



TOWARDS A NEW LONDON PLAN

Consultation Response by ASocialDemocraticFuture



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Securing policy pathways to economic efficiency and fairness

I am submitting this response in my capacity as convener of [ASocialDemocraticFuture](#) (we or our). We aim to contribute to public policy debate and development in accordance with the social democratic twin and interlocking goals of economic efficiency and equality (social fairness).

We do not receive external finance and support and fiercely safeguard our independent and politically non-affiliated status.

I have been a London resident since 1980. My residential address is provided in the accompanying email.

Response to Call for Evidence and general response to Section Two: Increasing London's Housing Supply.

[ASocialDemocraticFuture](#) has made recent submissions to government bodies on housing supply issues relevant to the issues that this Draft Plan covers.

These include the Competition and Markets Authority (CMA) 2024 [Landbanking and Planning Studies](#), the incoming Labour government's July 2024 [National Planning Policy Framework and Planning Policy](#) and December 2024 [Compulsory Purchase](#) consultations.

In [The 1.5m Delivery target: Prospects and Issues](#) we demonstrated that the government's 1.5m housing delivery target/commitment is unrealistic for several reasons, which include that:

- early legacy supply under-delivery of around 220,000 dwellings (compared to 300,000) will require annual supply to exceed 350,000 during the last two years of the current parliament;
- such a level of new supply will not be delivered by the predominant private speculative delivery model – even if macro-economic and housing market conditions due to lower interest rates and less elevated build costs become more benign – given its inherent systemic tendency to dribble out new supply slowly to maximise profit margin, rather than volume;
- it requires a parallel expansion of public grant-supported affordable housing to annual levels at a public capital cost inconsistent with the new government's fiscal rule framework;
- planning reform is a necessary condition but not a sufficient one to sustain new annual housing supply at or above 300,000 dwellings in England;
- a new generation of New Towns is unlikely to come on stream substantively until next decade.

[Making the Most of the Budget](#) and [Fiscal Institutional Reform](#) focused on the pressing economic and fiscal imperative to make the planning, selection and delivery of public investment more efficient and effective in process and outcome, while [Labour's Planning Reforms: Ends and Means](#) explains why, besides planning reform, Labour's delivery target to be even approached presupposes that public and private

housing delivery systems shift towards a partial public contracting-led partnership model.

In that light, Section Four of [fiscal institutional reform and social housing investment](#) set out an outline template to recast present public and private delivery systems towards a partnership model partially led by public contracting, supplemented by private finance.

The prevailing MHCLG policy direction of travel appears possibly consistent with such a shift to a partial contracting system, at least across the three inter-linked areas, outlined below.

First, the introduction of ‘golden rules’ applicable to development on Green Belt (GB) land that new December 2024 NPPF (*paras 68 and 155 and 156*) set out.

Second, setting low benchmark land values (BLVs) for viability purposes – broadly defined as the value that a willing landowner would be prepared to sell their land for a proposed development purpose – to keep land acquisition costs closer to their existing use value (EUV).

Third, continuing reform of compulsory purchase order (CPO) rules consistent with the use of CPO as a backup default stick to encourage voluntary exchanges at a defined premium close to existing use values on and beyond GB land, including greenfield, urban extensions, and the next generation of New Towns.

All three areas are inter-linked and mutually dependent and should underpin the future development of a partial public contracting model.

Such a shift would assist the next generation of multi-tenure new towns and strategic settlements to come on stream substantively and expeditiously, as well promote and foster the partnership planning between public and private sectors that is needed to mainstream affordable housing across both sectors.

Whether that direction of travel is confirmed or not, awaits – amongst other things – MHCLG’s updating of its December 2024 [viability guidance](#), which prohibited site-specific viability negotiation on GB land, pending “*strengthened national planning practice guidance on viability which will consider the case for permitting viability negotiations on previously developed land and larger strategic sites, likely to carry greater infrastructure costs*”.

