



Affordable Housing London Plan Guidance: Support for Housebuilding Consultation

Response of ASocialDemocraticFuture



JANUARY 22, 2026
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2. He is submitting it on behalf of www.asocialdemocraticfuture.org (*ASocialDemocraticFuture*) in his capacity as convener of that organisation.
3. Comments or assessments prefixed by 'we' or 'our' should be taken to mean *ASocialDemocraticFuture*.
4. *ASocialDemocraticFuture* is a website committed to identifying and analysing policy pathways to equality and efficiency and their obstacles. It is independent of external financial and other support.
5. Contact: asocialdemocraticfuture@outlook.com.
6. Pertains to Section Four, Affordable Housing London Plan Guidance: Support for housebuilding: [Support for housebuilding LPG Draft for consultation 27.11.25 \(2\).pdf](#), and includes responses to Questions Four to 11.

Question 4: The GLA welcomes views on the time-limited planning route. Do you agree that this will support the early delivery of housing development whilst also maximising affordable housing provision in the short term? Are there any changes to the approach that would more effectively achieve these objectives?

Question 5: Do you agree with the proposed eligibility criteria for the time limited planning route? The GLA welcomes any views on whether this will, and how this better can, help to achieve the objective of increasing housing supply and supporting early delivery whilst also maximising affordable housing provision in the short term.

Question 6: Do you agree that the proposed approach to grant will help to achieve the objective of increasing housing supply and supporting early delivery, whilst also maximising affordable housing provision in the short term? To what extent will this help to support the acquisition of affordable homes secured through the planning process by Registered Providers?

Question 7: The GLA welcomes views on the approach to reviews under the time limited route, including whether any further criteria should be applied which would a) incentivise early delivery, or b) help to ensure that, if reviews are triggered, additional affordable housing contributions are provided where viability improves over the lifetime of the development.

Question 8: Recognising that the substantial implementation milestone of the first floor set out in 4.6.1 may not be appropriate in all instances, are there any circumstances in which an alternative review milestone to completion of the first floor would be necessary and justified, in a way that continues to incentivise fast build out?

Question 9: An alternative approach for phased schemes would be for boroughs, and the Mayor for referable applications, to have discretion to agree forward dates and milestones for future phases if it would support the faster build out of the scheme, which if met mean that no review is required for that phase. Do you agree with this and what measures would be required to ensure that this resulted in faster build out than may otherwise be the case?

Question 10: The GLA welcomes views on any additional measures that would support the delivery of schemes with existing planning consents which provide 35 per cent or more affordable housing. Do you agree that the time limited planning route would support schemes which have been granted planning consent but are currently stalled?

Question 11: Are there any further measures that would help to prevent the level of affordable housing being reduced in consented schemes where this is not needed to enable the development to progress?

1 Background and Supporting Analysis

Section one of the [The New Infrastructure Levy: going round the Mulberry Bush](#) showed how S106 affordable housing obligations over three decades from the nineties onwards “*accidentally evolved*” into the primary provider source of affordable housing.

It also delineated the issues and problems connected with such provision, updated in Appendix One, remain very relevant to this consultation.

[The CMA Housebuilding Study: Labour's blueprint?](#) summarised and reviewed the Competition and Market Authority (CMA) Housebuilding Market Study (the Study) published in February 2024.

It identified the systems challenges that a new Starmer government, if it was serious in intent to achieve Labour’s proclaimed commitment in opposition to build 1.5m. additional homes during the lifetime of the new parliament in England (an average annual total of 300,000 dwellings), would need to overcome.

The government’s core dilemma was defined thus: to achieve its housing delivery target (or, even to approach it) it must rely on the current private speculative housing system (pre-planning, land acquired, assembled, serviced, and built with the necessary permissions for profit without a known buyer or certain end price), as largely delivered by the large volume housebuilders.

That model, however, 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 periods of peak supply marked by escalating real house prices, worsening current and future affordability.

In September 2024, in the wake of Labour’s electoral victory, [The 1.5m Delivery target: Prospects and Issues](#) demonstrated that the new government’s 1.5m housing delivery target/commitment for several reasons was unrealistic, including that:

- early legacy supply under-delivery of around 220,000 dwellings compared to 300,000 (in subsequent outcome, average actual annual new additions for each of the two years, April 2024 to March 26, are unlikely to exceed 210,000) will require annual supply to exceed 350,000 (now more likely 400,000 or more given continuing under supply during 2026-28) across 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 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 that is inconsistent with the new government's fiscal rule framework (and the June 2025 Spending Review housing settlement (SR2025), as shown in this [review](#);
- planning reform is a necessary but not a sufficient condition to sustain new annual housing supply at or above 300,000 dwellings in England;
- a new generation of New Towns and urban extensions is unlikely to come on stream substantively until next decade.

In that light, [Labour's Planning Reforms: Ends and Means](#), a review of the new government's December 2024 planning reforms - explained why Labour's delivery target to be even approached, *besides planning reform*, required public and private housing delivery systems to shift towards *a partial public contracting-led partnership housing supply model*.

In that light, notwithstanding the generally recognised concerted and substantive planning reforms that the new government has prioritized and put in hand from July 2024, latest available Ministry of Housing Communities and Local Government (MHCLG) indicators of new supply data (*see later link*) reports that planning permissions were only granted for 208,000 homes during the year to 30 September 2025, 15% less than preceding year, and well below the 300,000 level achieved until 2022.

Planning permissions granted, in any case, do not directly translate into homes started and completed.

Section *four* of [Fiscal Institutional Reform](#) further pointed out that the government's supply target also required the supply of public-funded and-enabled affordable housing to substantively rise to within the 100,000 to 140,000 dwellings per annum range.

