

SUPPORT FOR HOUSEBUILDING LONDON PLAN GUIDANCE

CONSULTATION RESPONSE

Response from: BusinessLDN, One Oliver's Yard, 55-71 City Road, London EC1Y 1HQ

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INTRODUCTION

1. BusinessLDN is a business membership organisation with the mission to make London the best city in the world to do business, working with and for the whole UK. BusinessLDN works with the support of the capital's major businesses in key sectors such as housing, commercial property, finance, transport, infrastructure, professional services, ICT, and education. We welcome the opportunity to engage with the Greater London Authority on the emergency measures to support housebuilding in London.

GENERAL THOUGHTS ON THE PROPOSED APPROACH

2. The Mayor of London's recognition of the severity of the housing delivery situation in the capital is welcomed, as is the partnership approach with the Ministry of Housing, Communities and Local Government (MHCLG) and their concurrent publication, *Consultation on the proposed London Emergency Housing Package*. However, following extensive engagement with BusinessLDN members on the emergency measures package set out in the two consultation documents, we are concerned that both proposed approaches are overly complex and, as a result, unlikely to achieve their stated objective of improving development viability and accelerating the delivery of new homes, including affordable homes, over the next few years.
3. We have canvassed our developer members on their live schemes to understand how many could potentially be supported by the emergency measures. In response, we received details on 67 sites across London, equating to 86,236 homes. Of those:
 - 5 schemes with an extant planning permission could potentially shift from being unviable to deliverable, totalling 7,682 homes.

- 8 schemes at the pre-planning stage could also potentially be brought forward as viable, deliverable schemes, comprising 7,050 homes.

4. Anecdotal feedback from members indicates that many schemes that could potentially benefit from the emergency measures require greater flexibility on timescales and the conditionality of relief for the measures to meaningfully support delivery. In addition, the schemes most likely to benefit are predominantly smaller developments, while larger and multi-phased schemes appear to be largely unsupported; only one scheme of more than 1,000 homes was identified as having any prospect of benefiting from the emergency measures as currently proposed.
5. Overall, from our informal member survey, this means that 14,732 homes, representing **19% of schemes and 17% of homes**, could potentially benefit from the emergency measures, although in many cases, there would still need to be further flexibility on how the measures are applied. Based on our member sample and wider feedback, as currently designed, the measures lack catalytic impact and are likely to provide only marginal support, falling short of the Mayor and Government's ambitions to drive a meaningful improvement in development viability and the delivery of affordable housing in London.
6. In particular, if the emergency measures are to have a significant impact, they will need to benefit more consented schemes that are stalled. These projects should be easier to target and, crucially, it is these schemes that have the greatest potential of meeting the ambitious timescales proposed in the consultations because they already have development parameters agreed that need adjustments rather than starting the planning process from scratch. Yet consented stalled sites are barely mentioned in the Mayor's consultation document – this is a significant missed opportunity.
7. Notwithstanding these concerns, which are explored in greater detail in our answers to the consultation questions below, the commitment to grant funding for affordable housing on eligible schemes is welcome. Furthermore, for the Greater London Authority's (GLA's) proposed new time-limited planning route (TPR), the 20% benchmark figure feels appropriate.
8. However, the proposed, conditional process for both the TPR and Community Infrastructure Levy (CIL) relief in the MHCLG consultation is overly complicated, and the timescales are unrealistic. These are the two fundamental reasons the number of schemes our members think this might apply to is not higher.
9. Another major concern with the proposals is the significant risk created by the late-stage review in the TPR. This will apply when the proposed March 2030 milestone is unachievable and on all larger multi-phased schemes. The scale of risk is compounded by the decision-maker's discretionary choice between applying the GLA's standard review formula or undertaking a full viability appraisal. This makes the established Viability Tested Route (VTR) a more attractive proposition for multi-phased schemes than the new TPR as currently proposed. To significantly shift the dial on housing delivery in the short to medium term, changes are needed to the proposals to reduce the level of risk and encourage more investment.

