



HOMES FOR LONDON

A PACKAGE OF SUPPORT FOR HOUSEBUILDING IN THE CAPITAL

1. Tackling the housing crisis is a national priority, with families in need of safe and secure homes up and down the country – and that need is particularly acute in London. Housebuilding in the capital has faced significant challenges over recent years – including the impact of the Covid-19 pandemic, high interest rates, spiralling construction costs, regulatory blockers and wider economic conditions. As a result, more than a third of London boroughs recorded zero housebuilding starts in the first quarter of this year.
2. That is why, as part of the Government’s drive to build 1.5 million new homes in this Parliament, the Mayor of London and the Government have developed a package of support for housebuilding in the capital. This package is designed to improve the viability of housing developments in the near term, boosting the number of new homes including affordable homes delivered in the next few years. It sits alongside the Government’s wider reforms to the planning system and funding for affordable homes, and steps the Mayor has taken to increase housing delivery in London.
3. This paper sets out the core components of this new package of support, which comprise:
 - a. a **temporary relief from the Community Infrastructure Levy (CIL)**, including 50 per cent of borough CIL relief available for qualifying schemes which commit to delivering at least 20 per cent affordable housing in line with the new time-limited planning route, and additional relief available at higher levels of affordable housing;
 - b. the **removal of elements of guidance that can constrain density**, including standards relating to dual aspect and units around the core, and amendments to cycle storage requirements;
 - c. a **time-limited planning route**, enabling developers to secure planning permission without a viability assessment on private land where they commit to 20 per cent affordable housing, of which half will be eligible to receive grant funding, with a gain-share mechanism to increase affordable delivery on sites that continue into the next decade where market conditions improve;
 - d. **new powers for the Mayor of London to review and call-in applications of schemes of over 50 homes** where a borough is minded to refuse, and to call-in development proposed on the Green Belt and Metropolitan Open Land, with the intention of supporting additional delivery – as well as powers to streamline the Mayor’s decision making on called in applications, and to make Mayoral Development Orders for strategic schemes without the need for borough consent; and
 - e. funding to establish a **City Hall Developer Investment Fund** – with an initial allocation of £322m of grant investment to enable the Mayor to unlock and accelerate housing delivery.
4. These measures sit alongside action taken by the Government to speed up decision-making by the Building Safety Regulator relating to high-rise buildings in London. The Building Safety Regulator is committed to clearing historic new build applications in England by the end of the year, and changes to processes are already demonstrating progress, with the majority of applications for high-rise

homes going through the newly established Innovation Unit currently meeting or exceeding the 12-week average target.

5. Detail on each of these five components is provided in the sections that follow, with an overview of the timeline for their implementation annexed.

A. Temporary relief from the Community Infrastructure Levy

6. The first component is a temporary and targeted relief from the Community Infrastructure Levy (CIL). All but one of the London boroughs charge CIL, with the remaining borough due to adopt a CIL schedule shortly. CIL is used to raise money from development to fund strategic infrastructure – it sits alongside and is additional to section 106 commitments, which are those made by a developer to make a development acceptable in planning terms. Local planning authorities cannot use CIL to fund affordable housing, whilst section 106 agreements account for around half of affordable housing delivery in England each year.
7. CIL is explicitly intended to be calibrated such that it does not inhibit the viability of schemes. Recognising the acute challenges facing residential development in London, and the complexity of boroughs individually considering changes to charging schedules, the Government is proposing to introduce a new emergency relief, while seeking to maximise affordable housing in section 106 commitments. This recognises that section 106 agreements and affordable housing can be negotiated between local planning authorities and developers as part of viability considerations, while CIL cannot be negotiated on a site-specific basis.
8. The Government's intention is that the relief would broadly:
 - a. apply to residential floorspace (excluding student and co-living accommodation) in schemes, or phases of schemes, that commence after the relief is in place and before 31 December 2028;
 - b. cover 50 per cent of the CIL charge for schemes which deliver at least 20 per cent affordable housing, in line with the new time-limited planning route;
 - c. allow for increases in relief to above 50 per cent where a scheme is delivering levels of affordable housing above 20 per cent;
 - d. be contingent upon meeting proportionate qualifying criteria to ensure relief is targeted at schemes which would otherwise remain stalled or fail to come forwards, with a lower relief applicable where the full available amount is shown not to be warranted; and
 - e. not apply to the Mayoral Community Infrastructure Levy, and only apply to brownfield land (excluding all land on or released from grey or Green Belt).
9. The Government will consult on the proposed relief over six weeks from November. As part of the consultation, the Government will test the optimal levels of relief to ensure development can proceed, while maximising CIL receipts and affordable housing delivery. It will also consider the appropriate and proportionate level of information that will be necessary to ensure a scheme should qualify for the relief. While the Government's intention is that the relief should apply to all eligible schemes, the consultation will seek views where borough discretion may be required. The Government aims to make the necessary changes to secondary legislation at the earliest opportunity.

