* (CEQA) has become a prime example of how environmental protection laws can be used to challenge developments, with [studies showing](#) that 60% of CEQA lawsuits between 2013 and 2015 targeted infill housing projects in established urban areas.

These challenges added an average of 2.5 years to development timelines, and increased costs by 20–25% per project. In the UK, judicial reviews of planning permissions have risen by 300% since 2010, with the average challenge costing developers £60,000 in legal fees alone, not counting project delays. In Paris, 30% of all major residential projects face legal challenges, adding an average of 18–24 months to completion times. The [French government](#) estimates that these delays contribute to a 15% increase in final housing costs.

The rise of environmental groups has added another layer of complexity. In Germany, the [BUND \(Friends of the Earth\)](#) alone has contested over 1,000 development projects in the past decade, successfully delaying or modifying 40% of them. The ‘microdemocracy’ effect is perhaps most visible in social media campaigns.

[In San Francisco](#), local opposition groups have used platforms like NextDoor and Facebook to organise against roughly 80% of major development proposals, contributing to a situation where only 26% of planned housing units receive approval within their original timeline.

The consequences of litigation against property development projects differ significantly between common law and civil law systems. In the UK, the ‘loser pays’ principle creates a strong financial deterrent, as unsuccessful challengers must bear both their own legal costs and those of the developer, which can range from £50,000 to £300,000 for major projects. Additionally, British courts can impose civil restraint orders (CROs) on vexatious litigants, progressively restricting their ability to initiate further legal proceedings. In France, while the 2018 ELAN law aimed to curb abusive appeals against building permits, legal challenges have paradoxically increased by 5–10% annually since 2017.

A fundamental issue lies in the absence of a clear legal definition of what constitutes an ‘abusive appeal’, leaving courts to interpret this concept on a case-by-case basis. Most challenges come from neighbouring residents protecting their quality of life, and courts have shown significant restraint in penalising appeals – developers succeed in less than 5% of their requests for damages, with compensation rarely exceeding €3,000 despite a current legal maximum of €10,000.

It is important that individual and collective interests have adequate opportunity to make their cases where legitimate differences arise on development proposals. Many countries are reviewing these processes to ensure they are not unnecessarily protracted and that a degree of finality is reached.

This is about establishing the appropriate balance between individuals and communities being able to make their cases and the country being able to provide the necessary housing and supporting infrastructure, while still having regard to concerns raised. In relation to new nationally significant infrastructure, the UK government is considering a measure to streamline the judicial review process, reduce the costs incurred by parties and allow for quicker resolution of legal challenges.

3.2.2 Let the inhabitants decide

At first glance, limiting individual appeal rights and expanding instruments of direct democracy may seem contradictory. In reality, they serve different purposes and can be complementary: curbing case-by-case obstruction by small, highly motivated minorities, while creating collective decision-making channels that more accurately aggregate the preferences of all affected residents – in other words, moving from a veto power exercised by a handful of litigants to explicit, majority-based choices on land use and zoning.

In several countries, residents have a local referendum powerful enough to approve, amend or block a zoning plan. In every case, the initiative comes from citizens and the result is legally binding on the local authority, unless noted otherwise. In Switzerland, every canton allows an optional 'communal referendum'. If 15% of registered voters (10% in cities with over 50,000 inhabitants) demand a vote within 30 days of a new land use plan being posted, the municipality must put the matter to a popular ballot. In Germany, all Länder offer the Bürgerbegehren/Bürgerentscheid procedure. After gathering a signature quota of 2–10% (depending on the Land), citizens can challenge or propose a Bebauungsplan. The vote is binding; in 2014, for example, 64% of Berliners backed a ban on building over the former Tempelhof Airport, thereby blocking a 4,700-home scheme. In the US, local initiatives and referendums exist in roughly 20 states, including California, Arizona, Colorado and Ohio.

Neighbourhood planning is a UK mechanism introduced by the *Localism Act 2011* to strengthen citizen participation in local planning. It allows local communities to propose and draft detailed development plans for their neighbourhood or parish.

These neighbourhood plans are then put to a local referendum and must secure a simple majority to take effect. Once adopted, they become legally binding on local authorities, guiding decisions on new construction, land use and protection of green spaces. Since their launch, more than 3,000 communities have embarked on neighbourhood planning, with about 1,300 plans approved by referendum, covering over 12m people across England.