The danger, however, is that the above three inter-linked measures are blown off-course by short term industry lobbying pressures to reduce the ‘burden’ of current Section 106 affordable housing obligations (AHOs) amid claims that the ‘golden rules’ will render GB development unviable alongside the need for the Starmer government to demonstrate progress towards it unachievable (as currently constructed) delivery target/commitment.

The government's core dilemma is thus: to achieve its housing delivery target (or, even to approach it) it must rely on the current private speculative housing system delivered by the large volume housebuilders (pre-planning, land acquired, assembled, serviced, and built with the necessary permissions for profit *without a known buyer or certain end price*), but that model includes intrinsic features that historically have, and will continue to result in endemic supply under-provision, relative to both national economic and social needs, with any peak supply periods characterised by escalating real house prices, worsening current and future affordability: put simply: ever increasing house prices.

Its target also requires the supply of public-funded and-enabled affordable housing to substantively rise to within the 100,000 to 140,000 dwellings per annum range but that requires additional public funding on a scale seemingly inconsistent with the government's own fiscal rules, which, as shown below, will not be enabled by the June spending review.

All the above observations, although framed on a national basis, are relevant to the purposes and prospects of the New London Plan.

The [Spending Review 2025](#) (CSR) housing settlement provided £39 billion funding for the next Affordable Homes Programme (AHP) from 2026-27 to 2035-36, reaching reach four billion in 2029-30, thereafter rising annually with inflation, double – at least in cash terms - the two billion registered for most of this decade.

The number of future spades in the ground at the London level will depend upon the programme's geographical distribution, decided nationally, and its sub tenure composition, decided locally.

Concerning the latter, the government, as has the Mayor, has expressed that its tenure preference is for Social Rent (SR).

Its escalating cost, especially in stress areas, notably London, however, will prevent the advertised funding increase translating into commensurate additional supply completions.

Indeed, as Jules Pipe, Sadiq Khan's deputy for planning, prior to the publication of the CSR pointed out, the government's delivery targets were merely "*an intellectual exercise*" without a substantial uplift of public funding.

Well, the CSR housing settlement, while welcome and better than expected, was not that. Assuming that in 2029-30 a four billion realised programme *is spent wholly on Social Rent (SR)*, a nationwide average unit grant level of £100,000 across a four billion annual programme would deliver around 40,000 SR homes *nationally in total*, and then only sometime well into next decade.

Given the concentrated needs of London and other high cost/need areas, a more realistic £150,000-unit average grant would reduce that down to 27,000 directly grant funded homes, perhaps even less, way below the levels implied by the government's

delivery target both nationally and for London, and certainly, substantively below the 100,000 -140,000 level implied by the government's delivery target, assuming continuing unchanged operation of the private speculative model.

Those possible totals would increase if the programme was split between SR and intermediate tenures and through the contribution of the planning system, but the latter is dependent on a market cross subsidy model that has recently imploded in London, which will take time to recover.

Of the 12,600 affordable dwellings reported by the MHCLG as delivered in 2023-24 across London, around 50% were provided through the planning system, with a higher proportion around 70% for some intermediate tenures such as shared ownership compared to 35% for the combined SR and LAR total.

London's target is around 88,000 dwellings provided annually over the ten year 2026-27 to 2035-36 period: 880,000 in total.

Such an enhanced level has not been achieved since thirties, when conditions were diametrically different to those now facing London in 2025.

Then, the supply of undeveloped land on the London clay surrounding the densely populated central area of the capital was plentiful and cheap (at agricultural value), building costs were low, planning restrictions were limited, existing and new transport infrastructure was untapped, while house prices were stable and within the reach of the aspiring working and lower middle classes in secure employment – which the leap in housing supply that marked that decade then helped to maintain.

During the ten-year April 2014 and March 2024 period, average annual London net supply was around 38,000 dwellings with some volatility recorded between years. They would need to more than double on a sustained basis each year throughout the 2026-36 (financial year) period – in practice by substantially more than that due to early certain under delivery.

Volatility in affordable housing completions is even more marked given their tendency to bunch towards the end of successive AHPs, but, according to MHCLG affordable housing statistics, around 12,400 dwellings officially defined as affordable were delivered on average annually during the 2019-24 period, of which around 3,900 were provided as Social Rent (SR) or London Affordable Rent (LAR) sub tenures.