B. Amendments to guidance that can constrain density

10. The second component is proposed changes to London plan guidance that have been seen as limiting the density of developments, with knock on consequences for viability. The Mayor of London, with the support of the Housing Secretary, is therefore proposing to adjust London plan guidance in three areas.
 - a. **Dual aspect** – while there are benefits to dual aspect dwellings, the rigid application of dual-aspect requirements can reduce significantly the number of homes capable of being built within developments, or lead to an undesirable trade-off with habitable space. Developers should be afforded flexibility in how they approach the design and mix of single and dual aspect dwellings in order to optimise sites and layouts. To facilitate necessary flexibility, the GLA proposes to withdraw the relevant sections of the Housing Design Standards LPG, and update guidance emphasising the discretion that developers should be afforded in the application of Policy D6 in the London Plan, so long as dwellings will have adequate passive ventilation, daylight and privacy, and avoid overheating.
 - b. **Dwellings per core** – intended to serve as an indicative position, restrictive application of the current guidance has constrained the ability of developers to consider designs that allow for additional dwellings. Boroughs should be supportive of such designs, and again the GLA propose to withdraw the relevant section of the Housing Design Standards LPG.
 - c. **Cycle storage** – the GLA propose to reduce requirements for cycle parking at residential developments, taking into account higher densities of development in London and the rise of dockless cycle and e-scooter hire. Additional flexibility will also be proposed in how the cycle storage is provided to avoid costly requirements e.g. for extra basement levels or loss of housing units; this could include off-site provision, contributions in lieu, and other options.
11. The GLA will consult on the proposed change over six weeks from November, with the aim of having guidance in place at the earliest opportunity.
12. In the development of the next London Plan the Mayor is clear that, where appropriate, there should be a streamlining of requirements on developers and a reduction in the layering of policy across the London Plan and borough-level local plans. This reflects the Government's objective of reducing duplication and deviation of policy at local level, which will be implemented through the next update to the National Planning Policy Framework, due for consultation before the end of the year.

C. Time-limited planning route

13. The third component is a new, time-limited planning route, which will sit alongside the existing Fast Track and Viability Tested routes. This new route is designed to encourage schemes to come forward, and existing schemes to progress, in the near-term, in order to support a rapid recovery in housing delivery.
14. It will allow residential schemes on private land (including industrial land where industrial floorspace capacity is re-provided) that can provide at least 20 per cent affordable housing to proceed without an upfront viability assessment, and to access grant funding for around half of the affordable homes.

A gain-share review mechanism will be applicable where construction on the scheme, has not reached a fixed milestone by the end of March 2030 – meaning that if additional returns result from improved market conditions, these benefit fairly both the developer and the community.

15. There are three core elements to the new time-limited planning route: eligibility, including the tenure mix and window for applications; grant, including the benchmark grant rates by tenure and backstop provisions; and review, including the trigger point, mechanism and share of any surplus.