Under the current system, residents are actively involved from the outset. A representative local group – often a parish council or a neighbourhood forum – conducts consultations and prepares the initial draft, in collaboration with residents. These groups can receive grants of up to £10,000 to fund technical studies and public engagement. After a plan is endorsed in a referendum, it becomes legally binding on municipal authorities and must be integrated into local planning policy.

In Israel, *Pinui Binui* ('evacuate and rebuild'), enacted in 1999, lets several buildings on a block be demolished and replaced at higher density after a planning process; TAMA 38, added in 2005, gives any single building erected before 1980 an almost-automatic right to add floors or to be torn down and rebuilt if the owners agree. In both cases, developers finance the works by selling the extra dwellings granted by up-zoning and, in exchange, must hand every incumbent a brand-new, often slightly larger flat with modern seismic and blast protection, a balcony and underground parking. To stop hold-outs, parliament progressively cut the required consent from unanimity to two-thirds; owners who still refuse can be sued and even fined for 'unreasonable' obstruction. National tax breaks sweeten the deal: TAMA projects pay no 50% betterment levy, and *Pinui Binui* projects pay only 25%.

[A recent study](#) demonstrates why an emphasis on homeowner self-interest and NIMBY concerns is not enough. Sociotropic-aesthetic judgements also powerfully shape housing policy preferences, helping explain significant patterns of opposition to housing development. It shows that homeowners in already-dense areas are highly supportive of new apartments in their neighbourhoods – more so than in neighbourhoods of single-family homes – a pattern that prevailing theories cannot easily explain.

3.3 Don't be shy about using taxation measures

The tax system can either reinforce scarcity through under-use and lock-in, or support more efficient utilisation of existing dwellings. The propositions below address vacancy and mobility distortions in tight markets.

3.3.1 Reflect the true cost of vacancy

In housing markets characterised by chronic undersupply, the failure of tax systems to properly price negative externalities exacerbates inefficient allocation of the existing stock. While vacancy and under-occupation represent clear social costs in supply-constrained areas, conventional property tax systems typically fail to create adequate incentives for more efficient utilisation. As a whole, property tax revenues have shown remarkable stability relative to GDP since the 1960s, typically ranging between 1.5% and 1.9% of GDP over the past 60 years in the OECD countries.

However, within this overall stability, different types of property taxes have followed divergent paths. Recurrent taxes on immovable property have seen a modest increase, rising from 0.94% of GDP in 1965 to 1.03% in 2019. In contrast, [other forms of property taxation have declined](#): inheritance, estate and gift taxes have nearly halved from 0.25% to 0.13% of GDP, while net wealth taxes have decreased from 0.23% to 0.16%. These declines reflect policy shifts in many countries, with some abolishing these taxes entirely and others significantly narrowing their tax bases.

Vancouver's [Empty Homes Tax](#) has become a model studied by many US cities. Vancouver has had [some success](#) reducing the number of empty homes and increasing availability, although this has not impacted average rent levels.

California's situation is particularly telling: despite severe housing shortages in major metropolitan areas, property tax limitations under Proposition 13 have actually created disincentives for efficient property utilisation. Passed in 1978, Prop 13 caps property tax increases at 2% annually unless the property changes hands, creating a 'lock-in' effect where long-term owners pay taxes on assessed values far below market rates. This has led to [severe distortions](#): neighbouring identical properties can face drastically different tax burdens based solely on purchase date, while elderly homeowners in empty nests face strong financial disincentives to downsize, as moving would trigger reassessment at current market values.

Germany's property tax system (*Grundsteuer*) [underwent fundamental reform](#), but historically has not differentiated based on utilisation patterns, although some municipalities have implemented instruments to discourage vacancy in specific urban development zones.

[In Scotland](#), the budget for 2025 increased the transaction tax on buy-to-lets and other additional homes to a hefty 8%, versus 6% for first-time buyers. [France's approach has been more proactive](#), with its *taxe sur les logements vacants* (TLV) applying in tight housing markets, and with higher rates in major metropolitan areas. Property tax on additional homes has been increased in France as part of efforts to address housing shortages and discourage speculative property ownership. Local authorities have the flexibility to apply a surtax of up to 60% on these properties, depending on the local market conditions. However, the recent reform of the *taxe d'habitation* missed an opportunity to incorporate broader occupancy efficiency incentives.

