



SHELTER CONSULTATION RESPONSE

Ministry for Housing, Communities and Local Government

Consultation on the proposed London Emergency Housing Package

January 2026

Summary

- Shelter welcomes the opportunity to respond to this consultation on changes to planning policies in London.
- We are responding in summary form to this consultation and have also submitted a response to the parallel GLA consultation on other aspects of the proposed package. However, since the impact of these proposals should be seen in the round, we are also submitting evidence as an annex to this response on the impact of lowering the affordable housing threshold for fast-track planning.
- Shelter is one of the largest providers of advice to people experiencing homelessness and bad housing in London. In 2025, we supported over 11,000 Londoners including through our local advice hub, legal services and emergency telephone line. We also campaign to end London's housing emergency for good, so that in future everyone has access to a safe, decent and affordable home.
- London is at the epicentre of England's housing emergency. Our recent analysis found that a shocking 1 in 45 people are homeless in the capital. 199,000 of them – including 97,000 children – are stuck in temporary accommodation. The total number of people who are homeless in London has grown by 8% in the last year alone.
- The root cause of London's housing emergency is a shortage of permanent and genuinely affordable social homes. These are the only homes that will end homelessness and address the affordability crisis facing the thousands of Londoners struggling with the cost of expensive private rents. We have welcomed the Mayor's work to increase delivery of homes for social rent and London Affordable Rent in recent years. Crucial to this has been the introduction of the fast-track planning route for residential schemes with a minimum of 35% affordable housing or 50% on public land, which has contributed to a five-fold increase in the delivery of homes at genuinely affordable rents since 2017-18.
- We are therefore deeply concerned at the proposed dropping of the requirement on the fast-track planning route to 20% affordable housing (35% on public land), although we welcome the ringfencing of a requirement for social rent homes within these figures.
- The recent slowdown in housing delivery in London has a range of causes, including high construction costs and low demand for expensive market sale homes. Social and affordable housing is not the cause – in fact, evidence shows that building affordable homes speeds up build out rates on mixed developments due to the slow absorption rate of private sale homes.¹
- Undercutting the fast-track planning route with lower targets will encourage developers to pay more for land, as suggested by the GLA's own evidence to the HCLG inquiry on land value capture.² There are already reports of landowners pointing to the proposals in this consultation as grounds to demand a higher price for their land.

¹ Bramley, G. (2023) Homelessness Monitor Research Programme: Technical report on updated baseline estimates and scenario projections 2023, Heriot-Watt University. Available at: <https://doi.org/10.17861/949n-am24>; Bramley, G. Watkins, D. (2016) Housebuilding, demographic change and affordability as outcomes of local planning decisions: Exploring interactions using a sub-regional model of housing markets in England, Progress in Planning. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S0305900615000264> Bramley, G. (ed.) (2025) The crowding-in effects of social housing (Safe as Houses), Shelter. Available at: https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/safe_as_ho_uses_why_investment_in_social_housing_is_great_for_us_and_our_economy; Lichfields. (2025) Start to Finish Update 3: How quickly do large-scale sites deliver?. Available at: https://lichfields.uk/media/iczbjalq/start-to-finish-3_how-quickly-do-large-scale-housing-sitesdeliver_feb-25.pdf.

² [Delivering 1.5 million new homes: Land Value Capture](#)

