

# **Planning and Housing Practice Note on Key Worker Living Rent homes**

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## CONTENTS

<b>1. Introduction</b>	<b>3</b>
<b>Purpose of this note</b>	<b>3</b>
<b>Key Worker Living Rent homes: what and why</b>	<b>3</b>
<b>2. Planning framework</b>	<b>4</b>
<b>The National Planning Policy Framework and the London Plan</b>	<b>4</b>
<b>Build to Rent</b>	<b>5</b>
<b>3. Eligibility and allocation</b>	<b>6</b>
<b>The household income threshold for intermediate rent, and a threshold for sharers</b>	<b>6</b>
<b>Other eligibility criteria</b>	<b>7</b>
<b>Prioritising key workers</b>	<b>7</b>
<b>Security of tenure</b>	<b>8</b>
<b>Work with organisations and institutions that employ key workers</b>	<b>9</b>
<b>4. Rent setting and increases</b>	<b>9</b>
<b>Existing policies and rent setting</b>	<b>9</b>
<b>Rent and service-charge benchmarks</b>	<b>10</b>
<b>Rent increases</b>	<b>15</b>
<b>Rent upon re-let</b>	<b>15</b>
<b>5. Tenancies and management</b>	<b>16</b>
<b>Tenancy types</b>	<b>16</b>
<b>Homes for sharers</b>	<b>16</b>
<b>6. Funding</b>	<b>17</b>
<b>7. Relationship to, and future of, London Living Rent</b>	<b>18</b>
<b>Existing LLR homes and IR homes let at LLR benchmarks</b>	<b>18</b>
<b>New homes: planning policy</b>	<b>18</b>
<b>New homes: funding policy</b>	<b>19</b>
<b>8. Equalities impacts</b>	<b>19</b>
<b>Appendices</b>	<b>20</b>
<b>Appendix 1: The methodology the Mayor's team uses to establish rent and service-charge benchmarks</b>	<b>20</b>
<b>Appendix 2: The methodology the Mayor's team uses to calculate borough-level rent and service-charge benchmarks</b>	<b>22</b>

**Appendix 3: The methodology the Mayor's team uses to calculate  
borough-level rent and service-charge benchmarks for homes for sharers 23**

# 1. Introduction

## Purpose of this note

- 1.1. This Practice Note summarises the Mayor's plans for Key Worker Living Rent (KWLR) homes. Further details on the background to these plans and accompanying documents are available at <https://www.london.gov.uk/key-worker-living-rent-homes>. The Mayor envisages that this Practice Note will be useful to investors, developers and providers considering delivering KWLR homes; and to local planning authorities (LPAs) assessing applications to develop them.

## Key Worker Living Rent homes: what and why

- 1.2. The Mayor has developed plans for KWLR homes to meet his promise to deliver new Rent Control Homes, with rents capped and linked to key workers' incomes. KWLR homes will provide working people across London with quality, affordable and stable homes. He consulted investors, developers and providers, as well as organisations that represent and employ key workers, on his proposals for KWLR homes. These plans reflect their valuable feedback. The Mayor looks forward to working with them to deliver KWLR homes.
- 1.3. KWLR homes are a new type of intermediate rented housing. These are for households who are working and earning more than those with the lowest salaries, or with no earnings; but are struggling to afford accommodation that meets their needs on the open market. Intermediate homes, for both rent and sale, are delivered in addition to social rented homes (including council homes), which are for those least able to cover the cost of housing. The Mayor is clear that intermediate homes are not an alternative to social rented housing. Both his planning policy and his funding programme are designed to ensure that delivering social rented homes is a priority for London.
- 1.4. But the Mayor also uses these tools to support development of intermediate homes, and will use them to support KWLR homes. KWLR homes will – like other intermediate homes that are genuinely affordable – help Londoners who have jobs, but whose salaries don't stretch to private-sector rents. In some cases, these Londoners have to live with parents well into adulthood; delay having their own children; or resort to leaving the capital. That's bad for them, and bad for London.
- 1.5. To ensure KWLR homes are affordable to those who live and work in London, the Mayor has set rent and service-charge benchmarks with reference to the incomes of key workers who are eligible for intermediate rented housing. In combination with the Mayor's existing expectation that boroughs and housing providers prioritise key workers for intermediate homes, this will mean KWLR homes benefit both the key

workers who keep London running, and the services they provide. All Londoners will, in turn, benefit from those services being better able to recruit and retain staff.

