

Greater London Authority
City Hall
Kamal Chunchie Way
London
E16 1ZE

Email: londonplan@london.gov.uk

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Dear Mayor,

Towards a New London Plan

Thank you for consulting the Home Builders Federation (HBF) on the themes for the new London Plan. James Stevens, the HBF's Director for Cities, has prepared this response and he is the lead contact for all things in relation to the Draft London Plan.

The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational plc's, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year, including nearly half of all affordable homes. Recent research by the Government has estimated that housebuilders have made a significant contribution to the nation's infrastructure, providing some £21 billion towards infrastructure of all types including affordable housing since 2005.

1.2 What years will the new London Plan cover?

The draft states that it is the Mayor's intention for the new London Plan to run from 2027 to 2050. In terms of the housing targets, the document states that the plan will run from 2026/27 for ten years, so we assume up to 2035/36. The new London Plan will need to be very clear about this.

We acknowledge the difficulties with planning for housing and setting targets owing to the problems associated with assessing capacity. The Mayor will be aware of the difficulties that have arisen associated with the current London Plan and what boroughs should do when setting a housing requirement that extends beyond 2028/29 – the end date of the current London Plan. A mix of approaches have been adopted, although the GLA now endorses 'rolling-over' the current annualised figure for the ten-year target for each of the boroughs. The approach advised in the current London Plan – whereby each London local authority draws upon evidence of possible housing land supply in the GLA's capacity assessment contained in the 2017 Strategic Housing Land Availability Assessment (SHLAA) has been much less successful, as it sometimes results in a housing requirement that is considerably lower than the housing requirement for the first decade, and much lower than other indications of need, such as that provided by the government's old advised standard method, or by the local authority's own local strategic housing market assessment (SHMA), especially with regard to affordable housing need.

In view of its experiences at the examination of many of the borough local plans, HBF recommends that the GLA sets housing targets for the London boroughs that operate for twenty years. This will address the requirements of national policy, by setting a plan that operates for at least 15 years. It will also provide an evidence base to inform critical activities like the green belt review and allowing time for the release of this land in local plans. It will also help to coordinate housing delivery with longer-term projects like transport investments, that might begin to have a beneficial effect in the second decade, thereby enabling more of the housing requirement to be delivered over time.

At the very least, we recommend that the new London Plan states that the annualised housing requirement should be rolled over for each year that a borough local plan extends beyond 2035/36.

The next London Plan should also be very clear that the housing requirements apportioned to the London boroughs should be delivered in full by the end of the London Plan period in 2035/36. This is the expectation in the current London Plan, but it is not entirely clear. A very clear statement that this is the London Plan policy will ensure that supporting local plan production is not delayed, thereby enabling the requirements to be delivered in full.

1.3 How many homes will it plan for?

The new London Plan will provide for 87,992 homes per year – or 88,000 per year, and 880,000 for the ten-year period 2026/27 to 2035/36. We welcome the Mayor's commitment to delivering the targets set by Government. This is a necessary target given the crisis in the affordability of housing – both to buy and rent – but we acknowledge the challenges associated with delivering this. As the Mayor acknowledges, it will require levels of housebuilding last seen in the 1930s when London expanded its boundaries (with the creation of 'Metroland') and before the introduction of the planning system in 1947 (which had been introduced in order to contain this spread of this nature). However, the experiment with 'urban containment' since the late twentieth century and its assumption that housing needs could be met through brownfield first style policies alone – an approach that has informed national planning policy since 1997 – has demonstrably failed in providing for the housing needs of households for many of our cities, including Greater London. Indeed, the GLA was warned back in 2014 that its compact city policy was failing by the Inspector examining the 'Further Alterations to the London Plan' (FALP) – eventually adopted in 2015. As the Inspector observed then:

"The evidence before me strongly suggests that the existing London Plan strategy will not deliver sufficient homes to meet objectively assessed need. The Mayor has committed to a review of the London Plan in 2016 but I do not consider that London can afford to wait until then and recommend that a review commences as soon as the FALP is adopted in 2015). In my view, the Mayor needs to explore options beyond the existing philosophy of the London Plan. That may, in the absence of a wider regional strategy to assess the options for growth and to plan and co-ordinate that growth, include engaging local planning authorities beyond the GLA's boundaries in discussions regarding the evolution of our capital city."

The next London Plan – Mayor Khan's first – adopted in 2021, also carried an unmet housing need of 14,000 homes a year. The need was for 66,000 homes a year, but capacity for only 52,000 a year could be reliably identified.

Meeting the new, much higher, housing requirement will, therefore, require the release of land from the green belt, either to provide new homes or to provide land for industry thereby releasing land for homes within the developed area of London. Or both. Allowing time for this to happen, and for the local plans produced by the boroughs to begin to take effect, will require that the Mayor, through the new London Plan, to provide maximum clarity in terms of how many homes will need to be accommodated on ex-green belt land and where land from the green belt will need to be released.

1.4 Viability and delivery

It is welcome that the Mayor has acknowledged the challenges associated with the viability of residential development in London. The situation has changed considerably since 2017 when the current London Plan was in preparation. Development costs have increased significantly since then, as documented by the Mayor, and there have been new national legal requirements introduced, like biodiversity net gain, and some unforeseen costs, like the Residential Property Development Tax introduced in 2024 and the forthcoming Building Safety Levy to be introduced in 2026. Water and Sewerage Infrastructure Charges have also increased, especially in London, where the charge on residential developments for connections has increased by 1000 per cent. Sales values are in decline. The ability for residential development to absorb new policies is not possible. Housebuilders are unable to meet the existing policy requirements of the London Plan. We note that the *London Plan Review: Report of Expert Advisers* concluded that it took seven weeks longer to determine major residential applications than those decisions in the next four largest cities (para. 4.24). Simplification will be the key to improving rates of delivery.

New regulatory costs, including those associated with the Building Safety Act (mentioned above), introduced after the London Plan was adopted, are now embedded, this has decreased building efficiency which means that residential schemes are required to carry more ancillary building. The consequence is the planning assumptions around affordable housing and infrastructure capital gain will need to alter to reflect a lower value generative development outcome if the Mayor wishes to see an improvement in housing starts.