Total annual affordable London supply, assuming London gets a high share of the ADP allocation and that any shift towards SR is muted (insofar that the sub tenure requires the highest unit capital subsidy), is unlikely to break out beyond 25,000 towards the end of this parliament, leaving nearly 65,000 to be provided privately – an unrealistic expectation.

It is accordingly difficult to avoid the conclusion - to follow Jules Pipe - that the government's target for London is an unattainable aspiration or wish, (it certainly will

not be achieved for many years), regardless of what any revised London Plan policies and approach might and should include.

Leaving aside the changes to central government policy and systemic reforms that are needed at the very least for inroads to be made into the target, public infrastructural investment in transport and other enabling infrastructure across the capital will need to be substantially increased, well beyond the DLT extension to Thamesmead.

The Mayor and the GLA should convey that message clearly to the government.

It will also need to double down to maximise especially affordable supply as circumstances and opportunities allow.

Some of the measures that Mayor Khan will need to progress in that light are outlined in the responses below.

General observations and call for evidence background response relating to viability and affordable housing

Affordable housing diversifies supply and reduces exposure to market sales absorption rates. Low market absorption rates increase the time developments take to be built out, as private speculative supply is dribbled out to maintain market values and profit margins. It follows that an acceleration in overall supply (absence reform of the overarching model) requires increased affordable housing delivery.

As way of background, AHOs are a tax on development. The crucial issue, as ever, is their incidence (who pays).

Ideally, AHOs should be borne by the landowner and developer; with quantum depending on location and circumstance; they are, in part; hopefully, mostly, although that should be confirmed by continuing research.

It is also likely, however, that some of their incidence falls on private speculative purchasers. Such split incidence, where it occurs, is of especial concern when these are actual or potential first-time buyers of moderate means.

Then it could be construed as robbing Peter to pay Paul, where marginal home purchasers help to subsidise social rent SR and intermediate AHO enabled provision, in place of the general taxpayer.

The accidental developed dependence on AHOs to do much of the heavy lifting in providing additional affordable supply was catalogued in Section One of [The New Infrastructure Levy: going round the Mulberry Bush](#)), is an example of a [second best](#) problem.

Ideally, an efficient undistorted private market should provide affordable housing to the majority with government stepping in to provide it to those without the market means to purchase.

But multiple market failures define the housebuilding industry, while the real crisis of the fiscal state - *the mismatch between the public expenditure requirements of the UK (assuming a continuing public desire and demand for accessible and universal public services and goods on the European social democratic model) and the political and electoral willingness for them to be met through forms of taxation that are efficient, sufficient, and transparent* - has meant that public investment in affordable housing has been squeezed below necessary levels, necessitating, in practice, recourse to AHOs in a second best world.

The above reference also noted a wider bedevilling problem: while, on one hand, a policy requirement that offers universal certainty and clarity can speed housing provision by giving all actors greater certainty about what is required and what will achieve planning permission; on the other, differing site and regional/area circumstances are not amenable to such a one size fits all approach.

The government in its July NPPF consultation paper itself recognised that the developer contributions that can be secured from development will vary between areas, and between individual sites: some areas have lower house prices; some sites will have abnormal costs; and that Community Infrastructure Levy (CIL) rates vary between those local planning authorities which charge it, while some sites may have a higher value in their existing use.

Besides, a standard x% AHO requirement can encompass different permutations of affordable housing, ranging from 100% Social rent (SR) to 100% intermediate and in-between: all involving different cost and value permutations to developers and LPAs.

Section 1.4 Viability and Delivery

A perfect storm of factors during the last two years have coalesced to collapse housing starts and activity across London, including high interest rates, rising material and labour costs, wider economic uncertainty, post Grenfell regulatory requirements and approval processes, low market absorption rates, and the declining financial capacity of councils and housing associations to support affordable housing, whether through direct funding or via S106 AHO purchases.

Section 1.4 states that the new London Plan will not increase the overall burden of planning policy requirements current circumstances and that opportunities will also be taken to streamline requirements and speed up planning applications.