10. We support the proposed changes to the Mayor of London Order 2008, allowing for Mayoral intervention in schemes of between 50 and 149 homes. However, in our response to the MHCLG consultation, we have recommended that the new streamlined process for these medium-sized schemes is revised to allow applicants to submit a formal request to the Mayor to call in an application if negotiations with the Local Planning Authority (LPA) are in deadlock at any time beyond the statutory determination period of 13 weeks and without any statement from the LPA on its intended reasons for refusal.
11. We welcome the continued focus on supply-side reforms, and our two consultation responses set out proposals to strengthen the GLA and MHCLG's proposed emergency measures. However, the depth of the challenge that London faces to kick-start development and start delivering 88,000 homes a year is so great that it is likely that further support will be needed, not only on the supply side but on the demand side too. The Government should consider what role targeted, well-designed, and short-term demand-side interventions could play to stimulate housing transactions, which will also help to generate investor and developer confidence and unlock more housebuilding. Such measures could include stamp duty holidays, support for the first-time buyers' market, or other forms of support to lower the cost of mortgages.

CONSULTATION QUESTIONS: CYCLE PARKING

Q1: Are the proposed changes to the cycle parking standards, in conjunction with the wider package proposed by this consultation, likely to make a material difference to the viability of residential schemes while still providing sufficient cycle parking to enable sustainable growth in London and mode shift?

12. Irrespective of current viability challenges, reduced cycle parking standards are needed for London. London Plan Policy T5: Cycling, and accompanying Table 10.2, pre-dated the prolific use of cycle hire schemes in the capital, and the current standards result in vast cycle stores that significantly exceed demand and carry a huge financial and carbon cost.
13. It is not a silver bullet, but lower cycle parking requirements will help improve the viability of a scheme without negatively impacting on cycle usage or modal shift because many Londoners choose to hire bikes rather than own and store them. We are gathering survey data from our members on cycle parking usage in their developments (both residential and commercial) to ascertain the level of demand in different locations and inform the longer-term position in the new London Plan.
14. In the meantime, looking more closely at Table 2.1 in the consultation document, the proposed new minimum standards for Band 1 locations have not changed significantly from the adopted standards to the extent that they will have any meaningful impact on being better aligned with demand and improving a scheme's viability. We recommend that the proposed standards for

Band 2 should apply to both Band 1 and Band 2 locations, given the ease of accessing bicycles for hire in central locations.

Q2: Do you consider that the guidance on flexibility and quality in sections 2.3 and 2.4 of the guidance will address development viability and cycle parking quality challenges?

15. It is helpful that the guidance lists out the types and formats of cycle parking that are considered acceptable as alternatives to on-site, enclosed stores. In terms of when these alternatives should be accepted, it is noted that paragraph 2.3.2 lists the considerations of site location, density, use, and constraints, and then paragraph 2.3.4 lists further design and viability considerations where a lower provision may be accepted. To ensure the boroughs are clear on the application of the new standards and guidance, it would be helpful if all these tests and considerations were listed out more explicitly as a sequential test for the decision maker.

CONSULTATION QUESTIONS: HOUSING DESIGN STANDARDS

Q3: The GLA welcomes views on the proposed changes to the housing design standards.

16. These changes are necessary and supported because application of the housing design standards has become too rigid and mechanistic. These two standards in particular have had a negative impact on building efficiencies, especially the net-to-gross floorspace and wall-to-floor ratios. However, this is a measure that will benefit new schemes in the future that have yet to be designed or need redesign; it will do little to help unlock stalled sites with extant consents.

17. As with the review of cycle parking provision, the increased flexibility afforded to dual aspect and dwellings per core should not be limited to the short-term timescale of the emergency measures package and should be kept under review.

18. GLA engagement with the boroughs will be essential to ensure a change in mindset and greater flexibility in the assessment of scheme designs going forward.

CONSULTATION QUESTIONS: AFFORDABLE HOUSING TIME-LIMITED PLANNING ROUTE

Q4: 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?

Q5: 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.