Eligibility

16. In order to be eligible, a project on private land (including industrial land where industrial floorspace capacity is re-provided) will need to deliver at least 20 per cent or more affordable housing by habitable room, with a minimum of 60 per cent Social Rent (and the rest intermediate tenures in line with London Plan policy). Boroughs will be expected to consider applications that meet these minimum levels.
17. Build to Rent schemes which meet the criteria in London Plan H11 can provide affordable housing that is intermediate rent, with 30 per cent at or below London Living Rent levels and 70 per cent at a range of genuinely affordable rents. Housing costs should be affordable for households with a range of incomes below the maximum income threshold and set in line with the approach published by the Mayor.
18. For sites on public land and industrial land (where industrial floorspace capacity is not re-provided) the threshold will be 35 per cent. For utilities sites that are subject to substantial decontamination, enabling and remediation costs a 20 per cent threshold will apply.
19. The time-limited planning route will not apply to sites on or released from Grey or Green Belt or student accommodation or purpose built shared living development, or schemes where either of these (or together) are the main uses within the development.
20. 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 decisions on applications will need to have been issued by the local planning authority by the deadline. Projects in the 2021-26 Affordable Homes Programme and 2026-36 Social and Affordable Homes programme must meet the delivery timetables detailed in this document as well as any contractual milestones agreed via programme funding agreements.

Grant

21. Schemes that commit to providing affordable housing at or above the levels set out in paragraphs 16 to 18 will be eligible for grant. Grant will be allocated to homes by unit above the first 10 per cent which will be nil grant, *without* the need for an Additionality Viability Assessment (as defined in the GLA's Affordable Housing Capital Funding Guide), but still with checks to ensure that any grant allocated is compliant with subsidy control rules. Grant-funded and nil-grant homes should be split proportionately between tenures.

22. The benchmark grant rates will be:

- a. £220,000 per home for Social Rent;
- b. £70,000 per home for Shared Ownership;
- c. £90,000 per home for Intermediate Rent (where rents are *above* London Living Rent benchmarks); and
- d. £140,000 per home for Intermediate Rent (where rents are *below* London Living Rent benchmarks).

23. Applicants are strongly encouraged to provide affordable housing at levels above the thresholds referred to in paragraphs 16 to 18, and at 35 per cent or more where possible, using affordable housing grant and CIL exceptional circumstances relief where available and necessary.

24. Bids for grant for low-cost rented homes must be by private Registered Providers of Social Housing or local authorities. In the June 2025 Spending Review, the Government took bold action to support the financial capacity of social landlords. Key measures it announced included: a long-term Social and Affordable Homes Programme, a long-term rent settlement, rent convergence, fairer access to building safety funds and proposals for a new low-cost loan programme. The Government and the GLA expect Registered Providers, including 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.

25. It is also important to acknowledge that a lack of financial capacity among social landlords is not the only reason that demand for affordable homes provided by developers as required by section 106 agreements has declined in recent years: in some cases, it can also be attributed to increased concern regarding the design and quality of homes. To address this, better and earlier engagement between developers and social landlords is needed, as well as ongoing collaboration and transparency. It is clearly in the interest of developers to take steps to better meet the needs of the social landlords that purchase these homes and the residents that will live in them. We welcome the work that the G15¹ – a group of London’s largest housing associations – and others have undertaken to develop collaboration principles aimed at improving how developers and social landlords work together in partnership.

26. All grant allocations will be subject to grant recipients meeting contractual conditions set out in the GLA’s grant funding agreements. Grant recipients must hold GLA Investment Partner status before grant funding is paid. The GLA does not expect to renegotiate grant allocations for projects that have already been approved or projects that have recently started on site.