Therefore, we welcome very much, the acknowledgement that the next London Plan will not add to policy requirements and look to explore instead how requirements may be streamlined or deferred.

In line with the discussion taking place nationally about the role of national development management policies (NDMP), we would recommend that the Mayor adheres to these once they are published, and, among other things, sets out his clear expectation that London boroughs should not set requirements for biodiversity net gain (BNG) that exceed the statutory requirement for a ten per cent improvement, and adheres to the Building Regulations for energy (Part L) if this is not addressed by the NDMP.

In terms of the affordable housing threshold, we will address this further below, but the Mayor will need to consider establishing a lower threshold than the current 35 per cent, as this is proving a barrier to delivery at present, forcing all schemes down the viability tested route, thereby adding to the considerable delays experienced by housebuilders, and contributing to the grievous fall in commencements (see more below).

It is also necessary to acknowledge that the 'Fast Track Route' is no longer the incentive that it was expected to be when the policy was originally formulated; the only real benefit being the avoidance of a Late Stage Review. We would therefore encourage the Mayor to consider carefully creating a more incentivised environment and streamlining of policy (and application of it) for the delivery of homes.

We propose, therefore, that the Mayor considers creating a different threshold for his involvement in planning applications depending on whether they are Fast Track or not: if the London borough (during the pre-app stage) determines that a smaller referable scheme (of up to 499 homes) should benefit from the Fast Track, it would be more efficient for the GLA to only review the scheme if it is turned down by the LPA, or is not Fast Tracked to begin with. This would not only give the developer a true incentive for meeting the criteria for the Fast Track (e.g. the minimum affordable housing) but also enable the GLA to focus on more truly strategic schemes of 500+ homes and those with viability challenges. We would recommend that the referral thresholds would be:

150-499 homes, Fast Track and approved by LPA: not referable (unless the developer requests it to be)

50-499 homes, Fast Track and refused by LPA: referable

150-499 homes and not Fast Track: referable

500+ homes (Fast Track or not): referable

The threshold of 500 has been chosen in this instance as the historic threshold.

We would also welcome a shorter, more focused London Plan. The current London Plan includes 113 policies of which 88 apply in some way to residential schemes. The individual policies can be lengthy and detailed and they are supplemented by more 'guidance' in the form of supporting text. Together with borough local plans, this creates an unwieldy policy landscape. Consequently, it is unavoidable that every residential scheme will be forced to enter into negotiation via the viability tested route to secure an implementable consent. This militates against the efficacy of the 'plan-led' system and is contributing to considerable delays to housebuilders to secure an implementable planning consent. Recent research by HBF (published in May 2025) identified that S106 planning obligations were taking an average of 515 days to agree. In line with the Government's stated ambitions for spatial development strategies (the Devolution White Paper) the London Plan should become a shorter, more focused document, containing fewer policies. Hopefully, the Government will assist the Mayor in this through its work on National Development Management Policies.

1.9 Beyond London

The document observes that there could be opportunities for working with local and strategic authorities in the wider southeast. This could involve planning for new towns or extended towns to accommodate elements of London's housing need. The likelihood and timescales associated with this is very uncertain, although it is extremely unlikely to have any tangible beneficial effect for the first decade of the new London Plan. The new London Plan should be very clear about the likelihood of this, so that any vague proposals do not become a distraction or excuse for not releasing land from the green belt to meet housing requirements in the first decade of the new plan.

Nevertheless, it is an idea worth pursuing. We recall that the Oxford-Milton Keynes-Cambridge growth corridor had originally been conceived, at least in part, to accommodate some of London's 'unmet' housing requirement. For example, any proposals for new or extended towns, such as proposals that might be advanced by the New Towns Commission, that might be conceived to provide for needs generated by London, will provide for homes for Londoners for the period after 2035/36.

2 Increasing London's housing supply

Based on our experience commenting on previous versions of the London Plan we would agree with the Mayor's assessment of the likely gap between the volume of brownfield land that could be identified and redeveloped and the overall housing need. We would agree that the highest level of dwellings achieved in London since the first Livingstone Plan is around 45,000. To a large degree, this figure corresponds to the large sites assumption in the current London Plan of 40,000 dwellings a year. It is uncertain to what extent small sites – such as those of a quarter hectare in size or less, using the definition in the current London Plan – could help fill the gap to meet the current London Plan requirement for 52,000 dwellings a year. Certainly, delivery has been lagging behind the ambition, quite considerably. The report commissioned by the last Government – the *London Plan Review: Report of Expert Advisers*; MHCLG, 15 January 2024 – concluded that London would need to increase delivery to 62,300 net additional dwellings a year to ensure that the London Plan requirement could be achieved in full by 2028/29.

We note the GLA's Residential datahub. This registers the following numbers of completions since the commencement date of the current London Plan:

Year	Completions	Target	% of target
2025/26	18		0%
2024/25	5,303		0%
2023/24	33,071	52,287	63%
2022/23	35,195	52,287	67%
2021/22	38,764	52,287	74%
2020/21	32,739	42,388	77%
2019/20	32,718	42,388	77%

Approvals are in decline, and these will be insufficient to sustain output to the levels required by the London Plan:

2019/20	66,648
2020/21	64,169
2021/22	76,494
2022/23	37,449
2023/24	44,250
2024/25	36,675

Commencements have also fallen:

2019/20	42,024
2020/21	42,221
2021/22	41,964
2022/23	50,678
2023/24	29,980
2024/25	2,474

Meeting the Government's new target of 88,000 dwellings a year will require a fundamentally different strategy to the one that has prevailed since the first Livingstone-era London Plan informed by the 'compact city' philosophy. Short of a massive and immediately implemented programme of new town building led directly by central Government, the only realistic option is for the Mayor to conduct a strategic review of the green belt and Metropolitan Open Land within Greater London's administrative boundary. Figure 2.2 illustrates the likely gap between supply from sources of previously developed land and what would have to be allocated from the green belt or Metropolitan Open Land (MOL) to meet the need in full – 400,000 compared to the need for 880,000.