- 1.6. Finally, KWLR homes will be for rent over the long term, with no expectation of tenants buying a share of their homes. The Mayor anticipates this means they will appeal to Londoners who need intermediate housing, but who do not have savings for a deposit and might struggle to save for one (or for whom home ownership isn't an appropriate or desirable option for other reasons). The Mayor recognises this might be the case for some Londoners because they live with friends, or others, with whom they wouldn't necessarily envisage the long-term commitment of buying a home (whether they are sharing their home in this way out of financial necessity, or by choice). His plans for KWLR homes include provision for homes for sharers.
- 1.7. He hopes it means KWLR homes will also appeal to the investors, developers and providers who have a key part to play in building them, including institutions seeking social benefit and long-term returns. Alongside delivering much-needed intermediate housing, KWLR homes will yield steady, predictable income for investors over time, reducing the uncertainty that comes with developing homes for sale – a particular consideration in the current context, where the cost of lending has increased.

## 2. Planning framework

- 2.1. This section of the Practice Note covers how the Mayor's plans for KWLR homes relate to planning policy.

### **The National Planning Policy Framework and the London Plan**

- 2.2. KWLR homes are a type of intermediate rented home that falls within the definition of intermediate housing set out in the London Plan 2021 and the definition of affordable housing for rent, other than social rented housing, set out in the National Planning Policy Framework (NPPF).
- 2.3. The 2021 London Plan sets out the Mayor's preference for London Shared Ownership and London Living Rent (LLR) as 'preferred affordable housing tenures'. However, when it comes to intermediate housing, the Plan is also clear that other affordable housing products may be acceptable if they meet:
  - the London Plan's definition of intermediate housing

- the NPPF's definition of affordable housing for rent other than social rented housing,
- the London Housing Strategy's definition of genuinely affordable housing.

The Mayor considers that KWLR meets these definitions.

- 2.4. Given the potential contribution that KWLR homes could make to meeting London's housing need, the Mayor will look to support KWLR homes in the new London Plan (which he expects to publish, in draft, for consultation, in 2026). He will also consider the option of making KWLR homes one of his preferred affordable housing tenures.
- 2.5. If he does so, the Mayor anticipates that – as and when LPAs update their Local Plans – they will take into account any reference to KWLR homes as a form of intermediate affordable housing for rent, that an emerging or adopted London Plan makes.
- 2.6. Meanwhile, the Mayor supports developers that propose delivering KWLR homes as intermediate affordable housing, in line with the plans summarised in this note. He also supports LPAs permitting them to do so. Where LPAs grant KWLR homes planning permission, this note's account of the tenure will enable them to specify requirements for the homes – for example, related to rent setting and increases – in planning agreements. The Mayor's team will also amend the template section 106 agreements that the GLA supplies for LPAs, to refer to KWLR homes.
- 2.7. Where LPAs grant permission for KWLR homes, the Mayor asks that they capture this on the [Planning London Datahub](#). His team will create a new option for them to record KWLR as the tenure of intermediate rented homes for which they give planning consent. This information will help the Mayor monitor progress with delivering KWLR homes.

## Build to Rent

- 2.8. The Mayor encourages Build to Rent providers to consider how they could deliver KWLR homes through the affordable housing provision in such schemes. The Mayor will review affordable housing and Built to Rent policies as part of his new London Plan, to consider how they can best to support KWLR homes.

### 3. Eligibility and allocation

3.1. This section of the Practice Note sets out the grounds on which households, or individuals, are eligible for KWLR homes; and on which the Mayor expects boroughs and providers to prioritise key workers for them.

#### **The household income threshold for intermediate rent, and a threshold for sharers**

3.2. The Mayor expects that KWLR homes will, like other intermediate rented homes, be let to households whose incomes do not exceed the threshold that the London Plan provides for him to set<sup>1</sup> (due to be increased to £75,000 a year in late January 2026). The Mayor keeps this threshold under review, and will use [Annual Monitoring Reports on the London Plan](#) to make any further changes.

3.3. The Mayor recognises that KWLR homes for sharers warrant a distinct approach to determining eligibility on the basis of income. The income thresholds for which the London Plan provides assume that intermediate homes will be let or sold to households (as defined in [section 258 of the Housing Act 2004](#) and related [Regulations](#)). As sharers do not form a household in this sense, the London Plan does not address how boroughs and housing providers should assess prospective sharers' eligibility for intermediate housing. Given this, the Mayor is open to them allocating KWLR homes for sharers to individuals whose combined incomes exceed the household income threshold for intermediate rented homes. In relation to KWLR homes he funds, he will make this clear in his [Capital Funding Guide \(CFG\)](#).