- There is also a significant risk that the proposals have the perverse effect of delaying developments which already have planning permission by encouraging developers to renegotiate on already consented schemes in order to achieve higher returns, either by redesigning schemes to be denser and/or dropping the level of social and affordable housing. The present proposals contain few safeguards to prevent this from happening.
- We are somewhat supportive of the proposal to use grant funding for affordable homes agreed through section 106 (s106) as a means to maintain or increase levels of delivery. As set out in our evidence, grant can be used to boost scheme viability and raise social rent delivery. However, it is essential that this does not divert funding from the Social and Affordable Homes Programme which might otherwise have produced additional homes directly delivered by councils and housing associations to instead build homes which could have been secured anyway with more robust assessments of scheme viability, thereby maintaining high land values.
- Dropping the affordable housing threshold, in combination with the grant funding of s106 homes, relief from the borough Community Infrastructure Levy (CIL) and removal of other design and planning requirements, will enable developers and landowners to protect their profit margins at the expense of affordable housing delivery. Research by a development viability consultant and chartered surveyor reproduced below suggests that viability assessments for London schemes have consistently understated the viability of schemes, showing residual and benchmark land values significantly below the prices paid for the sites. In many cases the result has been the reduction of affordable housing contributions (reproduced here in response to question 4). A number of these schemes have been examined to show that the provision of grant funding can in fact significantly improve viability where affordable housing levels are raised above original consents or proposed levels of affordable housing.
- We are therefore concerned that a wide-ranging package of measures is being introduced without significant modelling of the impacts of each on scheme viability, meaning that high threshold levels are being sacrificed without considering whether other measures are sufficient to encourage schemes to come forward. This is especially concerning because lower affordable housing requirements may increase land prices and mean that it will be difficult for the reduction in the threshold to be truly time-limited to 2028 and the GLA will come under considerable pressure not to return to the 35% affordable housing requirement.
- We note with disappointment that these proposals have not been accompanied by any additional funding and will instead rely on the already announced Social and Affordable Homes Programme (SAHP) 2026-36. The £39bn allocated to SAHP is only sufficient to deliver the equivalent of 18,000 social rent homes per year – far short of the 90,000 that are needed each year for ten years to end the housing emergency in England. While we support the use of top-up grant to support s106 delivery, SAHP ought to be an opportunity to revitalise direct delivery of social housing, particularly for councils who are bearing the costs of temporary accommodation and know the housing needs of their local residents.
- What is needed instead is for government to take a far more interventionist approach to close viability loopholes and boost short term delivery of social housing. In our recommendations, we have set out alternative policy approaches open to GLA and MHCLG which would boost delivery of social homes through the planning system and direct delivery. A significant increase is needed if we are to ramp up to the 90,000 social rent homes a year for 10 years which are needed in England to end the housing emergency.

Recommendations:

Shelter is very concerned that the proposed approach will result in lower levels of social housing being built in London. Cutting planning requirements is unlikely to boost private delivery given

low demand for new build private sale homes. Any package which effectively address the slowdown in housebuilding **will require significant countercyclical investment in social rent homes**. Measures should therefore be targeted to maximise social and affordable housing delivery by:

- **Maintaining the 35%/50% threshold approach for new schemes.** Grant funding for newly proposed schemes should be conditional on meeting these levels.
- **Focus grant on boosting social housing delivery where schemes have become genuinely unviable.** Where robust testing suggests consented schemes are no longer viable at this level, grant funding should be used to maintain or increase levels of social and affordable homes.
- We share concerns raised by London Councils in their response to this consultation at the impact of proposed relief from the Community Infrastructure Levy (CIL) to London boroughs, the infrastructure that is needed to support development, direct delivery of affordable housing and local planning departments. **If GLA/MHCLG proceed with CIL relief, we recommend that it is only applied to schemes which meet or exceed the existing threshold levels of affordable housing.**
- **Consider alternative approaches to ensure build out of schemes consented at lower threshold levels.** This could include making schemes which fail to meet agreed timescales liable to pay CIL in full.

We urge MHCLG/GLA to consider alternative policy approaches to boost social housing delivery rather than proceed with the proposed measures.

- **Close viability loopholes and robustly assess scheme viability to ensure low private demand creates downward pressure on land values.** As presented in our response, were the government to properly enforce a system where the outcome of financial viability assessments had to be objective, reasonable and realistic as well as consistent with planning policy,³ rather than cutting affordable housing requirements (as currently proposed), many more policy-compliant schemes would likely prove viable.
- **Properly resource council planning departments** to ensure high quality local plan creation with ambitious affordable housing targets that are properly enforced.
- **Require a minimum of 20% social rent homes on large developments.** This would place a floor on social housing delivery, helping build certainty for developers and landowners over pricing in social rent to the cost of land.
- **Support councils to take a more active role in compulsory purchasing stalled sites and empty land to push housing developments forwards.** The government's proposal to enable conditional confirmation of CPOs early in the planning process alongside wider reforms to speed up build are welcome, but far more must be done to increase their use assuming this will be implemented.⁴
- **Ramp up the use of master planning and public contracting more generally to support housing delivery and reduce reliance on the speculative development model.** As we set out in our recent report on new towns, there are significant benefits to a Development Corporation or council acquiring and assembling land to contract parcels of land with planning permission (based on strict delivery timelines) to development partners to build out (including housing associations and private house builders).⁵