2.1 A brownfield first approach

The document states that "The London Plan will prioritise opportunities to plan for and deliver homes within London's existing urban extent first". The London Plan may prioritise brownfield sites in terms of identifying the overall capacity for homes (and other development) on previously developed land but we cannot see how it could preclude the development of green belt land if over half of the housing land supply will need to come from the

green belt in the next decade. We acknowledge the political sensitivity of this question, but it is one that will need to be confronted. It will be impossible to realise the housing targets without enabling green belt land to be allocated and developed as quickly as possible.

2.3 Opportunity Areas

We note that there are potentially 200,000 homes that could be secured from London's established Opportunity Areas (OA). We agree that the Mayor could work with the New Towns Commission to deliver 'new towns' within London's administrative area, but this approach is unlikely to yield results in the first decade or even many in the first 15 years. Even so, we agree that the designation of new towns and the deployment of mayoral development corporations are likely to perform an increasingly important role in delivering the Mayor's housing and regeneration objectives.

2.4 Central Activities Zone

We agree that it would be valuable to reconsider the central activity zone (CAZ) boundaries with a view to excluding primarily residential areas to enable these to potentially make a contribution to new supply.

In terms of London View Management Framework guidance, we agree that it would be valuable to initiate a discussion about the role and restrictions of view corridors, including who benefits primarily from the maintenance of these corridors, and balancing these against other public interests.

2.5 Town centres and high streets

The Mayor should sustain the current approach in the London Plan to encourage development in public transport accessibility levels (PTALs) 3 to 6 and within 800 metres of town and district centres and train / tube stations. This will allow for the 'incremental densification' of residential areas, helping with housing supply. It would also help support SME housebuilders. However, the Mayor should ensure that boroughs implement this policy in local plans. In our experience, this has not been done consistently, with many prosperous localities in London with excellent train / tube stations choosing to exempt themselves or limit the implications of the policy.

In addition, the Mayor should consider extending the radius to 1km. One kilometre is easily within the means of many Londoners to walk and cycle to town centres, or train / tube stations. This would be consistent with policies to encourage 'active travel'.

2.6 Industrial land

We recognise that the Mayor is anxious to safeguard designated industrial land, avoiding its further loss to residential development. We are aware of the figures on this question. This was the subject of debate by the *London Plan Review: Report of Expert Advisers*. The review considered whether Strategic Industrial Locations (SIL) should be released for residential development by making these subject to a 'presumption in favour of brownfield development', but failing to agree, the Review invited the then Secretary of State to advise. The government did not act upon the Review because it was overtaken by the General Election. We note, however, that the Mayor is interested in the potential to integrate residential with industry or to allow swaps of industry for residential, allowing the former to relocate to the green belt. Our view is that neither option is a very reliable source of housing supply over the next decade, although both should remain options. Policy in the next London Plan should allow for the integration and intensification of uses.

The Mayor should test the appetite among the London boroughs for industrial swaps. It is possible that some boroughs would favour green belt residential schemes over industrial swaps. A mix of approaches may be necessary, reflecting local political support for these types of development on former green belt land. Obviously, locations in the green belt with good public transport accessibility, especially train or tube stations, would be ideal for residential schemes.

The Mayor may also wish to examine whether the current London Plan approach to the redevelopment of Locally Significant Industrial Sites (LSIS) and non-designated industrial land, could be relaxed, to enable more mixed use schemes in locations accessible to public transport.

2.7 Wider urban and suburban London

Good Growth Policy 2 and Policies H1 and H2 of the current London Plan all seek to optimise the use of previously developed land. Policies H1 and H2 seek to increase housing supply, especially on small sites of a quarter hectare in size or less, through a process of incremental intensification, with a particular focus on PTALs 3-6 or within 800m of a station or town centre boundary. The policy approach articulated in H1 and H2 of the London Plan was conceived to secure at 12,000 dwellings year on small sites. It is unclear to what extent this objective has been achieved, although it is unlikely, owing to the collapse in completions and approvals in the last two years. Nevertheless, this is a worthwhile policy, and as discussed above, it should continue into the next plan and pursued with greater vigour by the GLA to ensure it is reflected in borough local plans.

As noted above, policies H1 and H2 are generally disliked by many boroughs who either ignore them, or place limitations upon their implementation through local plans. Many well-to-do areas, even those enjoying excellent public transport connections, attempt to limit the application of the policy approach. The London boroughs of Barnet and Ealing spring to mind. The Mayor needs to do more to ensure that this does not occur by commenting on local plans as part of his statement of general conformity.

Second, the Mayor should consider extending the radius around stations and town centre boundaries to one kilometre to encourage more residential schemes.

Unfortunately, it is difficult to conclude whether the current London Plan policy has been a success. The data on the supply from this source does not appear to be available. Whether it is safe to assume than 12,000 homes a year can continue to be relied upon to materialise from this source is very uncertain. We would advise against increasing this ‘windfall’ allowance in the next London Plan.

Nevertheless, we acknowledge that windfall sites do, and have always been, an important contributor to housing delivery in London. As part of this, smaller sites will be crucial to meeting the housing need and the Mayor’s housing targets: the latest data shows that nearly 30 per cent of London’s housing delivery comes from small sites.

In order to align with the wider government’s objectives to support the SME sector and unlock thousands of homes across London we recommend the Mayor strengthens and gives teeth to Policy H2 in the following ways:

1. Flexibility on Affordable Housing Tenure and Mix

Due to the highly constrained nature of small sites, it is often almost impossible to facilitate a full range of affordable housing models on-site. Research by Lichfields for Pocket Living into the delivery of small sites found that none of the case study sites were able to achieve a policy-compliant affordable housing mix. We recommend that as long as a small development delivers the recommended overall proportion of affordable homes, the scheme should be granted flexibility on tenure and mix.

2. Introducing a Presumption in Favour of Development

Nearly a quarter (23 per cent) of developments on small sites required two or three successive applications to secure permission (Lichfields, 2020).