Review

27. Where the eligibility criteria above are met and the first floor of the scheme has been built by 31 March 2030, that scheme will not be subject to further reviews. For larger phased schemes, further reviews will not be required for phases where the first floor of buildings providing at least 200 residential units have been built by this date. Consideration will be given where it is demonstrated

¹ <https://g15.london/news/g15-publishes-guidance-for-developers-on-s106>

that these criteria cannot be met owing to unreasonable delays in securing a decision from the Building Safety Regulator.

28. Where this level of progress has not been achieved, a late review will be undertaken once 75 per cent of homes within the scheme or the final phase are occupied to determine whether a higher contribution for affordable housing can be made.

29. Where a review is triggered, it will operate on the following terms:

- a. the applicant, 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, which may be more appropriate for large-phased schemes and residential investment development;
- b. where a full viability appraisal is undertaken the Benchmark Land Value will be agreed based on a Red Book valuation, with the default of Existing Use Value with a premium in line with relevant guidance;
- c. all other value and costs will be actuals, on an open book basis, and assessments of values and costs for any components of the development that have not yet been completed;
- d. the developer's return will normally be considered as a factor of Gross Development Value (GDV), with a profit of 15 to 20 per cent of GDV for market sale housing – an 'internal rate of return' (IRR) approach will also be considered where appropriate for larger, longer-term phased schemes and set at a level that reflects a reasonable return, in which case a full justification must be provided for the assumed development programme, the timing of cost and value inputs and the target IRR, which should be evidenced and informed by cross-checking against other measures of return; and
- e. the split of surplus profit will be 60:40 gross in the borough's favour, as per existing late stage reviews.

30. For multi-phase schemes, a review of the scheme will apply prior to the start of each phase for which the milestone in paragraph 27 has not been reached, to determine whether additional affordable housing can be provided in subsequent phases.

31. These terms do not apply for schemes following the Viability Tested Route that do not meet the eligibility criteria above, which will be assessed in line with the London Plan and relevant guidance.

Maximising affordable housing including on existing schemes

32. The GLA encourages partners to deliver affordable housing in excess of 20 per cent where possible, especially where planning consents are in place, and will make grant available at or above the benchmark grant rates set out at paragraph 22 for such projects where it provides value for money to do so. Partners with projects consented at 35 per cent or more affordable housing, that are currently stalled due to viability reasons, are encouraged to assess the availability of grant where this is needed to support delivery and to increase the level of affordable housing above this. For bids providing less than 35 per cent affordable housing, where the grant requested is higher than the benchmarks noted above, the GLA will require Additionality Viability Assessments to be undertaken. In all cases, the GLA will undertake checks to ensure that any grant allocated is compliant with subsidy control rules.

33. Once the new time-limited planning route comes into effect, applicants will be expected to seek grant to maintain or increase the level of affordable housing in existing section 106 agreements. 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 by 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.
34. Alongside the implementation of this package of support, the government intends to clarify the use of Section 73 of the Town and Country Planning Act 1990 so that an application under this section to vary a condition of a planning permission should no longer be used as an alternative means of reconsidering fundamental questions of scheme viability or planning obligations. To that end, the government will update Planning Practice Guidance in due course to clarify the appropriate circumstances in which a section 73 application can justifiably be used to modify obligations that are set out in a section 106 agreement and will consult on, and consider further, how new national policies for decision making can be used to further embed such practice.

Implementation

35. The GLA will consult on the terms of the new time-limited planning route over six weeks from November, with the aim of having guidance in place at the earliest opportunity.