That, in turn, requires additional funding on a scale, seemingly inconsistent with the government's own fiscal rules, which, in any case, was not enabled by the June 2025 Spending Review (SR), notwithstanding the expected doubling of available annual public capital grant from two to four billion pounds by 2029-30 (*see previous SR2025 link*).

It also set out an outline template for shifting to such a partial public contracting-led model.

This was developed further in our response to the [MHCLG planning reform working paper: speeding up Build out](#) consultation, reproduced in *Appendix Two* to this consultation, which also noted that the prevailing MHCLG policy direction of travel at that time appeared possibly consistent with such a shift to such a system, at least across the three inter-linked areas, outlined below.

1. The introduction of 'golden rules' applicable to development on Green Belt (GB) land that the new December 2024 NPPF (*paras 68 and 155 and 156*) set out;
2. The setting of 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);
3. The 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 Green Belt (GB) land, including greenfield, urban extensions, and the next generation of New Towns (discussed further in our response to the *MHCLG December 2024 Compulsory Purchase* consultation).

It identified all three areas as inter-linked and mutually dependent and crucial to the future development of a partial public contracting model.

Whether that direction of travel is confirmed or not, awaits – amongst other things – the MHCLG's long awaited and delayed updating of its December 2024 viability guidance, although the failure of the New Town Commission to set out a coherent provision and funding plan, and indeed, the political choice underlying this consultation to focus on symptoms of the London housing crisis, rather than embarking on the road to necessary strategic system reform, do not provide good omens.

Our response to that *2025 MHCLG consultation* also identified the danger that these inter-linked measures would be 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 Green Belt (GB) development unviable, alongside the need for the Starmer government to demonstrate progress towards its unachievable (as currently constructed) delivery target/commitment.

Turning squarely to the London-centric issues of specific concern to this consultation, our response to the 2025 GLA [London Plan consultation](#) noted the perfect storm of factors that during the last two years have coalesced to collapse housing starts and activity across London, including:

- interest rates rising in 2022 to levels not experienced since the Global Financial Crisis (GFC) and then remaining high;
- rising and high material and labour costs consequent to Covid-related interruption of global supply chains, exacerbated by subsequent geopolitical events;
- continuing wider geopolitical and economic domestic and international uncertainty;
- post Grenfell regulatory requirements and approval processes, including the two staircase requirement for blocks over 18m, and extended and delayed approval processes;
- low market absorption rates of completed units linked to falling international and domestic off-plan demand acting especially on new Build to Rent (BtR), with 62% fewer such units started in 2024 than their recent peak in 2022 (see later *Molior* link), amid the longer term structural impact of affordability-constrained local first-time buyer demand;
- the declining financial capacity of councils and housing associations to support affordable housing, whether through direct funding or via S106 AHO purchases.

In short, the current private speculative model to work relies upon ever increasing house prices when that prerequisite no longer is present in London, as the limits to affordability have been reached and alternative speculative sources of demand have imploded.

We endorsed in that response to the *2025 London Plan consultation*, in general principle, the intention that the next London Plan should not increase the overall burden of planning policy requirements and that opportunities should be taken to streamline requirements and speed up planning applications.

We also noted, however, that current problems are a product of different factors that vary in cause and consequent implication(s) for their potential solution or amelioration: for example, the situation relating and the response to stalled incomplete developments will and should differ to that of unactioned planning permissions secured through the fast-track route.

Hence, we emphasised that any adopted approach should be granular and tailored to defined circumstances and objectives.

While recognizing that some public, as well as private stakeholders, have cautioned that requiring over onerous AHOs in the face of 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*’, we made the point that no certainty exists that reducing AHOs or even lifting them will then simply result in schemes proceeding with alacrity, adding to supply.

Another point made was that AHOs, although a cost to developers (but, as noted later, also a source of demand and revenue), when applied within a certain, consistent, and understood planning policy environment should produce offsetting downward pressures on land prices.

Moreover, efficiently and effectively delivered AHO system processes should help to underpin quicker development by providing certain and consistent early demand for speculatively provided units.

Indeed, as the GLA-published [background document](#) (*GLA background document*) to the consultation noted, since its introduction in 2017 the fast track threshold approach helped to reverse the downwards trend in affordable housing delivery that had then been in previous years a feature across the capital; between 2018 and 2023, the number of affordable housing units secured in *referrable schemes* averaged 13,491 per year – a 31 per cent increase when compared to the average from the preceding period 2012-2017.

For each year between 2019 to 2023, 35 per cent or more affordable housing was secured in over three quarters of developments.

However, the latest GLA [Housing in London](#) report records that the Mayor recommended 27,388 homes *for approval* at stages two and three in calendar year 2024, 11% lower than in 2023, and the lowest figure since 2017, within which was an increase in student and co-living led schemes, reflecting their “*relative viability in current market conditions, alongside a reduction in the number of conventional homes consented*”.

18,028 of that 27,400 total were market-rate; 9,360 were affordable. The proportion of affordable homes approved in 2024, according to the report, fell to 34%, after remaining at 37-38% for the previous five years.

58% of the affordable homes were for low-cost rent (primarily social rent and London Affordable Rent) - one of the highest proportions recorded.

We don't know what the precise impact that the package will have on outturns rather than approvals but reducing or lifting AHOs risks translating 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 purposes of the next London Plan.

Moreover, reducing AHO requirements in response to short term factors also risk embedding AHO requirements into the medium- and long-term horizon, when by then different market conditions may then prevail, undermining AHO planning certainty and consistency - the posited key positive attribute of the Mayor's [2017 Affordable Housing and Viability Supplementary Planning Guidance](#) (SPG 2017).