19. The proposed new time-limited planning route (TPR), as set out in Sections 4.2 and 4.3, is welcomed in principle. The commitment to grant funding for affordable housing on eligible schemes is welcome, and the 20% target feels appropriate. However, the consultation document then adds layers of controls and conditions to such an extent that the potential benefits of the TPR are eroded.
20. Consultation Questions 4 and 5 are answered collectively because our primary objection in relation to the overall approach concerns the two deadlines proposed for the TPR, with the 31 March 2030 deadline (for the first floor of the buildings within the scheme to have been built) first mentioned in Section 4.3 and the 31 March 2028 deadline (to obtain the main planning permission) proposed in 4.4 beneath.
21. These two deadlines, and the milestones that need to be achieved for each, are incredibly challenging, even for stalled sites that already benefit from an extant consent. We have already identified above that new sites at pre-planning stages are the ones that, in theory, could potentially benefit the most from the emergency measures. Yet the deadlines and milestones for these sites are even more challenging – to the point of being unrealistic. Applications containing housing and that are subject to a Section 106 legal agreement (S106) will realistically take two years to obtain planning permission, then the developer will need to work through the pre-commencement process and site mobilisation. Furthermore, the target dates become physically impossible for sites that have not yet been acquired. For all circumstances, both milestones assume the planning process will progress perfectly despite many influencing factors being out of the applicant's control.
22. For the March 2028 deadline, obtaining the main planning permission will be dependent upon the LPA being cooperative and determining the application in a timely fashion. In this context, it is important to remember that progress in the first half of 2026 will be negatively impacted by the build-up to the local elections in May and subsequent changes in political leadership in boroughs. Furthermore, despite planning application submissions currently being lower than average, the feedback from our members is that the planning process in London is not any quicker, even though there should be more officer capacity in the system. Consequently, there is a concern that, if the emergency measures were to drive more applications, this could further delay the processing of applications. The initial deadline should therefore be a

milestone that is within the control of the applicant rather than a milestone that is dependent upon LPA resource.

23. For the March 2030 deadline, building out the first floor of the buildings within the scheme may be impacted by market forces and sales rates. For any live application that will need to be decided at appeal, the appeal would need to be lodged within the next six months at the very latest.
24. Fundamentally, given the severity of the current situation, we consider that the emergency measures will need to run for longer than the timescales currently proposed. If commitment to a longer timescale cannot be given at this stage, the two milestones should be amended to ensure that the two deadlines are more realistically achievable. We recommend the following:
 - **31 March 2028:** Submission of a valid full or outline planning application. This is a more realistic target given the scenarios explained above, and the timing of submission is under the control of the applicant.
 - **31 March 2030:** Achieving “golden brick” or “substantial investment” on site, the latter to be defined for that particular scheme in its S106 agreement (see Question 8 for further details).
25. An extension of time should be granted for applications being decided at appeal. The LPG should also define the circumstances where delays may be acceptable and consider the approach to dispute resolution if a borough and developer cannot agree that delays are legitimate.
26. Where an extant planning permission already exists, but that site is stalled, and amendments are necessary to make the scheme deliverable, target timescales should be set out in guidance for the boroughs to process a Section 73 (S73) application and to agree an S106 agreement deed of variation where either, or both, of these are required. Whereas the GLA can intervene on an S73 application relating to a referable scheme, an applicant can only secure an S106 deed of variation where the LPA signatory is in agreement with the revised heads of terms, and the LPA may need to be incentivised to do that.
27. More broadly, the revised threshold of 20% is supported. For residential schemes on industrial land, the 20% threshold should apply where the existing industrial and warehousing floorspace is re-provided, rather than applying the 65% plot ratio approach in Footnote 59 of the London Plan 2021. This simpler approach will result in more schemes meeting the threshold and more homes being delivered.
28. The revised target of 35% for schemes on public land remains far in excess of what is viable in London. The public land threshold, therefore, needs further consideration. In particular, the measures do not provide adequate support for estate regeneration schemes. These can be

some of the most challenging developments to bring forward, and the measures do not help to the degree that they would bring about meaningful impact on viability and deliverability.

29. In terms of eligibility for the TPR, whilst we understand the GLA's reasoning for excluding Purpose Built Student Accommodation (PBSA) and large-scale, co-living accommodation, it would be helpful for overall housing delivery to clearly state in the final LPG that these specialist housing sectors form a vital part of increasing housing supply in the capital and diversifying London's housing stock.
30. With regard to the Build to Rent (BTR) sector, it is welcomed that schemes in this sector can, in principle, benefit from the emergency measures. The extent to which BTR schemes can benefit will likely vary significantly as their affordable offer can cover a broad range of products including traditional affordable housing managed by a Registered Provider (RP) and Discounted Market Rent units managed by the primary building management company. Notwithstanding this variation, the application of the package to the BTR sector is not at all clear from the draft guidance.

Q6: 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 Register Providers?