3.4. However, the Mayor wants KWLR homes for sharers to go to individuals who will likely struggle to cover the cost of renting a KWLR home on their own. Where the Mayor funds KWLR homes for sharers, he will expect boroughs or housing providers to allocate them to individuals with incomes no higher than £50,000 a year.<sup>2</sup> If after three months of marketing they have been unable to do so, they may issue a tenancy to an individual with a higher income, provided their income does not exceed the household income threshold for intermediate rent.

3.5. The Mayor will keep this eligibility threshold for sharers under review, given that intermediate rented homes for sharers are novel. He will also ensure that he increases the threshold in line with any changes to the household income threshold for intermediate rented housing.

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<sup>1</sup> London Plan 2021, 4.6.8.

<sup>2</sup> This is just above the income an individual would need to pay the rent and service charges for a one-bedroom KWLR home, set at London-wide benchmarks, without spending more than 40 per cent of their net income on rent.

## Other eligibility criteria

3.6. Where intermediate homes are funded by the Mayor, his CFG makes clear that they should only go to households who live and/or work in London (including those with solid plans to do so); and who do not already own a home, or have the means to buy one on the open market. This will apply to KWLR homes he funds.

## Prioritising key workers

3.7. The Mayor strongly encourages boroughs and providers to prioritise key workers, as defined in the [Housing Policy Practice Note](#) he published in December 2021, for intermediate housing. He reiterated this expectation in his [draft London Plan Guidance on affordable housing](#) (May 2023) and [Planning Practice Note](#) (March 2024). As all three documents explain, the Mayor suggests boroughs and providers use the London Plan's provision to set eligibility criteria for intermediate housing, in addition to the household income thresholds, to prioritise key workers for intermediate homes. As KWLR homes are intermediate homes, boroughs and providers doing so will ensure key workers benefit from them.

3.8. The following aspects of the Mayor's existing policy on prioritising key workers are of particular relevance to KWLR homes:

- The London Plan's provision for boroughs and providers to set eligibility criteria additional to household income thresholds for intermediate housing makes clear these should only apply for the first three months of marketing, so that homes do not stand empty for long periods.<sup>3</sup>
- The Mayor strongly encourages boroughs and providers to use the list of occupations included in his 2021 Housing Policy Practice Note when prioritising key workers. However, that note explains that they may add occupations to that list; or prioritise specific occupations on it. The Mayor's 2024 Planning Practice Note reiterates that point.
- The Mayor anticipates this provision – to prioritise key workers in specific occupations – will allow for agreements that give time-limited priority, for some intermediate homes, to key workers employed by specific organisations or institutions. His 2024 note gives an example of prioritising staff from a specific institution for homes developed nearby. This may be particularly relevant where an employer or institution has released land for developing KWLR homes, and wants to ensure its staff benefit.

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<sup>3</sup> London Plan 2021, 4.6.10.

- 3.9. The Mayor is aware that his London Plan states that, when intermediate homes are re-let, additional eligibility criteria set by boroughs and providers should not apply.<sup>4</sup> This removes any expectation that key workers should be prioritised for KWLR homes, or other intermediate rented homes, when they are re-let. The Mayor will review this in his new London Plan, to ensure that key workers continue to benefit from these homes beyond the first let.
- 3.10. To assist boroughs and providers with prioritising key workers for intermediate housing, the Mayor's team will amend the template section 106 agreements that the GLA supplies for LPAs. They will include a clause indicating that developers and agents working on their behalf should prioritise key workers for homes.
- 3.11. Where a borough or housing provider is prioritising key workers, the Mayor anticipates that, where there are prospective joint tenants, it would typically assess whether at least one of them works in a key worker occupation. So, a borough or provider could prioritise a couple, with or without children, in which one partner occupies a key worker role. Where the borough or provider is allocating individual tenancies for a KWLR home for sharers, the Mayor expects they would assess whether each prospective sharer works in a key worker occupation.
- 3.12. A provider may have developed KWLR homes in a borough that does not have a policy or system for allocating intermediate housing, that can be used to prioritise key workers. In this instance, the Mayor encourages providers to prioritise key workers, for three months, when marketing those homes. In the interests of fair and transparent allocation, he expects providers to make clear this prioritisation, and the definition of key workers, when marketing the homes.
- 3.13. Where the Mayor funds intermediate homes, he expects providers to advertise them on his [Homes for Londoners search platform](#). This requirement will apply to KWLR homes that the Mayor funds. He will amend his CFG to specify this. Through his London Plan, the Mayor encourages providers to advertise all intermediate homes here, whether or not they receive Mayoral funding.<sup>5</sup> The Mayor's well-used platform provides an obvious port of call for Londoners looking for intermediate homes, helping ensure intermediate homes are allocated transparently and fairly.