We stand by and underscore the conclusions of our previous work in relation to this consultation, and endorse in general similar points made by others, such as by [Peter Apps](#) in his substack.

Undoubtedly, there is a London-centric housing supply and access problem, which needs to be tackled.

The MHCLG's latest quarterly January 2026 published [indicators of new housing supply](#) statistical release, reported that in the year to 30 September 2025, starts increased across all regions from the previous year, *except for London*, where they fell by 30%, with starts per 1,000 dwellings, at 4.2, was the lowest recorded for any region (above seven was reported for the highest East of England region).

London starts for the half year to end September 2025 were recorded at c1,800 - suggesting that the full financial year starts total for 2025-26 could fall short of 4,000 dwellings.

According to the new build start series based on building control returns, a puny 4,200 starts were registered for the 2024-25 financial year, compared to the 15,000 reported the previous year and the 21,600 for 2022-23.

New build completions, reported according to the same series, were c19,000 in 2024-25.

However, only c7,300 completions were registered for the two quarters up to September 2025: a trend that, if continued, would suggest around 15,000 new build completions for the complete 2025-26 financial year, now coming to an end.

The building control-based series historically has under-counted new building start and completion activity by over 20%; nor does it include other net additions.

It should therefore be taken as a broad rather than precise indicator of future activity, prone to under-enumeration.

The more comprehensive and accurate and partial forward-looking net additions series supplemented by EPC new build lodgment data, that the MHCLG now reports (see *Table 1* of above release link and Live MHCLG *Table 118*), shows a more definitive declining trend, taking hold from 2021-22 onwards.

It reported 32,600 total net addition completions for the last past 2024-25 financial year in London – that compares to a past decadal annual average of around 38,500 dwellings.

The *London Plan Annual Monitoring Report 20* published by the GLA in January 2026 states that the net supply of new homes in London was 36,468 in 2022-23, for instance.

24,400 net additions were reported by the MHCLG net additions series between 1 April 2025 to 10 January 2026, the most recent period, suggesting a 2025-26 total hovering around 30,000.

Regardless of their precise accuracy, such outturns compare starkly to the December 2024 nationally revised London annual housing target of 88,000 dwellings.

This eye-watering shortfall reflects the reality that the capital suffers from a worsening housing crisis, both acute and chronic, marked by structural unaffordability for most low-income to upper middle-income purchasers.

Although real house prices, as an average across areas, mixes, and types, in the capital have stagnated or fallen (but due to rising interest rates, repayments increased), real rents have risen.

The structural unaffordability problem, when combined with declining numbers of affordable rented opportunities, has led to ballooning and record numbers of homeless (73,330) households having to live in family-unsuitable temporary accommodation (TA) for extended periods (see the previously linked GLA *Housing in London* report for source data).

2 Responses to the Questions

Proposed approach

Question 4: The GLA welcomes views on the time-limited planning route. Do you agree that this will support the early delivery of housing development whilst also maximising affordable housing provision in the short term? Are there any changes to the approach that would more effectively achieve these objectives?

As the background section catalogued and explained, emergency, urgent, tailored responses to the London-centric housing crisis are certainly required.

These, however, need to be tied to and supportive of concerted and focused wider systemic reforms.

Unfortunately, the support for housebuilding package (the package) subject to this consultation, focused on the time-limited planning route linked to a gain-share mechanism, comes across as a partial and a rushed reactive response to concerted and focused developer lobbying efforts, coalescing around clarion calls that *'a percentage of something is better than nowt'* concerning AHOs that neglect the systemic and structural shortcomings of the predominant speculative housing supply model that the *background section* summarised.

The recent collapse in London start activity is the result of multiple factors require customised evidence-driven more strategic responses, requiring their disaggregation and quantification, including into:

- Post-Grenfell regulatory delays: for example, a 16-storey block of 99 one and two bedroomed flats in Acton was completed in 2023, yet remained empty in November 2025), due to delays in Building Safety Regulator (BSR) approval) - *requiring dedicated Task Force-type continued focus on streamlining and expediting approval process;*
- Stalled near complete or partially complete schemes subject to deflated market demand (linked to affordability constraints) intersecting with rising cost pressures.

According to the [October 2025q3 Molior](#) report, one in six homes (that is 5,300 of 39,800) under construction in 2025q3 were then halted or stalled - *such units could be publicly purchased for desperately needed onward Social Rent (SR) and intermediate affordable sub-tenure use, with associated implications for front-loading of Approved Development Programme and/or new dedicated funding*

sources, including the new 2026/27 City Hall Developer Investment Fund and other identified funding sources that could be enabled by the newly established National Housing Bank (NHB);

- Schemes with existing planning approvals that, according to above same *Molior* source, included 281,000 unbuilt permissioned home – *these will vary in viability circumstance, indicating the need for more focused ‘carrot’ and ‘stick’ responses (see question five response) involving, perhaps, a competitive process whereby developer bids are invited regarding their best maximum affordable offer to be delivered within a three year limit, which could conceivably deliver more affordable housing;*
- Schemes in the existing or entering the future planning development pipeline.

The GLA *background document* (see *previous link*) cites 2022-2024 monitoring data that the average affordable housing level of referable applications approved through the existing viability tested route (VTR) was 20 per cent, while highlighting that some recent applications were granted with very low levels of affordable housing, including at appeal, which may not effectively meet housing need.

Twelve large strategic developments are cited, proposing very low levels of affordable housing (0-16 per cent), amounting to c.18,566 homes in total (all tenures), including live and consented applications, as well as S73 applications, seeking significant reductions in the level of affordable housing following the grant of and compared to the original consent.