31. Many housing schemes have stalled in recent years because developers are unable to secure an RP to take on the affordable homes. This, in part, reflects wider pressures on the RP sector and the priority they are placing on investing in existing stock. When this is combined with reduced grant funding and changes to rent policy, these factors have significantly limited both the capacity and willingness of RPs to take on new S106 homes. Yet an RP needs to be on board for a developer to apply for grant funding, so this becomes a vicious circle. Even if RPs did have greater financial capacity, the fundamental lack of demand for S106 affordable housing in London from RPs is unlikely to change without improvement to rent levels to make social rent a more economically attractive proposition.
32. To help address this challenge, developers should be allowed to engage in grant discussions with the GLA earlier in the process, on a scheme-specific basis, and even if an RP is not yet on board. Grant could then be awarded in connection with a permitted scheme and subject to an RP coming on board subsequently. The developer would therefore get grant certainty earlier in the process and negotiate with an RP on the basis of having a specific grant budget available.
33. With regard BTR development, where a scheme is eligible for grant funding, the commitment to financial support for affordable housing beyond the first 10% is a substantial and welcome shift in position. However, it is assumed that the proposed emergency measures would adversely affect those BTR schemes which do not have the flexibility to offer a traditional affordable offer, for example a separate block which can be transferred to an RP. In

circumstances where BTR schemes are not able to access grant funding, they should be able to deliver a lower proportion of affordable housing than 20% – equivalent to the level that would have been achievable if grant were available – otherwise BTR cannot compete on a level playing field with for-sale housing. In addition, clarification is sought on whether Discount Market Rent units fall into the £90k/intermediate rent category.

Q7: 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.

34. The other barrier to the effectiveness of the TPR is the significant development risk associated with the late-stage review, and the unnecessary uncertainty that has been created because the TPR envisages a different set of mechanisms to deal with this than those that currently exist.
35. In the proposed TPR, a late-stage review will be compulsory if the first-floor build has not been completed by March 2030 and also for all larger, multi-phased schemes that have a longer delivery programme. Not only is a late-stage review compulsory in these scenarios, but Section 4.6 of the consultation document also states the *“LPA and GLA for referable applications will agree whether the review should be undertaken on a formula basis as set out in Mayor’s guidance or by undertaking a full viability appraisal”*. The key concern here is the discretionary approach to the late-stage review and the option for the borough or the GLA to request a full viability assessment and reconsider all viability inputs.
36. Due to these two factors, the proposed TPR carries significant long-term financial risk and, consequently, the existing Viability Tested Route (VTR) is likely to be the preferred planning route over the TPR. This is because in the VTR the format of any review is crystallised at the grant of planning permission. Even with the added layer of complexity on the VTR going forward, whereby an applicant will need to demonstrate why they are not pursuing the TPR – i.e. why they can’t achieve 20% affordable housing even if grant is forthcoming for 10% – feedback suggests this route will be favoured by applicants.
37. The approach proposed in the consultation document seems to be based on an assumption that the market has the potential to recover relatively quickly and developers could soon be building lots of homes and be in a much stronger financial position. Yet the reality is that the structural issues impacting housing demand and supply are so significant that they are likely to take much longer to resolve. It is imperative that any development risk in the longer term is carefully managed in order to incentivise developers and their investors to re-enter the market in the current difficult economic climate.
38. It is also conceivable that boroughs who are suspicious of viability and are not fully on board with the new process will ask applicants to present two viability options as part of application negotiations: (i) to demonstrate the impact of the TPR on the scheme when all relevant tests

and criteria are met and (ii) a conventional viability appraisal with the actual percentage of affordable housing that the scheme can deliver without support in order to help them understand the implications of both. This will consume expensive resource on both sides and add further delay to the planning process. However, in some circumstances, boroughs may insist on this for political reasons.

39. Taking all of the above into consideration, the final version of the LPG should take a much simpler approach. The LPG should specify that, for a time-limited period, the fast-track threshold will be reduced from 35% and 50% to 20% and 35% (noting our comment above with regard to the appropriateness of the new 35% target), with the existing approach in the Mayor's Affordable Housing and Viability Guidance remaining exactly the same in terms of when a review mechanism will be required and how it will operate. This would immediately remove a lot of the uncertainty from the TPR process and make it more effective.

Q8: 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?

40. This milestone needs to be revised. The initial proposal at 4.6.1 refers to when "*first floor of the buildings within the scheme have been built*"; however, this is not practicable in the context of a conventional build-out process. The standard approach to construction would be to erect the frame of the entire building, inserting each floor slab as the frame progresses, and then subsequently fit out each floor. How the milestone, as worded at 4.6.1, should be interpreted in this context is unclear.
41. Two alternative options should be considered instead:

1. **Golden Brick:** a simple and familiar term in the industry that means the foundations are finished and at least the first level of bricks/blocks is laid, marking the point where construction has progressed enough to be deemed "clearly under construction" by HMRC, allowing the sale of land to be treated as a zero-rated supply for VAT purposes, and a milestone used for capital grant funding.
2. **Substantial Investment:** on larger, multi-phased schemes, a simple 'one-size-fits-all' approach, such as Golden Brick, may not be appropriate, and a bespoke 'Substantial Investment' clause could be defined in the scheme's S106 agreement – for example, if the delivery of some enabling infrastructure would best demonstrate commitment to delivery.

