BUSINESS LDN

# Member Briefing: Early thoughts on the Draft New London Plan

## Context

The Draft New London Plan (DNLP) was published for consultation on 16 July. This briefing note sets out our initial thoughts.

BusinessLDN has been engaged in the review process since the outset. In June 2025, we submitted a comprehensive response to the *Towards a New London Plan* (TANLP) consultation and have also published a series of London Plan briefing papers designed to contribute ideas to the development of the new plan.

There is much to be positive about in the DNLP in terms of the headlines and issues we have been campaigning on. The Greater London Authority (GLA) has made considerable progress in streamlining the document, producing a more logical layout and drafting clearer policies. It has also sought to reduce the policy and cost burden on development and reflect the current economic climate. However, the central question is whether these reforms have gone far enough. Below, we highlight the key issues in each of the main DNLP policy chapters.

## Making the best use of land and achieving Good Growth

The overarching **Good Growth** objectives from the London Plan 2021 have been refined into four, slimmed-down objectives, but the essence of the Mayor's ambition for Good Growth is carried forward.

Much of the initial reaction to the DNLP has focused on its headline **housing target**, set at 558,000 homes over the first ten years, compared with the Government's assessed housing need of 84,884 homes a year, revised down from the initial figure of 88,000 homes a year. Having been challenged during the previous examination, when Inspectors recommended reducing the housing target to reflect realistic development capacity rather than assessed need, the GLA has sought to produce a credible and deliverable Plan. The GLA is clear that meeting the full level of assessed need is not realistic in the short to medium term given current economic conditions and the infrastructure investment required to unlock additional capacity. The Plan therefore sets a ten-year target of 558,000 homes, while establishing a longer-term objective for London to plan for at least 850,000 additional homes by 2047.

The question, however, is whether the Government will be willing to support this approach, given the precedent it could set for other authorities seeking flexibility around mandatory targets. While the housing target is important and should reflect need (as well as capacity to accommodate the homes in the capital), given the current low ebb on housing delivery, consistently delivering 55,800 homes a year would be a good start (and that would still require somewhat heroic building rates only previously seen in the interwar period).

Perhaps the biggest change from the current London Plan is the proposed **release of Green Belt**, both reflecting changes in national policy and, finally, the recognition that London cannot meet all its development needs within its existing footprint. The Plan targets 10% of all new development to be delivered on Green Belt land, with delivery expected from year four. However, this will depend on the support of Outer London boroughs formally allocating sites through their local plans, and some, such as Croydon and Hillingdon, are already pushing back. 'Broad locations for growth' within the Green Belt (those that have capacity for 3,000 homes or more) are identified, but this doesn't preclude smaller-scale release in other boroughs. The 10-year key diagram also includes the shortlisted New Town at Crews Hill and Chase Park in Enfield, which is currently facing opposition from the new administration in Enfield.

One of the most positive aspects of the DNLP is its strategic and coordinated approach to land use distribution and Green Belt release, including proposed **land use swaps**. This is a policy that we have been calling for since the last London Plan review. In practice, this would support the release of protected industrial land in accessible locations for higher-density housing and the use of some Green Belt sites for industrial and logistics uses that are not reliant on access to public transport. This would be a substantial net gain for London as a whole.

Policy MBUL2 covers **optimising the use of land** and site capacity. Minimum building heights and densities are tabulated for different setting types and different Sustainable Access Measures, the new version of Public Transport Accessibility Level (PTAL). While a debate may ensue about the precise figures and caveats, in principle this is a much more sophisticated approach than the density matrix many will remember from earlier Plans. One quite striking feature of the two accompanying maps is the extent to which 'outer suburban London' is expected to deliver mid-rise development; something which we strongly support but know from our developer members is a typology that presents some of the greatest viability challenges. A further consultation on a draft 'Small Sites Design Code' (which we called for in our TANLP response) will be launched imminently.

In our TANLP response, we also called on the GLA to strengthen the ambition of the **tall buildings** policy, as this part of the current Plan was watered down and undermined by Government intervention during its examination. It's good to see a much clearer definition (buildings over 10 storeys or 30 metres) and much clearer, streamlined design and locational criteria. However, MBUL3 suggests authorities should consider setting *maximum* building heights, which may prove problematic in some boroughs. We will be seeking to make the final wording as effective as possible and remove any ambiguity around the acceptability of tall buildings outside designated clusters. The DNLP also identifies 17 clusters for Metropolitan tall buildings of 30 storeys or 100 metres and over.