We generally endorse such an approach but note that current problems are a product of different factors as the section itself outlined above that vary in cause and in potential solution or amelioration.

For example, the situation and response to stalled incomplete developments will differ to that of unactioned planning permissions secured through the fast-track route.

Hence the approach adopted should be granular and tailored to defined circumstances and objectives.

Some public as well as private stakeholders have cautioned that requiring over onerous AHOs in current market conditions, marked by interest rate uncertainty and heightened post-Grenfell building costs, risks getting '*a percentage of nowt rather than a percentage of something*'.

Yet no certainty exists that reducing AHOs or even lifting them will then simply result in schemes proceeding with alacrity, adding to supply.

AHOs, although a cost to developers, when applied within a *certain, consistent, and understood* planning policy environment should produce offsetting downward pressures on land prices.

It follows that reducing or lifting AHOs could then translate into higher land prices and developer profits, not new supply.

Likewise, if increased public-grant subsidy is used to relieve developers of some of their affordable housing obligations, that could allow developers to bid more for land and to extend their profit margins, contrary to the government's and the Mayor's housing objectives and the next London Plan.

Reducing AHO requirements in response to short term factors also risk embedding lower expectations into the future with different prevailing conditions.

This is discussed in more detail under our response to *Section 2.13* of the consultation document.

Section 2.3: Opportunity Areas (OAs)

A report published by [Business LDN](#), after pointing out as above that the government's housing ambitions cannot be met without London delivering a step-change in housebuilding and that locating a new town in London would boost both its growth mission and housing ambitions, delivering more homes to attract and retain talent and support labour mobility to underpin economic growth in London and the UK, went to make the case for a new town in London to lead the way as an early trailblazer, building upon its natural infrastructural and economic advantages and harnessing existing GLA powers to create Mayoral Development Corporations to further its Spatial Development Strategy (SDS, aka the existing and future London Plan).

Its timely and effective progression will depend upon the active and sustained backing of both central government and the Mayor of London – providing a litmus

test for both the government's planning reform agenda and existing and future London Plan good growth and housing delivery ambitions.

Certainly, Mayoral and other development corporations will have to be mobilised and enabled, sooner rather than later.

More generally, ramping up and facilitating the establishment and the delivery of such development corporations to master plan and manage large scale developments offering a range of property types and tenure at different affordability levels, is necessary to bring forward a transformational step change delivery over the next ten years.

In that light and context, the consultation document statement that *"we will also explore whether and how the government's New Town's Taskforce work might apply within London's current urban area to certain OAs of certain scale"* comes across as underwhelming.

A more concerted and focused time-limited delivery plan approach is called for, especially as OA front loaded housing development will need to lessen possible future pressures to develop unsuitable GB sites (see below) that may emerge if the overall supply shortfall relative to target accumulated unchecked.

Sections 2.8-2.10: Other sources of housing supply, including beyond London's existing urban area, and large-scale extensions in the Green Belt GB).

That the Mayor has commissioned a London-wide GB review is welcome.

His recognition that he was wrong to previously resist such a move because brownfield development by itself will be quite unable to meet future supply requirements was brave. It has been widely recognised as something that most politicians don't to.

Moving forwards, noting that national policy now requires belt boundaries to be altered if the new pan London annual 88,000 target cannot be met in full from other sources, securing a step change in London housing and affordable supply will also depend on a concerted time-limited delivery plan approach to GB release and development in accord with London Plan planning and affordable housing principles (in this case set by NPPF overarching golden rules).

The quicker that sustainable sites are identified and progressed, the less risk of speculative and other pressures mounting to develop less suitable sustainable ones.

Section 2.12: Affordable Housing

The government must also work in partnership with the private sector, influencing and encouraging, while modifying and setting the groove of future reform in partnership with central government as above.

Given the current hiatus in current affordable supply, and private market conditions it makes sense for properties to be acquired for quick onward SR and affordable use, as per this recent [Ealing Council](#) initiative (noting that detail not interrogated)

Short-term policy carrots in the form of, say, approvals of schemes made conditional on adherence to required design and affordability requirements within a defined timescales could be fast tracked accompanied with undertakings to undertake a late viability review if required.