## **Security of tenure**

- 3.14. As section 5 explains more fully, the Mayor wants tenants to be secure in KWLR homes. This includes either of the following circumstances:

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<sup>4</sup> London Plan 2021, 4.6.10.

<sup>5</sup> London Plan 2021, 4.6.10.

- their household income exceeds the threshold for intermediate rent (or their individual income exceeds the eligibility threshold for sharers)
- if they were prioritised for their home by virtue of being a key worker, they cease to be in a key worker occupation.

So, landlords should not continue assessing whether tenants meet eligibility and priority criteria after the start of their tenancy – other than in some very specific circumstances outlined in section 5.

## Work with organisations and institutions that employ key workers

3.15. The Mayor hopes that developing, or supporting development of, KWLR homes (for example, by releasing land for them) is of interest to organisations that employ key workers; and that seek to improve housing options for staff struggling with housing costs. In particular, he hopes that provision for KWLR homes for sharers will enable organisations looking to refurbish or develop homes for staff to share, including on a relatively short-term basis, to consider making them KWLR homes. Working with organisations that employ key workers, and that may seek to develop homes (directly or by releasing land for this purpose), is a well-established part of the Mayor's work. His team will engage these partners on KWLR homes.

## 4. Rent setting and increases

4.1. This section explains how the Mayor sets rent and service charges for KWLR homes; and confirms benchmarks for 2025-26. It also outlines how providers may increase rents. These benchmarks are specific to KWLR homes. The Mayor will continue to publish separate LLR benchmarks.

### Existing policies and rent setting

4.2. The Mayor assesses that his approach to setting and increasing rents and service charges for KWLR homes is in keeping with the following policies:

- The **NPPF**: This policy stipulates that rents for affordable homes, that are not social rented homes, must be at least 20 per cent below local market rents (including service charges, where applicable). Rent and service-charge benchmarks for KWLR homes meet this requirement; but the NPPF's requirement acts as a ceiling on increases in rents and service charges over time, as paragraph 4.12 explains.

- The **2021 London Plan**: Policy H6 establishes the maximum level at which intermediate rented homes can be considered affordable: this is 40 per cent of the net amount of the income at which the threshold for accessing these homes is set. Most rent and service-charge benchmarks for KWLR homes sit well below this amount: the starting point is 40 per cent of key workers' average net household incomes. But higher benchmarks, in boroughs with the highest market rents, will be capped at it.

4.3. The Mayor also considers that Registered Providers of affordable housing (RPs) delivering KWLR homes will be exempt from the requirement, from the **Regulator of Social Housing's (RSH's) Rent Standard**, to set rents at levels prescribed for social rent or Affordable Rent. This is because KWLR homes are in categories of home to which this policy does not apply. These include intermediate rented homes, as defined in paragraph 5.4 of the [government's policy statement on rents for social housing](#). That statement sets several criteria for homes being treated as intermediate rented homes. One of these is that they are funded as part of a programme that the RSH has identified as enabling intermediate rented homes. The RSH has agreed that this is the case for the Mayor's funding programme.

### Rent and service-charge benchmarks

4.4. The Mayor sets benchmark charges for KWLR homes that include both rents and service charges. He expects providers to charge tenants a single amount that covers both. This approach is in line with the London Plan's specification that housing costs for intermediate housing, including service charges, should not exceed 40 per cent of net income.<sup>6</sup>

4.5. Table 1, below, shows these benchmarks for the current financial year. Appendix 1 explains how the Mayor's team calculated these, with reference to 40 per cent of key workers' average net household income.

**Table 1: London-wide monthly rent and service-charge benchmarks for KWLR homes for 2026-27**

1-bed	2-bed	3-bed	4-bed
£1,156	£1,301	£1,445	£1,590

4.6. The Mayor's team adjusts these London-wide benchmarks in line with borough-level market rents, to yield borough-level benchmarks. Appendix 2 explains the

<sup>6</sup> London Plan 2021, 4.6.9.

methodology they used. The Mayor's team then caps any of the resulting borough benchmarks that exceed one of the following amounts (whichever is lowest):

- 80 per cent of market rents, to ensure all homes meet the NPPF requirement outlined at paragraph 4.2<sup>7</sup>
- the maximum housing costs that derive from the income threshold for intermediate rent (£1,750 per month, following an increase in the threshold that the Mayor is due to make in late January 2026).<sup>8</sup>

4.7. Table 2, below, shows the resulting capped, borough-level benchmarks. Benchmarks are shaded orange where a cap at 80 per cent of market rents in the borough applies; and blue where a cap at £1,750 a month applies.

