

Insights

SUPPORT FOR HOUSEBUILDING DRAFT LONDON PLAN GUIDANCE

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In October 2025, Government and the Mayor of London announced a package of measures to support housebuilding in London.

On 28 November 2025 the Mayor of London published draft London Plan Guidance (LPG) for consultation. The draft LPG proposes time-limited changes to housing design guidance and cycle parking requirements, together with a new time-limited planning route for the delivery of affordable housing. Government is separately consulting on a time-limited approach to Community Infrastructure Levy (CIL) relief and introducing additional planning powers for the Mayor.

The window for responding to either consultation closes at 11.59pm on Thursday 22 January 2026. This note summarises the Mayor's proposed measures as to the threshold approach for affordable housing. We do not cover the proposed tweaks to cycle parking and housing design standards.

A NEW TIME-LIMITED PLANNING ROUTE FOR AFFORDABLE HOUSING

This new time-limited planning route will operate in parallel to the existing Threshold Approach set out in Policy H5 of the London Plan, but eligible schemes will benefit from a lower affordable housing "fast-track" threshold for a limited period.

ELIGIBILITY

Residential developments must meet the time-limited adjusted affordable housing thresholds:

- 20% affordable housing by habitable room for residential schemes on private land;
- 35% affordable housing by habitable room for residential schemes on public land;
- 35% affordable housing by habitable room for residential schemes on industrial land where industrial floorspace capacity has not been re-provided;

- 20% affordable housing by habitable room for residential schemes on industrial land where industrial floorspace capacity has been re-provided; and
- 20% affordable housing by habitable room for residential schemes on utilities sites where evidence of substantial decontamination, enabling and remediation costs is provided.

Where a relevant threshold is met or exceeded, a minimum of 60% Social Rent must be provided with the remaining 40% as intermediate tenures. Build to Rent schemes that meet the criteria can provide affordable housing that is intermediate rent, with at least 30% at or below London Living Rent or Key Worker Living Rent and the remaining 70% at a range of genuinely affordable rents.

The time-limited planning route will not apply to sites on or released from Grey or Green Belt, purpose-built student accommodation, large-scale purpose-built shared living development (ie “co-living”) (or schemes where either comprise 50% or more of total scheme residential GIA floorspace), or schemes involving the demolition of existing affordable housing.

Grant funding - may be eligible to schemes that commit to providing affordable housing at or above the relevant thresholds. Subject to meeting conditions and requirements, grant may be sought for homes by unit above the first 10% which will be nil grant, without the need for an Additionality Viability Assessment. The benchmark grant rates will be:

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

Review mechanisms - schemes meeting eligibility criteria where the first floor of buildings providing at least 200 residential units (or all buildings for schemes under 200 units) have been built by 31 March 2030 will not be subject to further reviews. Where this is not achieved, a late review will be undertaken once 75% of homes are occupied. The split of surplus profit will be 60:40 gross in the borough's favour, as per existing late stage reviews. For multi-phase schemes, a review will also apply prior to start of each phase for which the milestone has not been reached.

Viability tested route - schemes following the Viability Tested Route that do not meet the eligibility criteria will be assessed in line with the London Plan and relevant guidance to determine the maximum viable level of affordable housing, including whether 20% or more could be provided, with the availability of CIL relief and grant where appropriate.

Maximising affordable housing - partners are encouraged to deliver affordable housing in excess of 20%, especially where planning consents are already in place, with grant available at or above benchmark rates where it provides value for money. Applicants will be expected to seek grant and CIL relief to maintain or increase affordable housing levels in existing section 106 agreements. Where this is not possible, any amendments should be renegotiated via a deed of variation, aiming to deliver at least the relevant level established in the new planning route.

Community Infrastructure Levy (CIL) relief - the government is consulting on time-limited relief for CIL. Where a scheme provides at least 20% affordable housing, amendments to the CIL regime will allow a 50% borough CIL relief to 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. Increased levels of Borough CIL relief can be applied where affordable housing exceeds 20%. MCIL2 is not proposed to be affected.

BCLP COMMENT

If one disregards the commentary in the consultation document that invites the inference that it is schemes with a low level of affordable housing that are responsible for the dearth of housebuilding in the capital, it is clear that something must be done. This temporary proposal should give welcome relief to stalled schemes where a reduction in affordable housing levels could make a difference, subject to the right tenure mix. Remember Section 106 BA anyone during and following “the great recession”?

Eligible schemes will need to act fast and, given the timescales, local authorities had better be ready to amend planning obligations or push through planning applications as the case may be.

Time will tell what effect this will have, given all the non-planning headwinds that face the development industry and the residential development industry. At least it is a step in the right direction.

RELATED CAPABILITIES

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