It went on to explain that the new time-limited planning route is being introduced in accord with that evidential basis to “*encourage schemes to come forward, and existing schemes to progress, in the near-term, while providing a higher level of affordable housing and more timely build out than may otherwise have been the case*”.

However, AHO and other planning requirements should translate into lower land prices and reduced development input costs, when their certain and consistent impacts on development costs are reflected in what developers bid and pay for land.

That was their design and continuing purpose as enshrined in the 2017 SPG, whose main architect was the then Deputy Mayor for Housing, James Murray, currently the Chief Secretary to the Treasury.

Landowners are likely to adjust their price expectations further upward as developers compete to acquire land/site for future development on the prospect/hope of a more buoyant market next decade, baking in higher costs for future purchasers and continuing affordability problems.

Indeed, it appears that some, perhaps most, of the schemes deemed or adjudged as unviable at appeal, such as the *Stag Brewery site at Mortlake*, involved land costs that did not reflect local planning requirements, strongly suggesting that the operation of the AHO system needs focused and dedicated attention if it is to work as designed (see *Appendix One*).

The mixing of additional grant finance into AHO delivery, proposed by the new time limited route, could also push up and be reflected in land prices (as they were in the nineties when housing associations acquired land directly on the back of social housing grant availability).

Also, and already, some developers are predicting that that the proposed AHO reductions are almost certain to be reflected in future London Plan requirements: a concession made time-limited is invariably difficult to subsequently remove – think ‘temporary’ fuel tax reliefs that have been retained year after year regardless of fuel price changes.

Para 4.3.2 of the consultation advises that “*the new route may be used as an alternative to the London Plan 2021 FTR during the period it is open, the Mayor remains committed to the principles underpinning (that) FTR and to maintaining a higher threshold in the medium to long term*”.

It seems most unlikely, to say the least, that developers will choose to proceed with the existing 2021 FTR - retained in parallel with new time-limited route – when they can obtain a better deal using the new time-limited route when that is available and offers grant support (also discussed in *question five and six responses*)

Deadweight costs/affordable dwelling losses consequently could arise, if schemes already permissioned with 35% affordable housing, then resubmit to take advantage of the time-limited concession of the lower rates – a response that the consultation, contrary to the *para 4.3.2* aspiration, seems to encourage.

Rather - given developer profit maximising motivation and behaviour - both the time-limited and gain share mechanisms are likely to be gamed by them, accordingly.

Unsurprisingly, in that light, developers are already campaigning and lobbying for all late stage reviews to be lifted. Movement down a slippery slope of one concession requiring another cascading over the extended period covered by the package, is likely.

The wider political economy of the package is flawed. A core social democratic principle is that the strengths and energy of the private sector should be incentivised and harnessed for wider collective net gain and social fairness.

But the package risks embedding and entrenching detractive and destructive systemic multiple market failures into the future; for real sustainable progress to be made, wider systemic reform is required.

In truth, there is little evidential reason to expect the proposed time-limited route acting independently to deliver faster early delivery.

According to the same *Molior* source (*see previous link*) that provided much of the source information to the GLA background evidential document, development is unviable across the areas of London where properties sell at under £650 per square foot (“*basically all of the cheaper bits outside the centre and south west*”), explaining that “*build costs are so high that it is not possible a profit from building and selling a new home; and, moreover, this would remain the case if land was free and no affordable requirements*”.

The essential logic of that, if true, is that the new time-limited route will make little or no difference on total new supply, that is unless the economic outturn proves much better than expected.

As Peter Apps has noted (*see previous link*), the time-limited reduction in AHOs will then only positively impact on supply across “*a small grey area where profits are available, but the schemes are close to the line (that) it will make a genuine difference*”.

In the uncertain but possible event (housing policy exogenous) that housing monetary demand recovers and costs fall sufficiently to make many more schemes viable (according to existing viability model practice parameters), the reduction in AHOs could then simply allow builders to make bigger profits from the schemes that they then bring do forward (subject to the gain share mechanism, discussed in our *question seven* response).

Looking to the near-term future across this parliament, although bank rate as set by the Bank of England, has fallen recently, and is expected to continue to fall by the Office of Budget Responsibility (OBR) and commentators, albeit slowly to a 3.25% ‘floor’, certainly not to the abnormally low levels experienced for more than a decade after the GFC.

Such a muted fall is also unlikely to have appreciable impact on domestic market demand in the short term given the time profile of the predominate fixed-interest mortgage terms; the *2025 Housing In London* report, pointed out that at the end of June 2025, there were around 763,000 outstanding fixed-rate mortgages in London that were due to come to the end of their fixed-rate period by the end of 2029, leaving such owners at risk of having to pay significantly higher interest rates than their existing rates, while interest rates for new (two year fixed rates) mortgages - 4.43% as of September 2025 - is 2.6 times greater than pre pandemic figures.

While construction and material costs should also fall from present elevated levels to the extent they can be managed by developers, rising employer national insurance costs and shortages of labour feeding into wage rates will act as countervailing headwinds.

Molior concludes that it is simply not profitable to build for the lower to middle range of the owner-occupied market due to the combination of inadequate demand and downward sticky prices that now characterise the operation of the private speculative system in London; the overseas and off-plan pre-sales markets have imploded, and post-2022 interest rate rises have stymied the BtR market.

Instructively, for schemes, also according to *Molior* (see *previous link*), where more than 12 dwellings were sold per quarter in the period between 2024q1 and 2025q3:

- 38% of total sales were *Build to Rent (BtR)*;
- c17% 'switched to affordable';
- 19% were foreign buyers; while only
- 21% were 'normal' (domestic market) UK sales.

The speculative housing system in London has become patently dysfunctional, intrinsically unable to meet the economic and social imperatives of the capital and its residents.