It is encouraging to see greater emphasis on **utilities** in Chapter 2, recognising the importance of an integrated and planned approach to energy, water and sewerage, and digital infrastructure as *"the backbone for enabling Good Growth in London"*.

A bespoke London approach to **fire safety** design is also retained (MBUL10). The policy goes beyond Building Regulations by prohibiting the use of combustible materials in external walls of developments providing sleeping accommodation, regardless of height. By contrast, Building Regulations only prevent their use in buildings over 11 metres. This will clearly have cost implications for residential development in London compared with other parts of the country.

**Delivering the homes and neighbourhoods Londoners need**

The DNLP maintains the current Plan's 50% strategic target for **affordable housing**, while recognising the current viability challenges facing the housebuilding sector. The Threshold Approach to affordable housing policy is retained, but the Plan proposes a transitional policy approach in the form of **locational bands** (Policy HN3 and its accompanying map) of varying percentage targets that apply to all larger private residential developments of 36 homes or more, including both homes for sale and Build to Rent. The locational bands policy will apply across London when the emergency measures – currently based on 20% affordable housing pan London – expire in 2028.

The ambition remains for London to return to targeting a blanket 35% affordable housing on all private land in the longer term. However, there is concern that the wording designed to allow for this *("Local Planning authorities that fall into location B or C may explore increasing the threshold through their local plan to the relevant adjacent higher locational threshold if economic conditions improve and it can be demonstrated to be deliverable through robust local viability evidence")* risks giving the boroughs that have been pushing for higher than 35% targets a basis for ignoring the locational bands transitional targets and pursuing unrealistic policy expectations, thus reducing overall delivery. More stringent wording is needed in the final Plan to prevent this happening.

There will be arguments that the locational bands are overly simplistic, given the marked viability variations within some boroughs. In addition, given the current baseline we are starting from in August 2026, it is hard to imagine viability conditions improving to such an extent that over one third of boroughs (Band A) can realistically achieve 35% by March 2028 when it is hoped the Plan will be finalised. The extent of market recovery will need to be carefully considered at the Examination in Public (EiP) in 2027 and adjustments made if necessary. We look forward to hearing members' views on both the general approach and the transitional targets. However, our initial concern is that many schemes are likely to remain dependent on the viability-tested route through planning for some time.

In respect of **specialist housing**, affordable housing requirements are referenced in the main HN3 policy, while a bespoke policy (HN5) sets out additional expectations for Purpose-built Student Accommodation (PBSA), Large-scale Purpose-Built Shared Living (LSPBSL) and Specialist, Supported and Older Person's Accommodation. Build to Rent is covered separately by HN6. Note that each borough now has a PBSA dwelling target and, as requested in our TANLP response, it is confirmed that PBSA nomination agreements should only apply to the affordable element of PBSA schemes.

**Housing design** requirements (HN8) have been rationalised to some extent but are still relatively detailed for a Spatial Development Strategy, and it is unclear what the GLA's plans are for updating relevant London Plan Guidance. Housing design is something we are keen to examine in more detail as it is a potential lever to pull to help reduce build costs.

Finally, the new **Key Worker** Living Rent affordable housing tenure is now embedded in policy (HN3).

**Growing London's economy in a way that benefits all**

As hoped, the DNLP feels stronger on supporting London's economy and boosting growth, and there are direct links with the objectives of the London Growth Plan, including the designation of thirteen new Strategic Economic Clusters.

Strong protection for **industrial land** is maintained alongside the new strategic land swaps policy, as discussed above, to release some well-connected industrial land for housing and re-provide modern accommodation on sites released from the Green Belt. If this is carefully managed, in partnership with the boroughs and relevant landowners, it will result in a more sustainable outcome overall.

Multi-level and co-location policies for industrial land in the current Plan have not delivered as hoped, and so these are dropped and watered down respectively. It's a shame that the 'no net loss' principle for industrial capacity has not been reinstated, but there is a clear directive in GLE2 for boroughs to compensate for any Strategic Industrial Location or Locally Significant Industrial Site release, designate additional land for industry and logistics (270ha more is needed by 2036) and to encourage and support industrial intensification. A more strategic, pan-London approach to capacity will ensure that London's businesses and communities can continue to be serviced sustainably, including last mile logistics and other sectors of the economy that are indirectly dependent upon industrial land, such as hospitality and healthcare, as highlighted in our report, *The Importance of Industrial and Logistical Land to London*.