The situation with under-occupation is even more stark: tax systems rarely differentiate between efficient use and under-utilisation of space, and may even incentivise under-occupation through features like single-person discounts on council tax in the UK. The concept of under-utilisation requires careful consideration, as what might appear inefficient use could reflect legitimate life circumstances, from maintaining space for visiting family to accommodating health needs or working from home.

Furthermore, forced downsizing could severely disrupt community ties and individual well-being, particularly for elderly residents in long-established homes. The social costs of displacing long-term residents often outweigh the benefits of enforced efficiency in housing utilisation. A more nuanced approach might involve property tax deferral schemes, similar to California's property tax postponement program or British Columbia's [property tax deferment program](#), allowing occupants to remain in place while ensuring the community eventually receives fair compensation through collection upon inheritance or sale.

Recent experiments with Georgist-inspired land value taxation (LVT) are particularly relevant to this discussion. Henry George argued that taxing the land value is the most logical source of public revenue, because the supply of land is fixed and because public infrastructure improvements would be reflected in increased land values. Detroit's ongoing exploration of a [split-rate property tax system](#), which would tax land at a higher rate than buildings, represents a significant shift toward addressing inefficient land use. This approach aims to discourage speculative land holding and incentivise development or sale of under-utilised plots. By shifting the tax burden toward land value rather than improvements, such systems can create natural pressures for more intensive use of well-located sites without directly penalising occupants.

The attraction of LVT lies in its potential to encourage development without imposing direct occupancy requirements; it makes holding unused or under-used land in high-value areas more costly, while avoiding the complex social and political challenges of monitoring and enforcing occupancy.

3.3.2 Encourage right-sizing

The political economy of housing taxation reveals a troubling pattern: governments consistently favour increasing transaction taxes over implementing comprehensive property tax reform. It's easier to extract revenue from occasional large transactions than to reform ongoing property taxation, particularly given the vocal opposition any property tax changes typically face from homeowners. In the UK, Stamp Duty Land Tax has been repeatedly increased and made more progressive, while council tax remains based on 1991 property values, although the government has announced plans to introduce a High Value Council Tax Surcharge on homes in England valued at over £2m from April 2028.

Similarly, France has maintained high transaction taxes (*droits de mutation*), and even increased them in 2024. In the US, many states have increased transfer taxes while maintaining outdated property assessment systems.

However, this approach fundamentally misaligns incentives by penalising mobility rather than inefficient use of existing stock. A more rational system would shift the tax burden from transactions to holding, particularly in cases of inefficient utilisation.

The additional revenue generated from a modernised property tax system – with up-to-date valuations and appropriate rates for vacant or under-utilised properties – could fund programmes to promote more efficient housing stock use. This could include targeted financial assistance for downsizing, such as moving-cost grants for elderly homeowners in large properties, or tax credits to offset transaction costs. Some jurisdictions have experimented with ‘last-time buyers’ grants.

According to [recent research by Barclays and Ipsos](#), 85% of owner-occupied properties in England and Wales have at least one surplus bedroom. While 1.7m households indicate openness to downsizing in the next two years, this number could potentially expand to 3.8m with appropriate policy interventions. Financial considerations dominate both barriers and motivations for right-sizing: 45% cite moving costs as a primary obstacle, while reduced maintenance burden (39%) and lower housing costs (26%) emerge as key incentives.

Tools aiming at reinforcing mobility are all the more important as the legacy of zero interest rate policies has created a phenomenon in the US and Europe known as [housing lock-in](#), where higher prices for new mortgages mean homeowners are less willing to move. Making mortgages portable (transferring a mortgage product to a new property) is under discussion in several countries, [including the US](#).

This policy, already prevalent in Canada, Australia, the UK and other nations, could enable borrowers to seamlessly carry their mortgage terms, interest rates and even entire loans when moving from one property to another, or to transfer their existing favourable mortgage terms to the next homeowner. Opponents argue that its adoption may introduce more issues than it aims to resolve, particularly concerning interest rates and duration from a risk management perspective for banks.

3.4 Consider public interventions

Beyond regulation and taxation, public policy can help bridge feasibility gaps, secure land for long-term affordability and bridge the skills gap.

In this toolkit, energy renovation of existing buildings is often presented as a ‘silver bullet’ that would both decarbonise the stock and expand effective housing supply. The empirical literature is more cautious. At national scale, deep retrofits require very high upfront investment, and are only marginally profitable for private owners outside the normal refurbishment cycle. Public subsidy schemes also suffer from [significant windfall effects](#) and are highly prone to free-riding and inefficiency – both energetically and fiscally. Finally, the idea that energy renovation of empty buildings could substantially expand the housing stock collides with the reality that relatively few structures are truly abandoned in a way that permits straightforward reuse.