³ As already set out within the National Planning Policy Guidance (but not enforced) – see viability section in MHCLG. Planning Guidance, GOVUK. Available at: <https://www.gov.uk/guidance/viability>

⁴ MHCLG. (2025) Planning Reform Working Paper: Speeding Up Build Out, GOVUK. Available at: <https://www.gov.uk/government/publications/planning-reform-working-paper-speeding-up-build-out/planning-reform-working-paper-speeding-up-build-out>

⁵ Trew, C., et al. (2025) Back to the Future: The Next Generation of New Towns, Shelter. Available at: https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/back_to_the_future_the_next

- **Increase investment in social housing and tackle low interest cover in the social housing sector.** The government must ramp up direct delivery of social homes by councils and housing associations.

[generation of new towns](#); Newton, J. (2025) Labour's Planning Reforms: Ends and Means, A social Democratic Future. Available at: <https://www.asocialdemocraticfuture.org/labours-planning-reforms-ends-and-means/>; Baxter, D., Cooke, G. (2023) The missing piece: the case for a public sector master developer, Joseph Rowntree;

Summary response to Part 1 of the consultation

Community Infrastructure Levy (CIL) relief and the clawback provision.

We share concerns expressed by London Councils in their response to this consultation about the impact of the proposed reductions to CIL on boroughs' finances and capacity for direct delivery. As the analysis presented in the annex below suggests, scheme viability is likely to be positively impacted by provision of grant and the viability of many existing schemes is likely to be understated. We therefore urge MHCLG to consider alternative policy options to boost social housing delivery as set out below.

If the proposed CIL relief is implemented, it ought to be used as an incentive to boost build out and support social housing delivery in the short to medium term. At a minimum, it ought to be conditional on meeting the existing affordable housing thresholds for fast-track planning rather than the new lower levels. It could also be tied to the suggestion that councils issue planning permissions with less than a three-year implementation deadline. To make this suggestion effective there would need to be a stronger enforcement mechanism to ensure build out actually takes place: we would support the proposal to claw back any reduction in the CIL if there is failure to build out within the agreed period.

A key challenge with England's permissive planning system is that there is no obligation for developers to build out permissions granted, encouraging speculation. Shelter has previously advocated for a move towards planning contracts with clear service level agreements and sanctions when build out remains slow.⁶ Making CIL relief contingent on building out within agreed timeframes would make these measures more targeted at increasing delivery in the short term rather than risking a scenario where permissions are obtained with lower developer contributions only to be built out at a point in the future where demand in the private market has recovered, thereby translating into higher profits. Any clawback mechanism will need to make sure that it prevents developers nominally commencing a scheme to avoid CIL clawback.

Policy alternatives

GLA and MHCLG should take an alternative approach that helps to anchor land values to affordable housing requirements and invigorate the social housing sector to increase output, thereby reducing reliance on the speculative development model:

- **Close viability loopholes and robustly assess scheme viability to ensure low private demand creates downward pressure on land values.** As presented in the annex below, there is evidence that developers continue to overpay for land while presenting assessments which suggest sites are unviable to develop. Instead of lowering social and affordable housing requirements, there are a range of measures that central government and planning authorities could take to ensure land value uplift is properly captured:
 - o Enforce accurate inputs on build and financing costs – a national database on build costs alongside accurate financial testing against the base rate would support this.
 - o Enforce viability reviews to enable upwards clawbacks of above-expected surpluses.