There is a new policy on **data centres** (GLE3), recognising the surge in demand since the current London Plan was conceived and the important role these now play in the economy. The policy seeks to steer new data centre development proposals towards suitable locations while outlining the key considerations proposals will need to address. This policy will benefit from industry input, and the GLA has already offered to work with stakeholders to refine it.

There is no longer a specific policy on office supply; instead, this is wrapped into the new Central Activities Zone (CAZ) policy. While this represents a change in approach, the Plan continues to recognise the importance of office space to London's economy (see page 6 below).

There is a new, bespoke policy on the **night-time economy** (GLE4) that covers a myriad of issues from the protection of public houses to the 24-hour operation of businesses in protected industrial locations. This is a welcome addition and reflects the importance of the capital's night-time economy.

The policy requirement for commercial development to deliver **affordable workspace** as planning gain was an area of concern during the last London Plan review, and its implementation has since proven to be problematic, as we demonstrated in our recent report with DS2 and DP9, *Delivering Affordable Workspace in London*. This will remain an important focus for us as the Plan progresses. The updated policy (GLE7) provides more flexibility for off-site provision and payments in lieu but is still presented in a way that suggests every borough should consider implementing a local policy. Given changes in the market, including the increased availability of low-cost, secondary stock in some locations, it is reasonable to question whether affordable workspace should continue to be prioritised over other forms of planning gain, particularly infrastructure investment.

Finally, in Chapter 4, GLE9 addresses **airport expansion** including a specific reference to Heathrow. It does not close the door on expansion, but the bar is set so high that it is questionable whether it could ever be reached. The practical implication of this is limited, given that the process and decision for expanding Heathrow sit firmly with the national planning regime and the Government.

**Creating a greener, healthier and resilient city**

This aspect of the Plan has changed considerably. The new National Planning Policy Framework (NPPF), published in August 2026, provides scope for local planning authorities to set energy-efficiency standards above Building Regulations, where supported by clear and robustly costed evidence demonstrating such policy will not adversely affect viability or deliverability. This provides greater flexibility than the position previously proposed by the Government and reduces some of the uncertainty around the extent to which development plans can set their own standards. The GLA appears confident that London's built form and climate are sufficiently distinct to warrant a bespoke approach to energy efficiency, carbon and heat risk. In principle, a consistent approach across London is preferable to 33 different approaches across each of the boroughs. In that regard, GHR1 is clear that *"plan-making authorities should not set their own energy-efficiency or emissions reduction standards in local plans"*. The key question will therefore be whether the GLA can provide the robust evidence required by the NPPF to justify its London-wide approach.

One thing that is clear is that the decision to drop **carbon offsetting** is a positive move. The system was not working effectively, and significant sums of money have been collected with little offsetting benefit. Similarly, and as called for in our TANLP response, it is positive to see the removal of the policy requiring developments to future-proof for connection to **district heating networks**. There are more effective ways for the development industry to support London's net-zero ambitions, and this should allow planning gain to be redirected towards interventions with greater impact.

The costs associated with the energy, overheating and whole-life carbon policy requirements have not been factored into the Plan's viability assessment and could prove onerous. The DNLP also introduces two **new metrics**: minimum energy use intensity (EUI) and space heating demand (SHD) standards. We will be seeking evidence from members on the likely impact of these changes on build costs.

Elsewhere in Chapter 5, the **urban greening factor** is retained, and the same targets carried forward (GHR7), and 20 new **Environmental Opportunity Areas** are identified as having potential to deliver or enhance green and/or blue infrastructure of strategic significance for Londoners.

Finally, we are pleased to see reduced **cycle parking** standards in GHR11. The approach set out in March in the Support for Housebuilding LPG has been further developed with the addition of a fourth locational band. As we argued in our briefing paper on cycle parking standards, *Reforming Cycle Parking Standards in London*, while we welcome the proposed reduction in residential cycle parking requirements, we do not believe the changes go far enough, particularly outside Band 3 – the proposed Band 3 standards should apply across the whole of London. Our research found average utilisation across residential developments was just 20%, suggesting there is further scope to reduce minimum requirements while continuing to meet demand.