42. Both of these alternative milestones would demonstrate a clear commitment to implementation and progress on site beyond the legal definition of Commencement of Development in the Town and Country Planning Act 1990.

Q9: 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?

43. This approach would be supported. The guidance should indeed allow for discretion on bespoke deadlines and milestones on larger, multi-phased schemes for the reasons discussed under Question 8. For example, for one of these projects, the first phase may be a major investment in enabling infrastructure rather than the construction of a residential building or buildings. Any bespoke timescales for multi-phased projects must be realistically achievable and agreed in conjunction with the applicant to ensure the incentive to build out quickly is retained.

Q10: 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?

44. From the evidence we have collected from BusinessLDN members (see paragraphs 3–5 above), the emergency measures do not appear to benefit many consented schemes that are stalled. These projects should be easier to target and, crucially, it is these schemes that have the greatest potential of meeting the ambitious timescales proposed in the consultations because they already have development parameters agreed that need adjustments rather than starting the planning process from scratch. Paragraph 4.2.2 is clear that the TPR applies to existing sites, but there is no guidance on the approach that should be taken, and this should be rectified.

45. Specifically, where it is agreed to apply the emergency measures to stalled schemes, there needs to be clarity on how the new provisions can be incorporated into existing consents through amendments to legal agreements without the need for additional viability negotiations.

46. To further improve the effectiveness of the emergency measures for stalled sites, we recommend consideration of the following:

1. **Reviews:** remove the need for mid- and late-stage reviews for any schemes delivering 35% and above affordable housing that are continuing to proceed despite the challenging market conditions but are at risk of slowing down or stalling.
2. **Equivalency for higher social rent provision:** carry forward the principle from section 4.5 of the GLA's Accelerating Housing Delivery Planning and Housing Practice Note (December 2024) whereby schemes providing the majority of their affordable housing provision as Social Rent will be considered at a lower overall

affordable percentage without requiring full viability assessments or mid-term or late-stage reviews.

3. **Low-cost loans for infrastructure:** financial support for the delivery of on-site and enabling infrastructure.
4. **Disposal of S106 homes:** given the constrained capacity for RPs to take on S106 homes, developers need more certainty that there is a route to disposal, either through support from the New Homes Accelerator programme or, ultimately, the ability to provide a payment in lieu where all reasonable alternatives have been explored.

Q11: 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?

47. To optimise the levels of affordable housing that a consented scheme can deliver, in addition to the suggestions under Question 10, we recommend consideration of the following:

1. **Mayoral CIL:** postponing payment until later in the development process to help cash flow over the lifetime of the project.
2. **Borough CIL:** allow a developer to use borough-level CIL receipts from other projects to directly deliver infrastructure required for a stalled scheme to reduce overall S106 costs and improve overall scheme viability, particularly where that infrastructure will have public benefits beyond the development itself.
3. **In-kind infrastructure provision:** allow a developer, through their S106 agreement, to use the CIL monies generated by a scheme to pay for the on-site infrastructure forming part of and/or required by that scheme.
4. **Flexibility over energy policy requirements:** centralised heating systems are costly to deliver and maintain, have a high carbon impact when delivering, and impose higher costs on residents.
5. **S106 amendments and prioritisation:** the LPG should more explicitly set out a sequential test for S106 obligations to emphasise the prioritisation of affordable housing over other planning gain, whilst the Government – through a Secretary of State Direction – should support and encourage the use of S106A of the Town and Country Planning Act 1990 (with a reduced five-year timescale threshold) to modify a scheme's S106 package where other factors are impacting viability.

48. Finally, in parallel with the work being undertaken on supply-side reforms, intervention is also needed to stimulate demand. The Government should consider what role targeted, well-designed, and short-term demand-side interventions could play to stimulate housing transactions, which will also help to generate investor and developer confidence and unlock more housebuilding. Such measures could include stamp duty holidays, support for the first-time buyers' market, or other forms of support to lower the cost of mortgages.