⁶ [Brick By Brick: Report on Social Housing - Shelter England.](#)

- Work with the Royal Institute of Chartered Surveyors to ensure professional guidance for surveyors reflects current planning policy, for instance requiring a sense check to prevent large differences arising between the residual land value and actual price paid for land.
- Limit the use of extant consents to inform benchmark land values to mitigate the impact on land values of any reduction in the affordable housing threshold. This is especially important in relation to the impact of reducing affordable housing requirements on land values in London. If the use of these consents for that purpose is not limited, then this will further entrench higher land values and affordable housing delivery will therefore be limited to 20% for the foreseeable future.
- **Require a minimum of 20% social rent homes on large developments.** This would place a floor on social housing delivery, helping build certainty for developers and landowners over pricing in social rent to the cost of land.
- **Properly resource council planning departments to ensure high quality local plan creation with ambitious affordable housing targets** that are properly enforced. Excellent examples exist across England of planning departments holding developers to account to build high levels of social housing – this standard must be made universal so everyone can benefit from the developments in their area.
- **Support councils to take a more active role in compulsory purchasing stalled sites and empty land to push housing developments forwards.** The government’s proposal to enable conditional confirmation of CPOs early in the planning process alongside wider reforms to speed up build are welcome, but far more must be done to increase their use assuming this will be implemented.⁷
- **Ramp up the use of master planning and public contracting more generally to support housing delivery and reduce reliance on the speculative development model.** As we set out in our recent report on new towns, there are significant benefits to a Development Corporation or council acquiring and assembling land to contract parcels of land with planning permission (based on strict delivery timelines) to development partners to build out (including housing associations and private house builders).⁸
- **Increase investment in social housing and tackle low interest cover in the social housing sector.** The government must ramp up the capacity of councils and housing associations to deliver social housing directly:
 - **Further increase grant funding**, especially in light of the proposal to use SAHP funding on private-led developments. As it is, the SAHP funding is nowhere near enough to ensure the delivery of the 90,000 social homes a year for 10 years

⁷ MHCLG. (2025) Planning Reform Working Paper: Speeding Up Build Out, GOV.UK. Available at: <https://www.gov.uk/government/publications/planning-reform-working-paper-speeding-up-build-out/planning-reform-working-paper-speeding-up-build-out>

⁸ Trew, C., et al. (2025) Back to the Future: The Next Generation of New Towns, Shelter. Available at: https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/back_to_the_future_the_next_generation_of_new_towns; Newton, J. (2025) Labour’s Planning Reforms: Ends and Means, A social Democratic Future. Available at: <https://www.asocialdemocraticfuture.org/labours-planning-reforms-ends-and-means/>; Baxter, D., Cooke, G. (2023) The missing piece: the case for a public sector master developer, Joseph Rowntree;

that are needed to end homelessness and the housing emergency. Current self-imposed fiscal rules are damaging the government's ability to invest.

- **Unlock additional RP debt capacity to ensure RPs are able to take on grant and build new homes.** For instance, the G15 have advocated for government loans to RPs at zero or low-interest rates that would resolve the hurdle of low-interest cover that currently prevents s106 acquisition.⁹ The effect on the government's debt measure would be largely neutral due to the creation of both an asset (the loan) and liability (gilt-issuance). Savings from social rent provision would help offset government borrowing costs.¹⁰

⁹ G15. (2025) State of the Capital: Shaping a new model for affordable housing in London. Available at: https://hqnetwork.co.uk/wp-content/uploads/2025/04/g15htstateofthecapitalreport_649721.pdf;

¹⁰ Perry, J., Hinch, M., Partridge, S. (2024) Why councils are underinvesting in housing and how an updated debt settlement could put that right, Chartered Institute of Housing. Available at: <https://www.cih.org/publications/why-councils-are-underinvesting-in-housing-and-how-an-updated-debt-settlement-could-put-that-right/>

Annex: evidence on viability and affordable housing thresholds

Land values and changes to the lower affordable housing requirements

Shelter have concerns that the introduction of the measures proposed across the MHCLG and GLA consultations, particularly the time-limited planning route with lower overall affordable housing requirements, will be unlikely to achieve its aim of boosting housing delivery while having a number of unintended negative consequences, including:

- Further inflating land values in the capital – making it difficult for the lower requirements to be truly time-limited
- Encouraging renegotiation of viable schemes to lower developer s106 contributions
- Delaying consented developments while renegotiations take place
- As a result of all the above: reducing affordable housing delivery on currently consented and future schemes

Although it is undeniable that there has been a slowdown in London's housing market in the past year, Shelter believes that lowering the affordable housing threshold for the fast-track planning route is the wrong policy response. We note that there has been no published impact assessment modelling the number of additional homes/schemes which the proposed measures in this consultation would support, either individually or taken as a package. It is thus unclear how the proposed levels of 20% affordable housing or 35% on public land have been arrived at. We also question whether the new lower thresholds are necessary given the additional grant provided to support s106 delivery which is likely to significantly boost scheme viability and reductions to the Community Infrastructure Levy (CIL) which will further cut developers' costs.

Without substantial evidence of the anticipated impact of the proposed lower levels of s106 affordable contributions on delivery, we therefore believe that the negative consequences of the approach are likely to far outweigh any benefit. Most crucially, lowering the level of affordable housing required for fast-track planning permission is very likely to translate into higher land values. There is already evidence that the proposals are having this effect even before they come into force. At a recent event held by the Royal Institute of Chartered Surveyors, the Chief Operating Officer of planning consultancy Lanpro commented that:

"What's happening as a result of these proposals... is that we're seeing developers who've got deals, land options, agreements, are being asked by landowners whether actually the original deal that they subscribed to is still valid because the margins, the perceived margins, are deemed that because you're getting the affordable housing programme monies, the CIL relief that will come, the 20% fast track, there is this idea floating around that maybe they actually need to re-evaluate those agreements."¹¹

Planning requirements are a crucial means through which government – including local government – controls the value of land. When demand for homes for private sale is low and construction costs are high, the value of land ought to reduce as developers negotiate down what they are willing to pay landowners. However, if affordable housing requirements are instead relaxed and/or viability loopholes remain open, landowners can maintain or even increase their expectations of the value of their land in the knowledge that developers will have more market

¹¹ Faraz Baber, COO of Lanpro and member of the London Housing Mission Board, Royal Institute of Chartered Surveyors Harris Debate 2025, 11th November 2025, [RICS Harris Debate 2025: Ethical surveying during a housing crisis](#). Quote at 42:21.

homes to increasing their revenue. There is already evidence within the current slow down that this process is happening via viability reviews, where sites continue to be bought and sold for extremely high values at the same time as s106 contributions are negotiated down on the basis that those same sites are 'unviable' to develop.

Based on analysis by a development viability consultant and chartered surveyor of 47 land transactions between 2023-2025 and their corresponding planning status and viability testing, the research shows clearly that developers in London are consistently overpaying for residential development sites at prices many times higher than the residual land values (RLV) reported in their financial viability assessments (FVA), and far above the supposed benchmark land values (BLV) that, if paid, should release land for development. The findings demonstrate that, were the government to properly enforce a system where the outcome of financial viability assessments had to be objective, reasonable and realistic as well as consistent with planning policy,¹² rather than cutting affordable housing requirements (as currently proposed), many more policy-compliant schemes would likely prove viable.

The case studies below exemplify this practice, demonstrating how developers are negotiating on affordable housing delivery rather than land price in regard to viability.

Scheme	Rainbow Business Centre	
Local Planning Authority	LB Merton Ref: 25/P1654	
Land Transaction	Date Price Paid Value per C3 unit (standard dwelling)	March 2025 £18m £66k
Planning/construction	Status Units Affordable Housing	Acquired speculatively, planning application submitted. 271 10% proposed
Financial Viability	Report dated Residual Land Value Report dated Residual Land Value Reported Benchmark Land Value	April 2025 Negative £5.3m September 2025 Positive £6m £6.582m
Comments	Site was acquired in March 2025 and then application for scheme including 10% affordable housing submitted in April the same year. The initial FVA reported a <u>negative</u> land value of £5m despite the fact the applicant had just paid £18m for the site. Their FVA was updated using higher values following discussions with LPA to show a positive land value of £6m but this is still <u>one third of the price paid</u> . The initial reported deficit was over £11m which the applicant then agreed was not appropriate and it was agreed the scheme showed only a nominal deficit.	