Analysing unused private and public buildings across Italy and in Milan, [one study](#) stresses that a small subset of properties is structurally abandoned, and that bringing them back into use typically requires a mix of coercive enabling and fiscal tools rather than a simple subsidy for owners. In general, the academic evidence suggests that while energy renovation is indispensable for decarbonisation and can produce some additional units, it is an expensive, low-yield and subsidy-dependent way to increase housing supply.

3.4.1 Bridge the skills gap

The urgent need to increase housing supply faces significant challenges, including a widespread shortage of relevant trade and professional skills. The latter was highlighted in RICS’ [Surveying skills report 2025](#). This has fuelled the hope that modern methods of construction, which include off-site manufacturing and modular construction, can make an increasing contribution to housing delivery. The complex nature of on-site construction makes it difficult to train new workers quickly enough to meet growing demands, while the fragmented nature of traditional building processes limits potential productivity gains.

The construction sector’s historically low productivity growth compared to other industries further emphasises the need for revolutionary changes in building methods, with MMC offering opportunities for significant efficiency gains through standardisation and automation. In the UK, moving from completing 210,000 homes a year to 300,000 would [require massive hiring](#). [In the US](#), the construction industry lost more than 2m workers following the subprime mortgage crisis, with an average of 300,000 to 400,000 unfilled construction jobs each month over the past several years. That shortage has contributed to a [42% rise in residential construction wages](#) since 2019.

Meanwhile, environmental concerns have become paramount, with the construction industry under intense scrutiny for its carbon footprint and waste generation. The imperative to dramatically reduce construction waste and carbon emissions while simultaneously increasing output presents a seemingly impossible equation using traditional building methods. MMC offers a solution by shifting significant portions of the construction process to controlled factory environments, where standardised processes and automation can dramatically reduce waste, optimise material usage, ensure consistent quality control and protect against exogenous shocks caused by the disruption of supply chains for building materials like lumber. Quality and durability concerns, particularly resonant given the legacy of failed concrete tower blocks from the 1970s, further strengthen the case for MMC.

The controlled factory environment enables rigorous quality assurance processes, consistent material performance and precise assembly methods that are difficult to achieve on-site. The integration of digital design and building information modelling (BIM) with manufacturing processes allows for unprecedented levels of accuracy and quality control, ensuring that each component meets exact specifications before leaving the factory.

Despite initial optimism, several high-profile MMC companies, such as Legal & General Modular Homes in the UK and Katerra in the US, have struggled to deliver on their promises, highlighting challenges within the industry. These difficulties underscore the complexity of scaling modular construction, which requires large upfront investments, specialised skills and an efficient supply chain – factors that L&G struggled to fully optimise. In 2021, despite having raised over \$2bn in funding, Katerra filed for bankruptcy.

These setbacks demonstrate that establishing viable MMC operations requires massive upfront capital investment in factories, research and development, and workforce training – costs that are difficult to recover in the short term through market mechanisms alone. Private companies face intense pressure to realise quick returns on investment, which conflicts with the need for long-term industry development and standardisation.

The modular construction sector needs to reach a critical mass of production to achieve economies of scale and drive down unit costs, creating a chicken-and-egg situation where manufacturers need large, predictable order volumes to justify investment, while developers and contractors are hesitant to commit without established track records and competitive pricing. This market failure calls for strategic public intervention.

Governments can play a crucial role by aggregating demand through public procurement programmes, particularly for social housing, schools and healthcare facilities, providing the consistent pipeline needed to sustain factory operations.

Countries like Singapore and Japan have demonstrated the effectiveness of this approach, where government backing has helped establish mature MMC sectors. [A recent report from the European Commission](#) examines the market potential for this in Europe and how to address some of the barriers.

3.4.2 Ensure a balanced tenure mix

Initiatives included under the banner of affordable housing can be divided between controlled rent, social rented housing, rent-to-buy and shared ownership (such as community land trusts). Affordable housing covers both housing that is rented or sold at below-market prices, and housing that can be occupied only by households below a defined income threshold.