Average first time buyer deposits reached £139,000 in 2024. Buying your first home in London – certainly outside the cheapest outer boroughs – is now increasingly availed by those able to access Bank of Mum and Dad support, sourced from baby boomer housing wealth concentrated in London and the Home Counties.

Taking all this together, suggests that reducing AHO requirements, as proposed, is unlikely to shift the supply dial.

Fundamentally, the analysis produced by *Molior*, used to support claims of the developer lobby, clearly supports contrary conclusions and policy responses, including that now is the time for:

- currently completed and stalled units to be switched to affordable, using the funds to be made available, whether *City Hall Developer Investment Fund* (perhaps after a name change and revised terms of reference) and other available sources;
- an overhaul of the wider operation of the AHO system and its shortcomings, identified in *Appendix One*;
- nudging the private speculative model to cater more for the majority intermediate London population on a volume basis through strategic rather than tactical measures, requiring a shift to a partial public sector-led contracting model (outlined in *Appendix Two*).

Eligibility

Question 5: Do you agree with the proposed eligibility criteria for the time limited planning route? The GLA welcomes any views on whether this will, and how this better can, help to achieve the objective of increasing housing supply and supporting early delivery whilst also maximising affordable housing provision in the short term.

In short, paragraph 4.4 explains that to be eligible for the new time-limited planning route, residential developments must provide at least 20 per cent affordable housing by habitable room for residential schemes on private land, and 35 per cent affordable housing by habitable room for residential schemes on public land, with separate but similar provisions for industrial and utilities land.

A minimum of 60 per cent Social Rent (SR) must be provided with the remaining 40 per cent of affordable housing provided as intermediate tenures (IT) in line with London Plan policy H6 and relevant guidance.

Build to Rent schemes which meet the criteria in London Plan Policy H11 can provide affordable housing that is intermediate rent, with at least 30 per cent at or below London Living Rent levels or Key Worker Living Rent and the remaining 70 per cent at a range of genuinely affordable rents. Housing costs should be affordable for households with a range of incomes below maximum income threshold and set in line with the approach published by the Mayor.

*The time-limited planning route will be available until **31 March 2028 or the publication of the revised London Plan, whichever is earlier.***

All planning permissions on applications will need to have been issued by the local planning authority by the (above) deadline.

To promote early delivery, councils are invited to consider granting permissions that must be implemented in less than three years from the date of consent. All grant allocations will be subject to grant recipients meeting delivery milestones and other contractual conditions set out in the GLA's grant funding agreements.

Our response to *Question Four* above set out our general concerns about the general design approach of the new time-routed route and its associated delivery and wider policy implications, meshed to the broader considerations that the *background section* previously set out.

Subject to that, with specific regard to eligibility conditions covered in *paragraph 4.4*, we raise the following points/ queries:

1. The requirement for the minimum set threshold of affordable housing (20% on private land) with a minimum 60% SR (previously 40%), could lead developers to claim consequent viability implications, insofar that at least 10% (50% of the 20%) will need to be nil grant (scheme-financed) and given the higher AHO cost of providing SR, while competition for and allocation of grant support could delay application progress;
2. The assumption surely must be that developers will assume and require grant for at least 10% of schemes, making such grant availability; in effect, an entitlement, with consequent public allocative and budgetary decisions related to (1) (see response to *question six* below).
3. Insofar that gain/share mechanism will kick in unless eligible schemes demonstrate first floor or above construction progress by **31 March 2030**, the suggested requirement that planning permissions should be 'implemented' within three years *should be clarified and made more certain*;
4. The eligibility and treatment of BtR schemes and their interface with grant availability should also be clarified and made more certain.
5. A competitive process whereby developer bids are invited regarding their best maximum affordable delivery offer within next three years, with perhaps other associated attached 'carrots and sticks', could conceivably deliver more affordable housing.

Grant

Question 6: Do you agree that the proposed approach to grant will help to achieve the objective of increasing housing supply and supporting early delivery, whilst also maximising affordable housing provision in the short term? To what extent will this help to support the acquisition of affordable homes secured through the planning process by Registered Providers?

We note that schemes that commit to providing affordable housing at or above the relevant affordable housing thresholds under the new time-limited planning route, according to the consultation, will be *eligible* (our italics) for grant funding.

As per our answer to *question five* above, such eligibility (subject to meeting the conditions and eligibility requirements of GLA funding programmes) is likely to be taken as an entitlement by developers for viability purposes, even though available grant funding may be subject to rationing in the face of competing demands for it; nor will all eligible schemes necessarily be suitable for such grant support.

The consultation advises that grant-funded and nil-grant homes should be split proportionately between tenures with a minimum provision share of 60 per cent social rent (SR).

The set benchmark grant rates per home are:

- £220,000 for Social Rent;
- £70,000 for Shared Ownership;
- £90,000 for Intermediate Rent (where rents are above London Living Rent benchmarks);
- £140,000 for Key Worker Living Rent homes or Intermediate Rent (where rents are below London Living Rent benchmarks).

Table 1 below, based on the latest available MHCLG affordable housing statistics (*Live Table 1011C*), indicates that increased use of grant by the new time-limited planning route will make inroads into the increased SR2025 housing settlement – financing 1,000 of the c 1,700 previously provided through nil grant AHOs in 2024-25, assuming an outturn unit SR grant of £250,000, could consume £250m annually, for example, out of a total England-wide allocation, rising from £2b to £4bn by 2029-30.

Table 1: Volume and proportion of nil grant AHOs of all affordable supply, by type of scheme, London, 2022-23 and 2024-25.