The move to base commercial cycle parking requirements on Net Internal Area (NIA) rather than Gross External Area (GEA) is also a positive change. NIA provides a more accurate measure of occupiable workspace and likely cycling demand, helping to avoid the overprovision that can result from using GEA.

**Place visions and place-based approaches**

As set out in our report with Quod, *Opportunity Areas: Delivering Homes and Jobs in London*, we have been calling for a refresh of **Opportunity Areas** policy**.** We are pleased to see a more focused approach to Opportunity Areas, which sees a reduction in number from 48 to 30, with a renewed focus on brownfield regeneration and less overlap with other designations, such as town centres, which already benefit from access to key infrastructure and already have high policy expectations for homes and jobs growth.

In the TANLP consultation last year, significant questions were posed about the future of the **Central Activities Zone** (CAZ), and changes in the DNLP are not as radical as had been suggested. It's helpful that the name 'CAZ', recognised internationally by investors, has been retained. The boundary, including the Northern Isle of Dogs, also remains unchanged. The key difference is a distinction between 'Core CAZ' (where strategic CAZ functions listed in Box PV2 are afforded strengthened protection) and 'Mixed CAZ' (where potential for housing should be realised). The national rail termini have been identified as 'CAZ transformational gateways', where growth potential should be realised, and the West End and Knightsbridge International Centres are also specifically defined by boundaries for the first time, bringing improved clarity and spatial precision to these strategically important locations.

The DNLP also provides greater clarity on the role of office space within the CAZ, with the CAZ policy supporting the provision of net additional prime office space alongside the redevelopment and refurbishment of existing offices. A change in working patterns back towards in-person work is driving increasing demand for high-quality, well-connected office space, making supporting new supply important to meet occupier needs and maintain London's competitiveness.

A single, consolidated policy on **town centres and high streets** (PV3) brings clarity. In line with our report with CBRE, *Vacancy to Vitality: Repurposing London's secondary offices for housing*, the policy supports the redevelopment and change of use of surplus commercial space to other uses including housing.

Given previous London Plans have afforded the same levels of protection for Green Belt and **Metropolitan Open Land** (MOL) in London, it is now necessary to have a MOL-specific policy (PV6) that clearly deviates from Green Belt policy and its managed release. Note that, as a result, the wording on protection appears to be more restrictive than previously, setting out more onerous tests for releasing MOL for development.

Finally, in response to our call during the TANLP consultation for a review and refresh of the London View Management Framework (LVMF), no changes have been proposed as part of this DNLP consultation. However, the GLA has indicated that a separate consultation on the LVMF will be launched shortly.

### Is anything missing?

Considerable attention has focused on the DNLP's streamlined structure and more strategic focus. This is something that we, and the wider industry, have been calling for ever since the last DNLP landed in 2017, and the GLA should be applauded for halving the number of policies from 108 to 52. It is important, however, to assess if anything of value has been lost in the process; to date, we have not identified any significant omissions. Most deletions reflect overlap with National Development Management Policies in the revised NPPF or the careful consolidation of several related policies into a more concise and coherent framework. While the removal of the policy on collaboration with the Wider South East is notable, it would not appear to have any practical implications. Nevertheless, if there are specific policies that members feel should have been retained, please let us know.

### Next steps

The new Plan contains many strengths, but there will also be areas where we can use our cross-sector voice to help shape and strengthen the final version. The critical exam question is: What is the net impact of the Plan on development costs and deliverability? This is particularly important given that the DNLP's viability assessment has not yet tested all its policy requirements. As members begin applying the policies to live projects and assessing their cumulative impact across different development typologies, we encourage you to share your thoughts with us so that we can build a more comprehensive understanding of whether the Plan strikes the right balance between ambition and deliverability. The GLA has promised that addendum viability evidence, including the energy, overheating and whole-life carbon costings, will be published in the autumn.

As we delve further into the detail of the proposed policies, the nuances of the new wording and the supporting evidence base, further issues and implications are likely to emerge. In September, we'll be holding member roundtable discussions on key DNLP topics, plus engaging with our existing working groups and forums, to help with this process and home in on our priority areas of focus for our BusinessLDN consultation response and the examination process next year.

The DNLP consultation runs until Thursday 15 October 2026. Please do get in touch with Sarah or Harry if you want to get more involved in our work on the DNLP.

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