The government has previously used a presumption in favour of development to accelerate housing supply. We recommend that this presumption is extended to small sites that comply with local plan policies, subject to appropriate safeguards around design quality, infrastructure capacity, and local character. A presumption in favour on these sites would:

- Reduce repeated and costly application cycles;
- Provide greater certainty of outcome; and
- De-risk the planning process for SMEs.

3. Exempt small sites from strenuous viability requirements.

Most small and medium sites are unable to meet the requirements around affordable tenure and mix and are therefore subject to intensive viability testing. In fact, in 75 per cent of cases, viability and affordable housing requirements were identified as a key blocker for small site schemes (Lichfields, 2020). Given the nature of these

developers, they often lack the in-house expertise to manage such complex assessments and are therefore exposed to delays.

We recommend a blanket exemption from viability testing for sites to unlock delivery and remove an unnecessary barrier to housing supply.

2.8 Other sources of housing supply

We agree that any policy measures adopted to support housing delivery on brownfield land within London's existing urban extent will not reach 88,000dpa. Delivery, at best, is struggling to reach and continue at circa 45,000 completions per year. The Mayor will have to release land in the green belt, and potentially MOL land too, for up to 44,000 homes per year. We consider that the Mayor should do so for a plan period of 15 years.

We welcome the Mayor's decision to commission a review of the green belt.

2.9 Beyond London's existing urban area

The strategic green belt review should not confine itself to considering only grey belt land but consider other locations in the green belt which do not contribute to one or the three purposes of the green belt listed. This would enable greenfield locations to be identified but which might be suitable because they enjoy good pre-existing public transport services.

2.10 Large-scale urban extensions in the green belt

The chief challenge for the Mayor in terms of delivering new large-scale developments (10,000 dwellings upwards) is the political will of the boroughs to implement through their supporting local plans the aims of the London Plan. It is uncertain to what degree the boroughs will allocate those locations identified by the Mayor for new housing / industry through his strategic review of the green belt. To a degree, this would be difficult to avoid, since local plans must be in general conformity with the London Plan, and the size of the housing targets would make it extremely difficult, if not impossible, to achieve these without green belt release.

The remaining issue, then, is the risk of London boroughs stalling – delaying the preparation of local plans to avoid allocating land. This could become a major practical problem especially if the borough disagrees vehemently about the locations identified or the principle of green belt release generally. The Mayor may need to rest the will of the London boroughs and if they are unsupportive, consider the need to deploy Mayoral Development Corporations (MDC). We note that the Planning & Infrastructure Bill increases the powers available to the Mayor to use MDC to deliver new settlements on greenfield sites. As the local planning authority, the MDC could de-designate green belt land and undertake development. We note also that the Devolution White Paper discusses how mayors of strategic authorities may be given enhanced powers to impose an MDC on a constituent local authority, whether the local authority supports the idea or not. The Mayor may need to consider this approach to deliver his ambitions.

We note the observation about the potential to work with the New Towns Task Force. The document states that any new homes provided would need to contribute towards the targets in the London Plan, rather than contributing to a national contingency. This is a question that still needs to be clarified, but if completions can contribute only to a national, or even regional, contingency, then the Mayor may need to ensure he has another means of securing these new large-scale developments so they do not become part of the New Towns Task Force programme.

Contribution to the housing trajectory

It is hard to comment on how likely new settlements in the green belt could contribute to the housing targets of the London Plan, especially in the first ten years. On balance, taking into account the need for supporting local plans to be adopted, land acquired and assembled, permission granted and build-out, etc. it does seem unlikely that these will make a material contribution within the first ten years. However, this is a process that must commence to deliver against targets for later in the life of the London Plan – i.e. the years up to 2050.

In the meantime, the Mayor should support deliverable schemes in the green belt being promoted by developers and local authorities, like those schemes being promoted by Enfield Council, to contribute to meeting London's housing requirement in the nearer term.

Density

We note the comment about density and relating this to support public transport investment and the local economy. We recommend that the large-scale proposals incorporate a range of densities to attract a mix of households. In terms of other green belt proposals, we would caution against the Mayor being overly prescriptive about a minimum density, i.e. policy should avoid specifying an unrealistic minimum density throughout that would demand the construction of apartments only. New residential developments on former green belt land should be designed to meet the needs of a range of households.

Avoiding higher densities would also facilitate speedier delivery, as fewer proposals would involve tower blocks of 18 metres or more in height, thereby falling within the scope of the Building Safety Regulator and the Gateway 1 and 2 process, which has contributed to the recent fall in completions and commencements.

2.11 Metropolitan Open Land

We agree that Metropolitan Open Land (MOL) should be reviewed to identify opportunities where land with poor public access and limited environmental value could be released for housing. We agree that biodiversity net gain legislation would ensure that the environmental value of any released land would be improved and enhanced.

The Mayor might consider a higher BNG improvement – i.e. above the statutory minimum of a ten per cent improvement – for sites where there is an existing nature designation, like Sites of Importance for Nature Conservation, if such a site is ideally located for residential development (for example, if it is located close to a train station / town centre).

2.12 Affordable housing

2.13 Planning for affordable housing

The supply of affordable housing through S106 planning obligations has become very difficult in the last four years. It is the unanimous observation of developers of all sizes and types operating in London, that the delivery of affordable homes is faced with two major barriers:

- a) The severely constrained ability of registered providers (RPs) to contract with housebuilders to acquire S106 affordable homes; and
- b) The inability of many residential schemes to achieve the 35 per cent threshold requirement.

HBF and others have discussed this issue with the Deputy Mayor for Housing in the last six months. The GLA is aware of the issues. It issued its Planning and Housing Interim Practice Note in December 2024 to try and alleviate some of the issues associated with the struggle to secure a viable scheme, but the changed circumstances suggest the need for a very different approach to policy for the supply of affordable housing.