Scheme	Ransomes Wharf	
Local Planning Authority	LB Wandsworth Ref: 2024/1589	
Land Transaction	Date Price Paid Value per C3 unit	January 2025 £80.5m £682k
Planning/construction	Status	Acquired with extant consent.

¹² As already set out within the National Planning Policy Guidance (but not enforced) – see viability section in MHCLG. Planning Guidance, GOVUK. Available at: <https://www.gov.uk/guidance/viability>

	Units Affordable Housing	118 C15%
Financial Viability	Report dated Residual Land Value Benchmark Land Value	April 2024 (for 125 homes) £3.57m £7.8m reported
Comments	Site was acquired with consent for 118 units. Section 73 application was submitted that reported that the 125 units proposed were unviable. Application was withdrawn but this FVA is one of the more extreme examples of reported RLVs differing from price paid which is very high.	

Scheme	Crown and Mayer Parry Wharf, Canning Town	
Local Planning Authority	LB Newham ref: 23/00655/FUL	
Land Transaction	Date Price Paid Value per C3 unit	June 2024 £76.2m (£87k)
Planning/construction	Status Units Affordable Housing	Acquired with resolution to grant consent - now on site 871 35%
Financial Viability	Report dated Residual Land Value Benchmark Land Value	April 2023/Updated September 2023 Not reported but profit deficit was c£28m so would have produced <u>negative</u> land value of over £10m Profit deficit reduced to £17m but this would still have produced a negative land value £8.72m reported
Comments	Site was acquired in June 2024 with resolution to grant consent. <u>The price paid was at least eight times higher</u> than the reported viability position which showed a large profit deficit that would have equated to a negative land value. This scheme is meeting the current fast track 35% planning threshold but the viability information does not pass a 'sense check' against the price paid implying the scheme could potentially have provided more.	

Scheme	2 Trafalgar Way – Infinity Towers (Student Housing and C3)	
Local Planning Authority	LB Tower Hamlets ref PA/20/01402/A2	
Land Transaction	Date Price Paid Value per C3 unit	September 2023 £110.25m N/A
Planning/construction	Status Units Affordable Housing	Acquired with consent 80 BtR C3 units plus 1,672 student rooms PIL of £7.76m equivalent of 35% for C3 units and 24.3% on site student affordable
Financial Viability	Report dated	June 2021

	Reported Residual Land Value	<i>Deficit of £6.2m reported and shown in appraisals as negative £6.2m</i>
	Benchmark Land Value	<i>£6m reported</i>
Comments	Site acquired with consent. Reported viability position two years earlier shows <u>price paid was more than 15 times the RLV assessed</u> despite the applicant being the purchaser of the site.	

The differences found between residual land values and the actual price paid for land strongly imply that developers are using different inputs and assumptions in planning application FVAs compared with their internal calculations that influence their bid price for land. Landowners, knowing that developers are able to do this, are holding out for wildly inflated prices. These differences likely stem from the following practices that developers can use to artificially reduce supposed profits within FVAs in comparison to their internal calculations:

- Using lower build cost assumptions within internal appraisals than in FVAs. In their own calculations, developers may factor in value-engineering opportunities that are not reflected in the FVA. This might include switching to cheaper (but still policy-compliant) materials or designs, or achieving more efficient procurement (such as competitive tendering or economies of scale) that reduce actual construction costs.
 - Because many professional fees (e.g., architects, engineers, project managers) are charged as a percentage of build cost, lower construction costs automatically reduce associated professional fees as well.
- Inputting higher financing costs into the FVA, for instance by assuming higher interest rates on debt or presuming there will be a need for debt when there is none.
- Including future land and housing value growth in internal appraisals, while excluding it from FVAs by relying solely on current prices. Developers can reasonably anticipate that land and house prices will rise over the course of the planning and development phases, significantly improving eventual profits.
- Using lower profit requirements in internal appraisals than in FVAs. By assuming a lower required profit margin when assessing how much they can bid for land, developers can justify higher land offers. To protect profit margins in the face of higher land costs, developers can apply a higher profit requirement within the FVA, which helps to ring-fence a larger share of development value for profit.

