



MONTAGU EVANS TALKS...

A PACKAGE OF SUPPORT FOR HOUSEBUILDING IN THE CAPITAL – UNLOCKING SITES, RESTORING CONFIDENCE?

BY ADRIAN OWEN, RICHARD THOMAS, SIMON MARKS

The [announcement on 23rd October 2025](#) by the Housing Secretary and Mayor of London represents a decisive intervention to kickstart the capital's flagging housing delivery.

At the heart of the proposed package of support for housebuilding in London is a recognition that the current system has become unviable for many developers. Construction costs, financing pressures and Gateway approval timescales have left hundreds of consented sites on hold and deter landowners and developers from bringing new schemes forward.

This package of new measures is welcomed, but in isolation will not solve the structural economic issues impacting the housing market. Nevertheless, we believe these changes will bring more confidence to the sector and will unlock some stalled development sites and hopefully pave the way for future growth.

There has been some negative press suggesting these changes don't go far enough. But as matters within the control of planning guidance, they feel fair and proportional, and critically allow enough time to translate to meaningful action. However, the details to be set out at the consultation stage will be critical to the success of these interventions.

Such questions could include:

- What form will the gain-share review take without the presence of viability testing?
- How do these measures interact with the standard 35% Fastrack for CIL relief and grant?
- Can you apply equivalency under the new route?
- Our summary of the announcement's core components can be found below, including additional analysis by our sector specialists.

KEY ELEMENTS – A TIME-LIMITED PLANNING ROUTE

- This will sit alongside the existing London Plan Fast Track and Viability Tested Routes. The time-limited planning route will not require viability testing where developments on private land (including industrial land where the floorspace is re-provided) that commit to delivering 20% affordable housing by habitable room with a tenure split of at least 60% Social Rent.
- For public land or where industrial floorspace is not re-provided, a threshold of 35% will now apply.
- These measures will apply to build-to-rent schemes where 30% of the affordable homes are provided at London Living Rent and the remainder at genuinely affordable rents.
- These measures do not apply to PBSA or Purpose-Built Shared Living (Co-Living) or development on or released from Green or Grey Belt.
- This route is available until March 2028 or the publication of the new London Plan, whichever is earlier.
- Review mechanisms remain a factor, but are null and void in the event of the 1st floor construction being reached by 31 March 2030. For larger phased schemes where buildings/phases consisting of at least 200 units have been built by this date, further reviews will not be required.

[Richard Thomas](#) – [Land Agency](#) Lead – adds:

"Any narrative that land values have to drop simply fails to recognise that in London, other uses (including the existing use) compete with the residential alternative. More so it fails to recognise the reality that a fair few sites are now in negative land value territory. Clearly, it would be irrational (or against policy for the public sector) for any landowner to sell below its worth; hopefully, these changes help swing the balance back on a number of previously unviable sites. The relationship between residential and industrial land will be particularly interesting to monitor. Given the quantum of public sector land and the contribution this could



play to the delivery of new homes, we also question whether a 20% threshold would be more appropriate as a temporary measure.

It is also interesting to reflect on the fact that these measures are not being applied to PSBA or Co-Living. The GLA and several London Boroughs have increasingly expected these uses to deliver on-site C3 affordable housing, in place of the Affordable Student accommodation/payment in lieu methods. With their higher threshold for affordable housing, we might expect a shift away from alternative living uses in favour of traditional residential homes. Perhaps that was the ultimate intention of the intervention, but it seems to balance the books nicely between financial, political and planning narratives."

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MAXIMISING AFFORDABLE HOUSING INCLUDING ON EXISTING PLANNING PERMISSIONS

- To encourage the delivery of existing permissions at above 20%, increased grant levels, for example, from £175k to £220k for a social rented unit, are set out at paragraph 22 of the note.
- Once the time-limited route comes into effect, if it has been demonstrated that stalled permissions at 35% remain unviable, including with grant, amendments to affordable housing obligations should be secured through a Deed of Variation to the S106 Agreement.
- The use of the Section 73 application to solely reconsider viability is expressly discouraged, and amendments to the Planning Practice Guidance are proposed to clarify this.