We will provide a brief summary of the two issues below:

a) The reduced ability of RPs to contract with housebuilders for S106 affordable homes

The lack of a long-term rent settlement and resistance to allowing rent convergence for the RP sector is hampering its ability to plan and invest for the future construction and acquisition of S106 affordable homes. Consequently, capital markets are increasingly disinclined to invest in London housing as the constraints were too great. It is insufficiently recognised how strained housing providers were in London. It is also uncertain if this reflected a short-term market cycle or if something with greater permanence was setting-in. It remains uncertain if the Government would increase grant levels through the Affordable Homes Programme, but even if it did, any increase would be small.

These changed financial circumstances made it expensive to invest in affordable housing in London. This would be a barrier to keeping the threshold at the current level of 35 per cent and without other changes to the procedures. We welcome the Mayor's continuing support to draw attention to the issue. Nationally, HBF has calculated at least 17,000 affordable homes have been delayed by this issue.

b) The inability of residential schemes to achieve 35 per cent

The increase in build costs is likely to continue, albeit at possibly a gentler rate than witnessed between 2021-2023. This will limit the ability of private housebuilders to provide affordable housing at the levels hoped by the Mayor. There will also be other material hard costs associated with development, including changes to the Building Regulations and the introduction of the Build Safety Levy in 2026. Embedded costs will not fall from their current levels, rather they will continue to grow due to limited contractor supply and sustained increases in regulatory costs. New regulatory costs, including those associated with the Building Safety Act, introduced after the London Plan was adopted, are now embedded, this has decreased building efficiency which means that residential schemes are required to carry more ancillary building. The consequence is that the planning assumptions around affordable housing and infrastructure capital gain made in 2017 are now very out-of-date and will need to alter to reflect a lower value generative development outcome if the Mayor wishes to see an improvement in housing starts.

So far, and despite positive noises referenced in the Practice Note, the GLA and central Government have yet to recognise the fundamental issues associated with development viability. If they are not addressed it will result in a continued decline in housing starts across London and other brownfield, density driven, sites across the country. The problem will be only compounded by the related issues to do with the Building Safety Regulator and the financial and regulatory issues constraining the ability of registered providers to acquire S106 affordable homes.

This is a very significant issue and one where the Mayor should consider very carefully when formulating policies for the next London Plan. Although the Spending Review announcement by the Government of funding for the RP sector - £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36 - should begin to ease the issue over the next few years, it is still unclear at this point whether, or how quickly, this will translate into a revived appetite among the RP sector to acquire the affordable homes offered by private sector housebuilders through S106 obligations.

Recommendations to improve the fast-track mechanism to assist delivery

Lower the starting threshold

We would strongly urge the Mayor to simplify fast-track by first lowering the thresholds required, and being less explicit on tenure and unit mix in order to prioritise delivery.

We welcome the acknowledgement by the Mayor in the discussion document that many boroughs set a more onerous threshold for fast-track qualification than the London Plan, and his intent to try and control this better. Setting requirements in excess of the London Plan threshold of 35 per cent undermines the benefits of the fast track in helping with better housing delivery. A harmonisation with simple and clear rules across London would benefit housing delivery in the medium-to-long term.

Looking forward, we would strongly urge the Mayor to consider a lower threshold for affordable housing fast-track in the next London Plan to enable development to come forward. The requirement for 35 per cent is too high and this is clearly evidenced by the fall in housing starts and approvals in London and affordable housing in the future pipeline. Starts have fallen in London from 56,338 in 2017/18 to 31,909 in 2023/24 – the latter being the lowest figure since 2009/10 when housing targets in London were much lower. Approvals have fallen by over half - from 88,003 in 2017/18 to 42,681 in 2023/24.

There should be greater leniency on tenure mix, especially where local authorities require viability testing where schemes meet 35 per cent overall but cannot meet 70:30 social rent: intermediate tenure splits. The Mayor should also consider setting an aspiration for 35 per cent but with a minimum threshold of 25 per cent to achieve fast track. This could be justified on the basis of prioritising the preservation of construction skills and maintaining delivery alongside securing at least some net additional affordable housing dwellings.

There is also a major challenge associated with meeting the tenure requirements of individual boroughs, as well as the 35%/50% threshold. For example, Wandsworth is proposing to update its recently adopted Local Plan to require 50 per cent affordable housing, and a tenure split of 70:30 social rent to intermediate products. While a scheme might just about benefit from the Fast-Track Route at 35 per cent following the recent GLA guidance note, it is unlikely most developers would be able to meet a 70:30 tenure split in favour of social rent. This would mean that every application would be forced down the viability tested route, despite the Mayor's direction in his Guidance Note. We recommend that the Mayor allows much greater flexibility over the tenure of affordable homes provided.

We are also aware that a number of local authorities insist on viability testing residential schemes that provide 100 per cent affordable discount market sale, on the grounds that they deem them to be tenure non-compliant. This is despite London Plan Policy H5(d) allowing for schemes which provide 75 per cent or more affordable housing being allowed to follow the Fast Track Route. The new London Plan, and the GLA when advising on general conformity, should be firmer with the boroughs to ensure that they comply with London Plan policy.

Increasing the supply of social rent housing

The private homebuilding sector acknowledges the importance of social rented housing and believes the Mayor's suggestion for a special fast track for schemes prioritising has merit. However, the proposed approach in the December Practice Note will not affect positive outcomes. For the reasons explained above, the fast track is no longer working. Reducing the overall percentage but providing solely social rent, will not improve the economics of residential development.

For example, the Practice Note had referred to how 27 per cent social rent could be treated as the equivalent to 35 per cent affordable homes with the tenure split advised in the London Plan. However, this is misleading owing to the equivalence calculation contained within the appendix. What is proposed would not allow an increase in the gross development value (GDV) of a scheme which is fundamental to helping unlock stuck sites.

Given that most boroughs require a 70:30 tenure split anyway, it seems that few schemes will achieve the required social rent levels to qualify, unless supported by significant grant.

We consider that a better approach would be a simple fast-track where a developer is able to achieve the social rent component only. For example, in the London Borough of Barking there is a 50:50 requirement of social rent to intermediate. In simple terms, if a developer was able to offer 17.5% of the whole development as social rented housing than this should qualify for the fast-track approach. This change, in conjunction with a London-wide reduction on the headline threshold, will allow for more housing starts.