Social housing accounts for approximately 28m dwellings, representing an average of 7% of the housing stock across OECD countries, with the proportion slightly higher in the EU at 8%. Austria, Denmark and the Netherlands have the most extensive social housing sectors, making up over 20% of their total housing stock. In France, where social housing represents approximately 17% of the total housing stock, the law mandates that municipalities with more than 3,500 inhabitants that are part of agglomerations with over 50,000 inhabitants ensure at least 25% of their housing stock is social housing. The threshold is lowered to 20% in some less-dynamic areas.

Financial penalties are imposed for non-compliance, which amounted to €203m in 2022, representing 0.13% of local governments' budgets. The relative size of the social housing stock, measured as social housing dwellings as a percentage of total dwellings, has decreased in 18 out of 25 OECD countries over the past decade.

In many countries, social housing operators are non-profit, do not distribute dividends, are exempt from taxes and are managed predominantly by housing associations. Even though rents are capped, they generally do not receive grants to cover their operating costs, but instead receive subsidies for building new dwellings or buying and refurbishing existing ones, as well as subsidised loans.

In France, the financing plan for social housing typically includes 5–10% in direct subsidies, 5–20% in equity, and 70–85% in loans; 90% of the loans are issued by a French public bank, offering market-rate interest but with exceptionally long repayment periods, extending up to 80 years. In Vienna, nearly 60% of residents live in some form of subsidised housing, a testament to the city's commitment to housing affordability.

Austria ranks relatively low in terms of housing cost overburden, measured by the percentage of low-income tenants spending more than 40% of their income on rent. Vienna funds its social housing programme through a 1% income tax and the repayment of low-interest loans provided to past limited-profit housing projects.

Of the approximately €450m budgeted annually, around 60% is dedicated to new construction in the form of loans to limited-profit housing associations (LPHAs), 25% is dedicated to loans and grants to private and public owners for housing rehabilitation, and about 15% is dedicated to household rental subsidies. One concern with the Viennese model is that it confers preferment on existing tenants over new entrants and migrants, who also have a need for low-cost housing.

Giving local authorities or housing associations the right of first offer to purchase homes in areas of high housing need, converting them into affordable housing, [does not increase the housing stock](#). The number of housing units will not vary depending on the nature of the owner, whether private or public landlords.

In the US, unsubsidised affordable housing, also known as naturally occurring affordable housing (NOAH), encompasses affordable properties that are available in the market without government subsidy or regulation, relying solely on market dynamics.

The majority of these are owned by private landlords. According to the American Housing Survey, there are 4.8m households with incomes below 80% of their respective area median incomes who spend less than 30% of their income on rent and who are not in US Department of Housing and Urban Development (HUD) subsidised housing. In contrast, HUD subsidises 4.5m households. There are roughly 3.5m low-income housing tax credit units, and perhaps another 0.5m units subsidised by state and local governments.

The temptation is to make legally enforced affordable housing (LEAH) by rent control. However, the associated costs, particularly in reduced mobility, often outweigh the benefits. In Berlin, the 2020 [Mietendeckel](#) law froze rents, but was invalidated in 2021 by Germany's Constitutional Court, which ruled that the state lacked authority to enact such legislation. Similarly, Barcelona's 2020 rent caps led to a reduced rental supply as landlords withdrew properties; Spain's Constitutional Court later struck down key provisions, citing property rights violations. In October 2024, the *Conseil d'Etat*, France's highest administrative court, annulled the rent control scheme in Paris. In the US, measures like California's Proposition 10 in 2018 or Proposition 33 in 2024, which sought to expand rent control, were rejected by voters. Conversely, Argentina's repeal of rent control laws under President Javier Milei led to a significant increase in rental housing supply.

Another topical issue on the tenure mix is the impact of institutional investors. Since 2012, they have become active participants in the single-family rental market, targeting regions that subsequently experienced rapid increases in rents and home prices. Research indicates that their involvement has led to mixed outcomes. For renters, the increase in rental supply – equivalent to 0.5 additional homes for every home purchased by institutional investors – helped to reduce rental costs, outweighing incentives to restrict supply for profit.

However, for potential homeowners, the competition intensified, [reducing homeownership by 0.22 homes](#) for every home acquired by investors. Significantly, in January 2026 President Trump signed an executive order aimed at restricting large, institutional investors from buying single-family homes to use as rentals in a bid to improve housing affordability. [Subsequent research](#) casts further doubt on the effectiveness of this approach.