	2022-23	2024-25
Social Rent (SR)	4	31
London Affordable Rent (LAF)	1,671	1,666
Affordable Rent (AF)	618	478
Intermediate Rent (IR)	1,093	936
Shared Ownership (SO)	2,820	1,662
Total nil grant units provided	6,289	4,773
Total affordable provided	15,723	13,354
% nil grant of total affordable provided	40	36

The consultation expresses the hope that under the new time-limited planning route, private applicants will provide affordable housing at levels above the relevant affordable housing thresholds proposed for the new route: that is at 35%, or more where possible, rather than 20%.

To do so, affordable housing grant and CIL exceptional circumstances relief should be used “*where available and necessary*”.

There is little reason to suppose that developers will, unless additionally scheme-supported by grant.

Also, and fundamentally, although the GLA and the government expects Registered Providers (RPs), and local authorities, to be proactive in supporting this new time-limited route, including “*through early engagement with developers to provide certainty that they will acquire affordable units*”, recent practice evidence, including this [Building together better](#) review and practice note, published by the G15 group of the largest housing associations (RPs), is that the current system of AHOs for purchasing such acquisitions has become broken.

Developers complain that they cannot find buyers; RPs complain that they are offered dwellings that are often unsuitable in type and location for their needs and/or are overpriced and unaffordable.

The clearing house system announced by the government in 2025 hitherto seems to have had only a limited partial positive impact relative to the scale of the problem.

It follows that a prerequisite of progress is that problem and other shortcomings of the AHO system summarised in *Appendix One* are effectively tackled through dedicated review and policy reform.

Review

Question 7: The GLA welcomes views on the approach to reviews under the time limited route, including whether any further criteria should be applied which would a) incentivise early delivery, or b) help to ensure that, if reviews are triggered, additional affordable housing contributions are provided where viability improves over the lifetime of the development.

Unless the first floor of the buildings within the scheme, or a phase involving more than 200 dwellings, is completed by **March 31 2030**, a late review, undertaken by the Local Planning Authority (LPA), once 75 per cent of homes within the scheme or within the final phase or plot are occupied, will be required.

These reviews will then determine whether a higher contribution for affordable housing can be made *“at an appropriate point prior to completion to ensure that the review itself, and the payment of additional contributions that arise, can be enforced”*.

Such a review process, extending well into the medium term, comes across as messy and contestable.

Such reviews will only result in additional affordable housing where the target level of developer’s return has been exceeded - defined *“as the level of return without which the scheme will not proceed and is deemed not to be viable”*. Applicants in that case will then be allowed to retain 40 per cent of surplus profit above that target return.

That return, as set out in the consultation, *“will normally be considered”* as a factor of scheme Gross Development Value (GDV), with a profit of 15 to 20 per cent of GDV for market sale housing allowed in accordance with existing norms; an ‘internal rate of return’ (IRR) approach will also be considered, where appropriate, for larger, longer-term phased schemes at a level *“that reflects a reasonable return”*.

Such a process, however, replicates the problems and asymmetry of the current viability process. This relies on developer inputs, and takes such a 15% to 20% profit return, essentially, as a fixed determinate or immutable viability model parameter, as was discussed in the March 2025 [evidence](#) that the GLA submitted to the Housing, Communities and Local Government Select Committee Inquiry into Land Value Capture.

The consultation does allow for a full viability appraisal to occur for large-phased and residential investment development schemes, when a Benchmark Land Value (BLV) will be agreed *“based on a Red Book valuation, including the default of Existing Use Value with a premium where appropriate in line with relevant guidance, with all other value and costs based on actuals, on an open book basis, with assessments of values and costs for any components of the development that have not yet been completed”*.

However, from past and current evidential practice, such BLVs will often, if not invariably, be exceeded; and not subsequently reclaimed for affordable housing provision through viability clapback mechanisms.

From a developer perspective, some have argued that linking the new time-limited route to such a review mechanism (even though it will be activated only if the March 2030 completion milestone, as set, is breached) will negate its purpose, because investors are especially wary of *“indeterminate, uncertain, ad hoc, or ‘hanging’”* post completion levies on profits not readily quantified at investment case stage.

In our view, the proposed mechanism, when combined with the time-limited reduction in AHO requirements, will reinforce the systemic shortcomings of the current viability process, with attendant implications for both affordable and private supply into the medium term.

Our overarching conclusion (see *background section* and *our responses to questions four and eleven*) is that available resources, both real and political, should be concentrated on strategic systemic reform rather than partial responses to the symptoms of system failure that will do little, at best, and, instead more likely reinforce their causative drivers.

Leaving that aside, a more straightforward time-limited reduction to 20% AHO time-limited fast track route explicitly linked to a three-year implementation requirement (after which permissions would lapse) might prove more effective in both delivery volume and timescale terms, as well as require less grant support.

Question 8: Recognising that the substantial implementation milestone of the first floor set out in 4.6.1 may not be appropriate in all instances, are there any circumstances in which an alternative review milestone to completion of the first floor would be necessary and justified, in a way that continues to incentivise fast build out?

It is likely that the milestone as currently defined, or any other milestone that might be set instead, will be subject to possibly resource consuming ‘gaming’ efforts by developers to make it more flexible and thus more difficult to definitively measure and implement.

Ultimately, only homebuilding completions, not starts, however defined, can be lived in by new residents.

Question 9: An alternative approach for phased schemes would be for boroughs, and the Mayor for referable applications, to have discretion to agree forward dates and milestones for future phases if it would support the faster build out of the scheme, which if met (would) mean that no review is required for that phase. Do you agree with this and what measures would be required to ensure that this resulted in faster build out than may otherwise be the case?

Problems of assessment and enforcement almost certainly would remain, noting that the footnote to this question suggests as an example, the **end March 2032** “*for the first floor of buildings which together provide at least 200 residential units on the second phase, and a further date for the third phase*”.