Supporting discounted market sale and discounted market rent

Discounted models (Discount Market Sale 'DMS' and Discount market Rent, 'DMR') are essential given that increasingly our key workers are being priced out of being able to live in London. Shelter's recent key worker analysis found the average rent for a one-bed home for a newly qualified nurse is unaffordable in almost all (93 per cent) local authorities in London and the Southeast.

To ensure greater delivery and access to these types of affordable model we recommend the following steps could be taken:

1. Index-Link Income Thresholds

Housebuilders welcomed the Mayor's decision in 2024 to increase the income threshold for discounted market rent (DMR) from £60,000 to £67,000 (noting that the threshold was reduced from £90,000 to £60,000 in 2016). However, there remains a pressing need to align the indexation of DMR and intermediate rents. Under the current framework, DMR homes become a depreciating asset to investors once rents hit the income cap.

The GLA should commit to changing the way that the Annual Market Rent (AMR) income caps are calculated. We recommend indexing them annually to salary increases using the London Living Rent Index, providing certainty to investors.

2. Consistent CIL policy for all affordable models as defined by the NPPF

Currently Shared Ownership is exempted from paying the community infrastructure levy (CIL) but DMS is not. The irony in this is that DMS can be more affordable and less profitable than shared ownership.

3. Intermediate income cap to be updated

The intermediate sales income cap has been stuck at £90k for nine years. This does not reflect reality anymore in terms of the incomes of those who could afford intermediate products. The cap should be subject to more annual adjustments in line with the proposals on intermediate rent and an immediate uplift (to £110k).

Encouraging early delivery and build-out through review mechanisms

Review mechanisms have been unsuccessful as way of stimulating housing delivery. Consequently, it is very welcome that the Mayor in the Practice Note has acknowledged that the review process requires refinement. Profit should be a reward for risk and also as a necessary contingency against unforeseen problems arising in the build-out phase (e.g. second staircases and the need to remediate dwellings following the Grenfell tragedy). There are significant risks associated with the whole development process that remain unaccounted for in the viability process, and this will be picked up later in this response.

While it is welcome that any surplus is shared 70% in favour of the developer, this is only available to schemes consented after December 2024 which can practically complete by December 2027. In practice very few schemes will be able to meet these hurdles.

Also, we consider this incentive is subject to too many caveats to render it particularly effective. Again, the inclusion of the “*at the relevant local plan tenure split*” is still challenging at the 35 per cent threshold and would continue to be at a lower threshold.

We would recommend the period being extended to recognise both the elongation in mobilisation periods owing to recent, significant regulatory changes and the sector being afforded the chance to restart schemes and recover losses. The simplest route would be to change late-stage reviews permanently to 70:30 in favour of the developer.

Threshold approach to affordable housing – eliminate early and late-stage reviews

The early and late-stage review mechanisms discourage investment since they make it difficult to forecast costs. These should be removed especially for smaller schemes. We are aware that the GLA will counter this with the argument that the early and late-stage reviews were designed to incentivise applicants to meet the 35 per cent affordable housing benchmark, but the problems with delivery are now extremely acute in London, with completions and approvals having plummeted. The Mayor, however, might consider dis-applying the early and late-stage reviews to smaller schemes to support SME housebuilders.

Exempting small schemes from S106 affordable housing

The document states that the Mayor may be minded to exempt small developments from S106 affordable housing planning obligations. At the very least, the new London Plan should adhere more definitively to the national policy exempting minor residential development. Although the current London Plan does not explicitly require in policy minor development to contribute, it does invite the London boroughs to require affordable housing if they so wish. A clear policy exempting minor schemes from providing affordable housing would be welcome.

It would also be helpful if the Mayor recognised the vacant building credit, rather than forcing schemes that wish to use this down the viability tested route. Supporting both of these measures would help to incentivise the delivery of housing on small sites on previously developed land.

We would also recommend strongly that the Mayor considers raising the threshold for the size of scheme for which affordable housing obligations are required. It is possible that the Government will make policy on this soon. If it does, the Mayor should adhere to the national policy. If not, the Mayor should consider raising the threshold for contributions from 9 or fewer dwellings to 29 or fewer. Small schemes are much less attractive to RPs in terms of the affordable housing, as the management of small number of dwellings over a dispersed area, is expensive. The capture of planning gain should be directed instead towards support for public transport via Mayoral CIL contributions.

Greater flexibility over tenure

There is a need for the GLA to allow greater flexibility to RPs over the tenure mix of schemes. People still needed rental products especially if they were ineligible for social rent or London living rent. Shared ownership was also popular, and many RPs would like to be able to provide up to 60 per cent of a scheme as shared ownership. Without flexibility to respond to the needs of the public RPs could be left with vacant units for certain tenure types.

2.17 Specialist and supported housing and housing London's older population

The GLA should do more to support the supply of housing for older people. The approach in the current London Plan of setting benchmark 'indicative' targets for supply is helpful but is too weak as a mechanism to ensure that the boroughs translate these indicative targets into local plans. This is because Policy H13, part A 1 allows the use of supplementary local information, as does the supporting text at paragraph 4.13.9. In my experience, this often results in the boroughs adopting benchmark targets that are lower, or they ignore the policy altogether. Since London is a 'single housing market area' and the Mayor conducts the assessment of housing need for all the boroughs, we see no reason for this element of the assessment to be deferred to the boroughs.

Second, Policy H13 and the supporting text is quite complicated to interpret, and some boroughs allow only care home type accommodation to fall within the ambit of this policy. This precludes the supply of retirement type development, defined in supported paragraph 4.13.5:

Specialist older persons housing that does not provide an element of care but is specifically designed and managed for older people (minimum age of 55 years) is covered by the requirements of this policy.

We recommend that the Mayor persists with a policy for specialist older persons housing, and sets benchmark targets for each borough, but removes the ability of the boroughs to set their own. The Mayor may also wish to set benchmark targets to extra care accommodation, thereby helping to remove the confusion as to aim of the policy.