But as discussed and explained below, short term tactical and operational responses should not be confused and undermine the strategic purpose of the next London Plan.

Section 2.13: Planning for Affordable Housing.

After observing that even if the rate of market housebuilding significantly increases, house prices will remain unaffordable to most people who need or want a home in the capital and that all sources of affordable housing will be needed, whether it is sourced through the planning system, is funded directly, or is provided through new delivery systems, this section makes and poses several key questions/propositions.

First, “planning policies need to work effectively and consistently over time to enable them to be embedded in land values”.

This we wholly endorse in line with the evidence that we submitted under the *General observations and call for evidence background response relating to viability and planning for affordable housing* heading.

The section advises that the threshold requirements will be reviewed to make sure that still provide the right incentives to support affordable housing needs and delivery.

Our view is that the 35% fast track threshold on a headline basis is sensibly set and should not be changed, save that the relative value accorded to the different sub-tenures that comprise affordable housing should be quantified and made explicit.

For instance, 35% could apply a standard sub tenure composition benchmark, say 50% SR and 50% of different permutations of intermediate accommodation, while a lower percentage could apply, according to a sliding scale, where a higher proportion of SR is committed and vice versa, depending on local circumstances and preferences.

Therefore, we also wholly endorse that different ‘headline’ thresholds should not be set at the borough level as this serves to undermine the purpose and effect of the fast-track threshold policy.

Boroughs could, of course, set different sub tenure permutations in line with local preferences and needs, but these should be subject to such a uniform scale.

Its construction and definition would need to be subject to detailed consultation and review but variations of *Appendix 1* of the *December 2024 GLA Planning and Housing Practice Note* (see link below) could provide a possible template/

More generally, AHO requirements and procedures need to be streamlined and made more certain and clearer at the outset of the planning process.

Crucially, we also consider that short term measures to respond to the perfect storm of factors that have recently collapsed current supply should be separate to the London Plan review process, which will need to cover the long term 2027-50 systemic and strategic considerations. It should not be distracted or deflected by short term pressures.

In that light, the December 2024 GLA Planning and Housing Practice Note [Accelerating Housing Delivery](#) that sets time-limited measures to support councils and registered providers of social housing (RPs) to deliver more affordable homes and to attract more institutional investment to the sector, to be kept under review and may be withdrawn as market conditions improve, in general, appears to provide a sensible and proportionate response to such short-term pressures, which we commend.

The [35% campaign](#) in a February 2025 blog on Phase Two of the London Borough of Southwark Aylesbury Estate regeneration did, however, raise some evidenced doubts on whether increasing SR grant funding in apparent efforts to improve scheme viability at apparently eye-watering marginal grant cost, provides the best way to achieve vfm in terms of overall SR provision.

It made the parallel point that, in effect, *some profit is better than nowt profit*, so putting the spotlight on the asymmetrical assumption/practice that while development profit margins of at least 20% are considered sacrosanct, with AHO and other planning obligations should reduce and flex to reflect 'changed economic conditions'.

Second, we consider that the headline threshold for GB land should be set in accord with prevailing central policy guidance, in practice, at present 50%.

Third, with respect to getting the balance right between SR and intermediate accommodation, that is always going to be difficult given the juxtaposition and intensity of current homelessness, temporary accommodation, and general affordability crises within the capital.

Essentially, as per our initial overarching comments, the housing system needs to be reformed to work more better for everyone.

In the meantime, measures to reduce recourse to TA, to front-load SR provision as per our response to *section 2.12*, and to make intermediate sub tenures more attuned to the needs of Londoners without access to SR and to whom market purchase is unaffordable, in terms, for example, of service charge setting and accountability, should be diligently progressed.

Section 2.15: Build to rent

The expansion of this sub tenure makes sense in the London context. Given that that required private return of a development that is bulk purchased and will provide a long term assured rental income to investors is less relative to speculative sale, developers of stalled sites should be encouraged to divest to such investors/providers.