D. Planning powers

36. The fourth component is a set of extended planning powers for the Mayor of London, that expand his ability to intervene directly in relation to applications of potential strategic importance in order to support housing delivery and maximise densities. The Government is proposing to make two additions to the Mayor's planning call-in powers.
- a. First, a requirement on boroughs to **refer planning schemes of 50 units or more where the borough is minded to refuse the application** – this would be a more streamlined process operating alongside the existing referral threshold of 150 units which applies regardless of a borough's intended decision, and would ensure that the Mayor was able to review whether the right decision had been reached in the context of the housing crisis.
 - b. Second, the ability to **call-in development of a building of 1,000 sqm or more on Green Belt and Metropolitan Open Land** – where currently the Mayor can review and direct refusal of such applications but cannot take over the decision, at a point when the Government's wider changes to Green Belt policy have opened up additional opportunities for development. This is important to ensure a strategic approach to protecting high quality Metropolitan Open Land, making the best use of any land released and avoiding low density sprawl. This addition will not make it easier for development to be approved on high quality Metropolitan Open Land; existing policies protecting this land will remain in place.
37. These changes will require amendments to the Town and Country Planning (Mayor of London) Order 2008. The Government will consult on these amendments over six weeks from November, with the aim of making the necessary changes to secondary legislation at the earliest opportunity.

38. The Government also intends to streamline the call-in procedure available to the Mayor of London, by allowing for the use of written representations in certain cases as opposed to full Representation hearings. This will shorten the time period for Mayoral consideration, allowing decisions to be reached faster. This will require an amendment to primary legislation on which the Government will set out further detail in due course.
39. In addition, the Government is already committed to implementing the existing provisions for the Mayor of London to make Mayoral Development Orders. This will enable the Mayor to grant upfront planning permission for strategic schemes which support London's growth. The process for preparing these orders will also be streamlined further so there will no requirement for the local planning authority's consent in future. This will require an amendment to the primary legislation on which the Government will set out further detail in due course.

E. City Hall Developer Investment Fund

40. The fifth component is confirmation of an initial allocation of £322 million of grant funding from 2026-27 to establish a new City Hall Developer Investment Fund. This fund will enable the Mayor of London to take a more direct and interventionist role to unlock thousands of new homes, including through targeted investment to accelerate delivery on sites.
41. This builds on the success of the Mayor's Land Fund which has delivered 8,000 housing starts - five years ahead of the 2030 target. This funding has supported Peabody Trust to deliver nearly 1,000 homes on the former Holloway Prison site in Islington, acquired surplus land on hospital sites capable of delivering up to 1,000 homes across Enfield and Haringey, and supported City & Docklands for build-to-rent homes at Mitres Yard in the Old Oak and Park Royal.
42. In addition, the Government and the Mayor will work together to develop proposals for the potential New Town locations identified in London, including the support necessary to succeed. The Government and the Mayor will also collaborate on how investment through the National Housing Bank will be delivered in London, including through a substantial allocation of low-cost loans for social and affordable housing providers. The National Housing Bank is backed by a £16 billion allocation to deploy financial investments and guarantees, including £2.5 billion in low-interest loans announced at the Spending Review to support the building of social and affordable homes.
43. Further detail of the City Hall Developer Investment Fund will set out in due course.

Conclusion

44. The Government and the Mayor of London are determined to do what it takes to tackle London's housing crisis. Taken together, this package of support should make a material difference to the viability of a number of prospective and existing schemes across the capital. The Government and the Mayor of London now hope and expect to see both developers and boroughs embrace this package, and get on with approving and building the homes that so many Londoners need.

ANNEX A – IMPLEMENTING THE PACKAGE

This document has provided an overview of the support package, with the aim of providing developers, social landlords and councils with sufficient detail that they can begin preparing for its implementation – which the Government and the Mayor of London want to secure as soon as possible.

The five components detailed within this policy note require various steps to implement, reflecting the different roles and responsibilities of the Government and the Mayor of London. The intention is to align consultation timelines for ease of engagement and response.

Component	Steps to implementation
A. CIL	• Government consultation for six weeks from November • Implemented via secondary legislation
B. Density policies	• GLA consultation for six weeks from November • Implemented via Emergency LPG
C. New time-limited planning route	• GLA consultation for six weeks from November • Implemented via Emergency LPG
D. Powers	• Government consultation for six weeks from November • Implemented via secondary legislation
E. Funding	• Further detail to be set out in due course