[Simon Marks](#), Partner – [Planning](#), said:

"It is positive that grant levels are increasing; however, it is unlikely that these measures go far enough. Much higher grant levels are being agreed through the negotiated route currently.

The direction that varying a S106 Agreement when renegotiating affordable housing obligations is a positive step, but requires cooperation from the Boroughs. If an obligation is less than five years old,

there is no right of appeal under this route. Whilst not expressly set out in the note, it appears that the groundwork is being laid for S106BA to be reintroduced. This would be a huge help since it provides an efficient means of re-visiting previously agreed affordable housing provisions with a quick route to appeal."

TEMPORARY RELIEF FROM CIL

- Temporary relief from the Borough Community Infrastructure Levy (CIL) for qualifying schemes will be introduced; however, this will not apply to Mayoral CIL.
- Relief would only apply to residential schemes, not including PBSA or Co-Living.
- Where over 20% affordable housing is provided above 50%, CIL relief could be applied.
- Qualifying schemes must commence after the temporary relief provisions are in place and before 31 December 2028.

[Richard Thomas](#) – [Land Agency](#) Lead – continues:

"In London, the delivery of affordable homes is also reflected on as a positive for developers; de-risking development and securing revenue through construction. These proposed amendments encourage increased delivery through CIL relief and grant funding for schemes delivering in excess of 20% affordable. Combined with the grant funding, these measures feel more in line with the carrot of the Affordable Homes Programme 16–21.

It is perhaps controversial that Mayoral CIL will not be reduced. Will the London Boroughs object to these measures, or might this lead to Boroughs accepting these provisions but instead pursuing inflated S106 contributions, as these are subject to negotiation and viability testing? Ultimately, this could lead to further planning delays."

AMENDMENTS TO GUIDANCE CONTAINING DENSITY

The removal of elements of guidance that can constrain density, including:

- Maximising dual aspect unit
- The number of units per floor per core and
- Amendments to cycle storage requirements;



[Simon Marks](#), Partner – [Planning](#), adds:

“This is highly welcomed. It may feel like small fry, but overly officious guidelines have been the root cause of driving inefficiency in the battle between revenue and cost, with often more meaningful matters such as affordable housing being the only lever left to pull. In reality this needs to translate far further into the planning system but it a good start of recognition that the system had become onerous and inefficient.”

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NEXT STEPS TOWARDS IMPLEMENTATION

The Emergency Local Plan Guidance, including measures relating to the time-limited planning route and density, is due to be published in November for a 6-week consultation period, which means that these interventions should go live in early 2026. However, the as-yet-unseen detail to be provided at this stage will be critical to their success. Meanwhile, the measures relating to CIL and enhanced Mayoral powers will require amendments to secondary legislation, which could well take several months to come into effect.

Whilst clearly a positive move, there is still more that can and should be done to improve the number of housing starts across the capital. Nevertheless, this alignment between MHCLG and the GLA, and commitment to greater housing delivery, is a clear and welcome step forward.

Industry engagement with this consultation will clearly be important, so please do get in touch if you have any questions or intend to make representations. Our [Residential:Connected experts](#) would be delighted to help.

We’re also launching this week our Research report, led by [Jon Neale](#), exploring in more detail the London building issues and how policymakers and residential developers can respond. Stay tuned on our LinkedIn channel for this launch.

GET IN TOUCH TO HARNESS THE EXPERTISE OF OUR RESIDENTIAL:CONNECTED TEAM AND TO FIND OUT HOW WE CAN HELP.



ADRIAN OWEN
HEAD OF RESIDENTIAL

adrian.owen@montagu-evans.co.uk
07557 950 456



RICHARD THOMAS
LAND AGENCY LEAD

richard.thomas@montagu-evans.co.uk
07469 574 927



SIMON MARKS
PARTNER, PLANNING

simon.marks@montagu-evans.co.uk
07818 012 442