Last, the Mayor should monitor the supply of older persons housing by each borough to measure the success of the policy.

2.18 Purpose-built student accommodation and other forms of shared housing

We too share the Mayor's concern that too much student housing could crowd-out the supply of C3 general needs housing. This is a lucrative form of development and it accounts for a large element of overall housing supply in some local planning authorities. Although the issue has been managed to a degree by the Housing Delivery Test allowing only 2.5 bedspaces of C2 student housing to be treated as the equivalent of a dwelling, the degree to which student housing can supplant general needs housing remains a matter of concern. We note from the GLA Residential Datahub that non-self contained housing has accounted for 8 per cent of completions since 2004/05. In LLDC it constituted 17 per cent of all supply since the development corporation was established in 2009/10. In Camden it is 20 per cent, and in Islington it represents 22 per cent of all supply. It is also unclear to what extent local authorities nationally are still treating one bed space as a equivalent to a dwelling, despite the Housing Delivery Test.

3.3 Town centres and high streets

We support the proposal for the next London Plan to provide a stronger steer on how housing could come forward in designated town centres and adjacent, related, poorly performing areas. This could help to incentivise more housing to come forward by planning permission. Nevertheless, the Mayor should be careful about applying a yield assumption associated with such a policy, until it has undertaken proper analysis of the success of policies H1 and H2 of the current London Plan which sought to encourage residential development within 800m of town centre boundaries.

4 London's capacity for growth and design quality

4.1 Building height and scale

The Mayor recognises that the current London Plan's ambition to support the delivery of small schemes in suburban areas has not been realised. We suspected that this was the case, but we have not seen any data on the extent to which housing has been delivered in suburban areas, through the process of incremental intensification, as encouraged by policies H1 and H2 of the London Plan. As discussed above, the Mayor will need to exercise caution about assuming that he can increase the yield of homes above the 12,000dpa assumed by the current Plan. It is a policy worth continuing, and it should be given greater support, but it is unlikely to yield an increase in supply above 12,000dpa. This tends to confirm that critics of the policy at the time of the examination of the current London Plan, when the yield assumed by the GLA would be circa 25,000dpa, were correct. In our experience, the policy is unpopular and resisted by many of the more well-to-do outer boroughs.

It would be helpful if the next London Plan did, as the discussion document states: ‘set out the building heights that should be acceptable in principle in all locations across London that share certain characteristics’ reflecting proximity to transport and amenities. However, we would resist strongly the Mayor establishing in policy a minimum building height benchmark, as this may prevent proposals for intensification from progressing if the applicant or the local authority does not wish to see a site developed at that density. It would be much better to have a policy that encouraged strongly the redevelopment of residential areas that resulted in a net increase in homes, thereby at least encouraging some more homes to be provided, rather than specifying a minimum density and discouraging applicants and local authorities.

4.2 Tall Buildings

The next London Plan could helpfully identify areas suitable for tall buildings, thereby limiting the ability of the London boroughs to ignore this is supporting local plans. However, the Mayor will be aware of the current difficulties associated with the Building Safety Regulator (BSR) and the decreasing appetite among market and RP builders to build tall. Consequently, the Mayor will need to approach with caution any assumptions about yields of dwellings from these forms of structures.

The definition of a tall building should, at the very least, reflect the 18 metres height or more, or seven stories or more, stipulation for schemes that must be referred to the BSR for approval.

4.3 Supporting a denser London linked to transport connectivity

We support in general the notion that areas with high public transport accessibility levels (PTAL) could entertain denser residential development. However, as argued above, we are opposed to minimum density requirements being introduced based upon location, as this may discourage residential proposals. We would prefer to see a continuation of the current London Plan approach whereby residential development on previously developed land is strongly encouraged in well-connected locations, or close to town centre boundaries, without the Mayor stipulating a minimum density.

The chief problem is making sure that the boroughs translate this into local plans and that they support schemes. This may be helped by the Government’s proposed reforms to the role of planning committees and delegations, so schemes of a certain size, would not be referred to the planning committee for determination.

4.6 Heat risk, ventilation and overheating

The Mayor should align with the national building regulations for heat, ventilation and overheating thereby allowing single aspect schemes to progress. This will enable more homes to be provided, especially on tighter building plots. It will also avoid the potential for referral to the BSR as a consequence of schemes involving structures of 18 metres or more or seven stories or more. This would enable swifter determination. Also, importantly, adhering to the building regulations would simplify planning.

All these factors would assist the Mayor in achieving his housing targets.

It is possible that this issue might be addressed by the Government’s proposed national development management policies in which case separate policy on this would be unnecessary.

HBF is strongly of the view that matters such as overheating and ventilation are best placed in Building Regulations, rather than planning. Having the two in tandem causes confusion, delays and unnecessary extra cost and resource, adding to the already considerable delay in the determination of residential planning applications.

There have been a number of regulatory changes that have increased build costs in recent years, aggravated by regional and local planning authorities adding their own additional requirements and variations. This is unhelpful.

This has resulted in:

- An uneven playing field across the UK (and in some cases between boroughs): as the building fabric requirements change, so do the build costs. This is in addition to regional changes in labour and materials pricing.

- As the Building Regulations have caught up, this has resulted in duplication of sign off processes and increases in resource requirements (both on the part of the developer and the LPA) and increased costs (for the developer).
- Large carbon offset payments are also required to bring schemes to an overall net zero position under the London Plan, penalising almost all developers financially for not meeting an extremely challenging target. An expected payment is measured against what is usually a 'safe' calculation from an M&E engineer before construction starts, and then a top-up payment is made once the scheme is finished if the building performs more poorly than expected. No refund is given if the building is demonstrated to be more efficient than the original calculation, which happens frequently because the engineer has been cautious initially.

Typically, the building cannot be fully occupied until the various requirements have been signed-off by the local planning authority, who will not usually commit to a timeframe within which they will respond to submitted information. This is in addition to passing Building Control.

The above makes it very challenging for a developer to estimate build costs accurately at the point where the sale of land is agreed.