These practices make schemes appear less viable within FVAs than they actually are - artificially depressing the residual land value used in planning negotiations. This allows developers to argue for reduced affordable housing obligations, thereby enabling them to increase their bid prices for land (to persuade landowners to sell or outcompete other developers) without denting their expected returns. The result is that surplus value (in addition to expected developer returns) that could support affordable housing delivery is effectively hidden from planning authorities and absorbed upfront in land acquisition. This explains why residential land prices in London have stayed high despite steep rises in construction costs (which should have filtered down into lower land prices).¹³ Ultimately, land prices must come down if housing delivery and affordability is to be improved.

¹³ https://www.knightfrank.co.uk/site-assets/research/report-pdfs/uk-student-market-update/resdev-q3-2025_v2.pdf ; <https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-indices.aspx>

Dropping the thresholds alongside opening up the opportunity to renegotiate existing consents on viability grounds, will slow down the delivery of sites and reduce the number of social homes that get built which are so crucial to helping the 199,000 Londoners in temporary accommodation out of homelessness. It is also likely that the lower thresholds will become baked in to anticipated land values in such a way that it will be difficult for them to be truly 'time-limited'. The GLA will face considerable pressure to extend the lower requirements beyond 2028, with long-term consequences for social and affordable housing delivery in the capital.

Use of grant to boost scheme viability

We support the use of grant where sites are genuinely unviable and grant can be utilised to deliver additional affordable homes than would otherwise come forwards. This includes where homes which would otherwise be for private sale are instead delivered as social housing, thereby speeding up build out and ensuring a development better meets local housing need. Indeed, there is evidence that grant can significantly improve the viability of sites - for instance, the recent increase in the Blenheim Centre site in Penge from 35% affordable provision to 100% social rent (228 homes).¹⁴ As the example below of a recent development in Bexley indicates, grant replaces the costs of borrowing as well as the necessity to market the homes.

Electrobase/ Wheatsheaf Works LB Bexley 22/01564/FULM

559 residential units: 319 private, 240 affordable (c43%)

	15% affordable	43% affordable	Variation
GDV	£ 189,684,000	£ 165,748,048	-£23,935,952
Grant	£ -	£ 16,045,000	£16,045,000
Total income	£ 189,684,000	£ 181,793,048	-£7,890,952
Construction	£ 137,989,390	£ 137,989,390	£0
Contingency	£ 6,899,469	£ 6,899,469	£0
Professional fees	£ 13,798,939	£ 13,798,939	£0
CIL-s106	£ 5,077,330	£ 5,077,330	£0
Marketing	£ 1,703,340	£ 1,123,875	-£579,465
Diposal fees	£ 3,077,595	£ 2,233,584	-£844,011
BLV and acquisition costs	£ 5,327,000	£ 5,327,000	£0
Developer return (17% and 6%)	£ 30,117,780	£ 22,307,507	-£7,810,273
Finance costs	£ 15,034,726	£ 2,690,941	-£12,343,785
Total costs	£ 219,025,569	£ 197,448,035	-£21,577,534
Overall position	-£ 29,341,569	-£ 15,654,987	£13,686,582

In this case, a policy-compliant scheme shows clear potential for viability even without grant, provided developers and landowners are prevented from exploiting loopholes. The provision of grant can significantly improve the viability of sites while removing much of the risk associated with building private sale homes at a time of low demand. For instance, marketing and finance costs can be reduced dramatically. Shelter therefore urges the GLA to consider whether provision of grant could be used to boost the levels of social housing to even higher levels on already consented but stalled sites rather than permitting these sites to drop to the lower thresholds in the time-limited route.

¹⁴ Morby, A. (2026) £80m London housing scheme unlocked after flip to 100% social, Construction Enquirer.