That would mean completions extending well into the next decade: ten years or more in the future.

Maximising affordable housing including on existing schemes

Question 10: The GLA welcomes views on any additional measures that would support the delivery of schemes with existing planning consents which provide 35 per cent or more affordable housing. Do you agree that the time limited planning route would support schemes which have been granted planning consent but are currently stalled?

The consultation document encourages partners to deliver affordable housing greater than 20% “*wherever possible, especially where planning consents are already in place*”, advising that “*grant may be sought at or above (our underlining) the benchmark grant rates previously set out for such projects where it provides value for money to do so*”, including those with projects consented at 35 per cent or more affordable housing “*that are currently stalled due to viability reasons ... where this is needed to support delivery and to increase the level of affordable housing above this*”.

It went on to advise that “*applicants will be expected to seek grant and the availability of CIL relief to maintain or increase the level of affordable housing in existing section 106 agreements (our underlining).*

Where that has been fully explored and has been demonstrated not to be possible, any amendments to the affordable housing level or tenure should be renegotiated and agreed via a deed of variation, with the aim of delivering at least the relevant level of affordable housing established in the new planning route, and on the basis of the same terms (our underlining)”.

It does seem that developers with existing scheme permissions at 35% AHO or above (committed at nil grant if permissioned through existing 2017 fast track route) are being offered by the consultation a green light to reduce such AHOs to 20% (10% nil grant) according to the new time limited fast track processes and conditions, with its attendant drawbacks and complications, including limited availability of grant and the possible opportunity costs involved in using grant to replaced reduced AHOs, as covered in our responses to questions *five and six*.

Clarity is required as to how precisely it will be determined whether such schemes have been stalled “*due to viability reasons*” and on what basis.

If assessed, as per the process outlined in *question seven*, the same problems and issues that our response to that question identified will similarly apply.

Advising developers or ‘partners’ to apply for grant at, or even above, already inflated levels to enable such schemes to proceed, seems to assume, if not unlimited grant availability, levels that simply will not be realistically available, as well as possibly diverting grant from other schemes that could otherwise deliver better social returns.

Likewise, it could risk additional affordable housing, especially SR, being provided at an additional very high marginal public grant cost with attendant social opportunity costs, as [Southwark 35% Campaign](#) noted in a February 2025 blog Aylesbury Estate redevelopment example, making the parallel point that, in effect, “*some profit is better than nowt profit*”, rather putting the spotlight on the asymmetrical assumption/practice that while development profit margins of at least 20% are considered sacrosanct, AHO and other planning obligations conversely should reduce and flex to reflect ‘*changed economic conditions*’.

Question 11: Are there any further measures that would help to prevent the level of affordable housing being reduced in consented schemes where this is not needed to enable development to progress?

This begs the question as to the process whereby that it will be determined that reducing the level of committed affordable housing in already consented schemes “*will not be needed*”.

As per our response to question *four*, it is likely that the new time limited planning route, as designed, will itself lead to some deadweight loss of affordable housing.

More generally, as we have argued throughout in the *background section and in our earlier question responses*, systemic strategic reforms, rather than the responses to symptoms of systemic failure, should be put in hand, some as a complement, others as an alternative to the Support for Housebuilding Package, taken as a whole.

Certainly, the wider problems and issues with the AHO system catalogued in *Appendix One* must be tackled urgently in a concerted and focused manner as a central government priority in parallel with the wider shift to a partial public contracting-led housing system that *Appendix Two* outlines.

Likewise, the pan London annual 88,000 housing supply target presupposes that the Mayor takes specific concerted strategic steps to bring forward development across the capital in line with a partial public-led contracting model, establishing dedicated development corporations to deliver major projects on both brownfield and urban extensions on green/grey built sites where necessary.

The [Oxcam Project Hawking](#) model could be customized to London requirements.

Certainly, the 88,000 annual London supply target presupposes projects of that scale and ambition.

Otherwise, adverse but already discernible unintended consequences impacting into the medium term can be expected, entrenching and embedding further into the future the systemic failures that have led to the current housing crisis within the capital.

This version was edited on 23rd January 2026 to remove typos and to improve clarity.

Appendix One: Problems and Issues Connected to Section 106 Affordable Housing Obligations (AHOs).

- obligations are mostly attached to major housing schemes that many authorities only infrequently face and progress, causing problems related to LPA lack of experience and capacity in dealing with such applications;
- the complexity of such large-scale schemes and lack of policy certainty on contribution amounts and rates can result in protracted negotiations that consume much local authority and developer time and other resources, to the especial detriment of small and medium housebuilder enterprises (SMEs);
- asymmetries in negotiating expertise exist between the two parties, leading to unsatisfactory public policy outcomes related to above, for example, [Southwark case example](#);
- a site- and locally negotiable system, rather than one subject to certain requirements known in advance, means that both local authorities and developers are not always aware of the level of planning contributions that might reasonably be expected from a given development, resulting in obligations varying between areas and applications that are otherwise substantially similar;
- besides such local discretion in treatment, such variation is an inevitable by-product of a process sensitive to changes in market conditions (a rising or falling housing market impinges on development values and developer profits and hence perceived, claimed, or actual scheme viability) that can also result in substantial downward negation or revision of previously agreed negotiations as, for instance, occurred in the wake of the GFC that continued well into the next decade despite improving market conditions, a risk especially relevant to the package proposed by this (the) 2025 London Housing Housebuilding Support package, subject to this consultation;
- affordable housing levels achieved on a site-by-site and LPA level can therefore diverge markedly from published local policy requirements, leading developers to assume less than policy compliant levels of affordable housing when bidding for land, resulting in higher land prices and development costs, generating a self-fulfilling circular process that can become embedded and entrenched – also very pertinent to this consultation;
- a stated headline affordable policy requirement – say 35% – in any case cover a range of compositional permutations of social rented and intermediate tenure

options that vary in value to the LPA and in cost to the developer both over time and between LPA's;