We would recommend that developers are incentivised to go beyond building regulations standards but not penalised when they are unable to do so. The Mayor's priority for the next plan must be to deliver far more housing and not use the planning approval system as a vehicle to deliver other public policy goals.

4.8 Accessible housing

We expect the Government to reach a decision on Part M of the Building Regulations shortly, potentially making it a requirement that all homes meet Part M4(3) a. The Mayor should avoid making separate policy on this matter.

4.9 Space standards and other requirements

HBF does not have a strong view on this matter. The London space standards, adopted in 2011 (in the first Mayor Johnson Plan) before the optional nationally described space standards (NDSS) were introduced, and which are a variation on these, have become an accepted part of the policy landscape in London. In our view, it would be wise if the London variation on the NDSS remained as policy, to allow the option for some types of residential development to depart from them, if necessary.

5 London's infrastructure, climate change and resilience

5.1 Energy efficiency standards

HBF is opposed to the Mayor making policy on energy efficiency. The proliferation nationally of variations on the Building Regulations is inefficient and counterproductive. It is one of the reasons cited by housebuilders, especially SMEs, for causing delay to schemes being approved. It is a factor contributing to the serious fall in completions in London. This is discussed in the HBF report *State of Play: the Challenges and Opportunities Facing SME Housebuilders 2024/25*. In this report, 72 per cent of the SME respondents identified the Future Homes Standard as a barrier to increasing housing supply. 23 per cent identified it as a major barrier.

Variations in national standards are especially difficult for SME builders to navigate and address. Most struggle with changes in the national standards, let alone ambitious policies introduced by the Mayor of London. This will be a major factor contributing to the decline in completions and the fall in SME activity in London.

The Mayor should desist in making separate policy in this area. This does not need to be undertaken through the London Plan given that there is already a national approach, the Future Homes Standard, devised to achieve the same goal. Delivering these improvements through building regulations has a distinct advantage over delivering a variety of different approaches across the county, in that it provides a single approach that all developers understand and can be rolled out at scale. This allows supply chains and skills to be improved prior to implementation and ensure that improvements to building standards are actually deliverable from the point at which they are introduced.

However, if the Mayor really must go beyond the current or future standards it must be done in a way that is consistent with national policy and robustly assesses its consequences and gives consideration as to how the requirements are consistent with the written ministerial statement (WMS) published on the 13th of December 2023. Much better, therefore, for the Mayor to follow the Future Homes Standard and allow housebuilders to familiarise themselves with implementing this. The foremost priority must be to increase housing supply, although homes will still be built to world-leading environmental standards. Given the rising costs of materials and labour, the new costs associated with BNG, plus the Residential Property Development Tax and the Building Safety Levy, it would be wiser to adhere to the Future Homes Standard.

5.3 Whole life-cycle carbon (WLC) and Circular Economy (CE)

The Mayor is anxious to reduce the burdens on housebuilders to help ensure viability (see section 1.4). The Mayor will also want to encourage the supply of more affordable homes, especially social rented homes. The Mayor will also be anxious to maximise the number of dwellings supplied on previously developed land to minimise green belt release. Consequently, he should reconsider all those policies that act as barriers to residential development, like his policy in relation to the whole life-cycle assessment. The Mayor should avoid setting targets for whole life carbon as is important to consider the effect on viability and on deliverability.

5.8 Water

The Mayor will need to engage with those water companies operating across Greater London to ensure that the provision of water services to support new development can be provided. We agree that the London Plan is the best place to investigate and resolve these matters at a catchment-wide level and demonstrate that water is not a barrier to the implementation of the growth objectives of the London Plan. This should not become an issue for applicants for planning permission to have to demonstrate.

5.11 Water management

Issues relating to water services could become of greater importance for the next version of the London Plan. Water companies and sewerage undertakers are required by the Water Industry Act 1991 to provide connections for residential development when these are needed. The Government's guidance to inform the preparation of Water Resources Management Plans, requires water companies to take account for the growth objectives of strategic and local plans. We support the principle that assessing the ability of water companies and sewerage undertakers to support the aims of the London Plan should be undertaken at the catchment level. The Mayor of London should seek reassurance that his development objectives can be supported by water and sewerage undertakers. If he cannot secure this assurance, then his London Plan may be considered undeliverable.

The new London Plan should aim to be clear that any issues relating to water and sewerage services have been considered, assessed and, if necessary, resolved at the level of the London Plan. This is necessary to avoid the boroughs latterly refusing residential schemes or applying conditions to development delaying construction / occupation until some uncertain time in the future, owing to uncertainties relating to water companies and sewerage undertakers being able to provide connections, or some claim about the resilience of the infrastructure.

It has become all too common for the London boroughs to introduce policies requiring applicants to demonstrate the water companies have the capacity to provide a connection, or for housebuilders to prove the resilience of the infrastructure, even though the NPPF and the planning practice guidance is clear that matters relating to water services should not routinely become a development management question. Housebuilders pay water and sewerage infrastructure charges to water companies – we have paid some £5 billion in total since 1991 – to ensure that water companies invest properly to support the needs of the planning system. It is the legal duty of water companies to guarantee the provision of connections when they needed in response to the requirements of the UK's land-use planning system. Housebuilders should not be responsible to assessing capacity, nor should they fall subject to delays associated with the provision of water services.

We would welcome the Mayor using his influence to ensure that those water companies who operate across London discharge their legal obligations, and to lobby the Government to make sure that Ofwat and the Environment Agency perform their duty to make sure that water companies do this. Critically, the investment plans of the water companies in London, must be based upon the target for 880,000 homes in the new London Plan, and Ofwat and the Environment Agency must be made aware of this.

5.16 Fire safety

We agree that it is unnecessary for the Mayor to make separate policy in this area. It is addressed by legislation, the Building Regulations (including Part B) and national policy. It would be inadvisable to make separate policy on this matter in case it compromised the new Building Regulations.

James Stevens
Director For Cities
Email: james.stevens@hbf.co.uk
Tel: 0207 960 1623
Mobile: 07885 890446