3.4.3 Bolster public land ownership

As global urbanisation accelerates, land is increasingly under pressure from competing demands, conflicts and compromises in its usage. The Earth's surface, spanning approximately 500m square kilometres, is predominantly uninhabitable, with less than a third being terrestrial. Of this, half is covered by wild vegetation such as forests and tundra, while a quarter is dedicated to agriculture and livestock, and another quarter consists of sand, rocks or ice.

Only about 1 million square kilometres have been artificialised through human activities like construction, resource extraction or waste disposal. Human settlements remain highly concentrated, with half the world's population living on just 1% of the Earth's land area. This extreme concentration highlights not only the hostility of much of the land to human habitation but also the ancestral roots of many settlements, often chosen and validated over millennia.

Efficient land use is critical to addressing these challenges. To track and understand the evolving relationship between humans and land, the UN's [Sustainable Development Goals \(SDGs\)](#) propose key metrics, including land consumption rate (LCR), population growth rate (PGR) and ratio of LCR to PGR (LCRPGR), which measures land use efficiency.

It has not been proven that public ownership of land would lead to its more efficient use. However, it can have a positive impact on affordability. Public ownership of land offers a solution by decoupling land values from market speculation. Public land leasing strategies for affordable housing generally follow two approaches: leasing land to limited/non-profit developers or leasing it directly to individual first-time buyers. The first strategy involves leasing land to nonprofit or limited-profit developers who build and manage affordable housing projects under strict conditions to ensure long-term affordability. This approach, used in cities like Vienna and parts of the Netherlands, allows for large-scale developments such as multi-family or mixed-use projects. In contrast, leasing land directly to individuals, as seen in community land trusts in the US or the *Bail Réel Solidaire* in France, reduces the upfront costs for first-time buyers by separating land ownership from homeownership.

4 Conclusion

It is an encouraging sign that the housing crisis has now reached the top of political agendas. Heads of government now talk about bulldozing planning rules, parliaments debate mandatory targets and housing has moved from a niche policy file to front-page coverage. This reflects a long-overdue recognition: without enough well-located homes, a modern economy cannot function and a democratic society cannot hold together. The diagnosis is broadly accepted; the problem is no longer invisible.

But this new visibility does not make the underlying task any easier. Meaningfully increasing net housing supply in high-demand locations requires rewiring several systems at once: planning, local democracy, taxation, construction methods, tenure structures and land ownership. Each of these systems embodies deep political trade-offs. Faster approvals mean reduced ability to block individual schemes. Gentle density means rewriting the social contract in neighbourhoods built around single-family neighbourhoods. Office-to-residential conversions collide against the fiscal dependence of cities on commercial tax bases. Vacancy and land value taxes confront powerful interests that have benefited from decades of passive capital gains. Large-scale MMC use requires public authorities to take real industrial policy risk.

The comforting answers are, at best, partial. Demographic decline will not rescue the cities where opportunity concentrates. Vacant dwellings exist, but few sit in the right place and condition to be mobilised at scale without heavy public intervention.



Deep energy renovation is indispensable for climate policy and an expensive, low-yield way to add units. Rent control protects some households and shrinks the long-run rental stock. Even the social housing systems, from Vienna to Denmark and the Netherlands, took decades of sustained fiscal commitment to build, and are now under pressure.

If there is a reason for guarded optimism, it lies in the tools that did not exist when most of our planning and zoning frameworks were written. Digital technologies, AI and robotics have the potential to transform both how we design and how we build. Digital twins of cities, granular data on mobility and energy use, and AI-assisted modelling can help identify where additional units can be added with minimal impact on infrastructure and maximum social benefit. Automated code-checking and standardised design catalogues can support rules-based, pro-growth planning systems in which compliance is verified quickly and transparently, rather than negotiated project by project. In construction, advanced prefabrication, on-site robotics and tightly integrated BIM-to-factory pipelines can raise productivity in an industry that has lagged behind every other major sector for half a century. Autonomous vehicles and new mobility patterns, if they materialise at scale, could also loosen long-standing spatial constraints. A world with fewer parking requirements and different street geometries could free up significant amounts of land and built space.

These possibilities will only matter if the rules let them reshape the city. Digital tools cannot substitute for political choices about where growth is permitted. Robotics cannot install new homes on sites where new homes are prohibited.

Delivering confidence

We are RICS. As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards.

We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

Enquiries
contactrics@rics.org



rics.org