- evidence, including [Building together better](#) review and practice note published by the G15 group of the largest housing associations (RPs), shows that in some areas and instances the current AHO process has become broken, where developers complain that they cannot find buyers and RPs complain that they are offered dwellings that are often unsuitable in type and location for their needs and/or are overpriced and unaffordable, with the clearing house system announced by the government in 2025 seemingly having only a limited partial positive impact relative to the scale of the problem.
- associated problems of lack of process transparency;
- other potential sources of contribution, including commercial and smaller developments, are left untapped;
- S106 scheme contributions towards community infrastructure and/or site mitigation can be meshed more to stakeholder budgetary imperatives rather than to local needs;
- possible tendency of some local authorities to misuse Section 106 to delay or discourage development, by asking for unreasonably onerous levels of developer contributions;
- possible generation of perverse incentives in favour of high-density housing schemes deemed most likely to maximise contributions and to protect developer profit levels, thus risking over-development or sub-optimal social outcomes, such as compressed space and other standards;
- long time lags between the negotiation, the agreement, and the receipt of contributions;
- inadequate monitoring of the delivery of originally negotiated obligations, whether due to their renegotiation, to changes to planning applications or their non-progression in full or part, or to simple shortfall when the development takes place, can result in LPAs not getting the full benefit of contractually committed obligations, as identified by a May 2022 [audit of affordable housing delivery](#). There is little or no reason to suppose that a similar problem does not exist across other such authorities.

Appendix Two: Moving to a partial public contracting-led and partnership planning model.

The contradictions currently inherent within both the existing public and private delivery systems require a progressive shift to a partial public contracting-led and partnership planning model.

Public authorities supported by increased levels of enabling public investment with access to new financial intermediaries/instruments, leveraging-in varied sources of private finance in conjunction with an adequately capitalised National Housing Bank (NHB), would set masterplan requirements, would secure the necessary planning and other approvals, would assemble the land, and would forward-fund enabling pan-site infrastructure, where necessary or most cost-effective/efficient.

They would harness private sector skills and initiative to provide enabling infrastructure and to build larger scale developments, according to set best design, quality, and efficiency standards.

Masterplan briefs would split sites into different segments/lots allowing a range of housebuilders to compete to build different types of properties offered at different price points, including those targeted at local potential purchasers at lower quartile levels.

Working up such a model to practical realisation would be a detailed and complex process, involving many different stakeholders, but should be accelerated, streamlined, and supported by a robust, concerted, and focused central direction at both a political and administrative level.

New Town and other Development Corporations will need to pioneer and kickstart early demonstration examples this parliament. The schedule below accordingly outlines indicatively what such a shift to a partial public contracting-led and partnership planning model should comprise and progress.

Short term

- New Towns Taskforce identifies provision model attached with supporting delivery and resourcing plans consistent with partial public contracting-led partnership model (which could also act as a template for future strategic GB projects subject to the golden rules);
- Mayoral, Combined Authorities and Development Corporations to likewise develop strategic plans/projects consistent with the progress of the government's delivery target and its wider growth and other objectives, whether in Oxford/Cambridge arc, London, or pioneer New Towns scattered across the country;

- Revised viability guidance (currently awaited) should set out a consistent implementable framework for BLV setting for viability purposes based on EUV-plus at a premium that can underpin voluntary exchanges at Benchmark Land Value (BLV) values consistent with the provision of necessary public infrastructure and affordable housing at desired levels, embedding them into future land and house price expectations, thus reducing the net public expenditure costs associated with a shift to partially-led public contracting model;
- Continuing reform of compulsory purchase order (CPO) rules consistent with the use of CPO as a backup default stick to encourage such 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;
- A properly capitalised NHB established and provided with clear remit to lever in private finance at the levels required to support partnership model and supporting infrastructure funding at needed levels;
- Section 106 Affordable Housing Obligations process streamlined, made more certain and effective for councils, for RPs, and for developers;
- Developers of stalled sites should be encouraged and facilitated to divest to Build to Rent (BtR) investors/providers, completed or soon to be completed dwellings at a price consistent with their affordability for local moderate to middle income households; and to councils/RPs for onward affordable letting (where properties are suitable in type and cost), noting that in London nearly 50% of market sales lately have been to BtR providers.

Medium term

- New Town and other Development corporations develop expertise cluster in land assembly to acquire land at values close enough to EUV to make them viable inclusive of infrastructural and affordable housing requirements, using CPO as a credible but last resort default;
- Innovative forms of institutional infrastructural funding provided at mainstreamed scale to supplement and blend effectively public sources of infrastructural and development funding;
- Development corporations to master plan and manage large scale developments offering a range of property types and tenure at different affordability levels on a

Letwin-plus model to bring on stream a transformational step change delivery within ten years;

- Partnership planning between public and private sectors to mainstream at scale the provision of mixed tenure affordable housing on a steady state annual basis;
- Construction industry partnership planning covering workforce planning, skills and training development, and working conditions, should be established and embedded within the above wider partnership planning arrangements;
- The National Housing Bank and other funding intermediaries access and funnels pension fund and other sources of private finance at sufficient scale, supplementing public forward funding of infrastructure, with housing investment recognised as a key driver of inclusive sustainable growth.

Lasting changes and forward vision

Affordable housing is mainstreamed within a public-private partnership planning model focused on maximising supply, quality, and affordability.