**Table 2: Borough-level monthly rent and service-charge benchmarks for KWLR homes, 2026-27**

Borough	1-bed	2-bed	3-bed	4-bed
London	£1,156	£1,301	£1,445	£1,590
Barking and Dagenham	£1,065	£1,195	£1,293	£1,410
Barnet	£1,106	£1,238	£1,399	£1,574
Bexley	£972	£1,136	£1,287	£1,391
Brent	£1,120	£1,247	£1,386	£1,522
Bromley	£1,025	£1,167	£1,316	£1,506
Camden	£1,292	£1,469	£1,630	£1,750
City of London	£1,398	£1,600	£1,750	£1,750
Croydon	£986	£1,144	£1,275	£1,440
Ealing	£1,144	£1,285	£1,436	£1,588

<sup>7</sup> As shown in the Office for National Statistics' (ONS's) Price Index for Private Rents (PIPR) data for the November prior to the financial year for which benchmarks apply – for example, November 2025 for the benchmarks for 2026/27.

<sup>8</sup> This is 40 per cent of the net amount of the income at which the threshold for intermediate rent is set. With the threshold of £75,000 per annum that is due to come into effect in late January 2026, this maximum is £1,750 a month.

Enfield	£1,063	£1,192	£1,333	£1,461
Greenwich	£1,113	£1,245	£1,376	£1,506
Hackney	£1,270	£1,424	£1,563	£1,677
Hammersmith and Fulham	£1,266	£1,461	£1,602	£1,750
Haringey	£1,162	£1,301	£1,437	£1,581
Harrow	£1,068	£1,192	£1,339	£1,473
Havering	£969	£1,145	£1,284	£1,412
Hillingdon	£982	£1,151	£1,294	£1,435
Hounslow	£1,129	£1,259	£1,386	£1,538
Islington	£1,313	£1,470	£1,590	£1,750
Kensington and Chelsea	£1,506	£1,733	£1,750	£1,750
Kingston	£1,077	£1,221	£1,386	£1,507
Lambeth	£1,245	£1,396	£1,533	£1,707
Lewisham	£1,092	£1,218	£1,341	£1,458
Merton	£1,139	£1,272	£1,425	£1,573
Newham	£1,152	£1,280	£1,384	£1,443
Redbridge	£1,062	£1,186	£1,320	£1,460
Richmond	£1,170	£1,332	£1,505	£1,724
Southwark	£1,218	£1,370	£1,518	£1,646
Sutton	£974	£1,143	£1,293	£1,403
Tower Hamlets	£1,272	£1,406	£1,538	£1,608
Waltham Forest	£1,072	£1,197	£1,330	£1,421

Wandsworth	£1,258	£1,426	£1,565	£1,728
Westminster	£1,504	£1,730	£1,750	£1,750

4.8. The Mayor has also set benchmarks for sharers, shown in Table 3 below. Appendix 3 explains the methodology in full. The Mayor intends that these homes could be let to individual households, rather than resembling larger-scale purpose-built accommodation for sharers. He does not expect developers to build KWLR homes for sharers with more than four-bedrooms.

**Table 3: Monthly rent and service-charge benchmarks, per sharer, for KWLR homes for sharers, 2026-27**

Borough	2-bed	3-bed	4-bed
Barking and Dagenham	£753	£539	£437
Barnet	£780	£583	£488
Bexley	£716	£536	£431
Brent	£785	£577	£472
Bromley	£735	£548	£467
Camden	£926	£679	£543
City of London	£1,008	£729	£543
Croydon	£720	£531	£446
Ealing	£810	£598	£492
Enfield	£751	£555	£453
Greenwich	£784	£573	£467
Hackney	£897	£651	£520
Hammersmith and Fulham	£921	£667	£543
Haringey	£820	£599	£490

Harrow	£751	£558	£457
Havering	£721	£535	£438
Hillingdon	£725	£539	£445
Hounslow	£793	£578	£477
Islington	£926	£663	£543
Kensington and Chelsea	£1,092	£729	£543
Kingston	£769	£577	£467
Lambeth	£879	£639	£529
Lewisham	£767	£559	£452
Merton	£802	£594	£488
Newham	£806	£577	£447
Redbridge	£747	£550	£453
Richmond	£839	£627	£534
Southwark	£863	£632	£510
Sutton	£720	£539	£435
Tower Hamlets	£886	£641	£498
Waltham Forest	£754	£554	£441
Wandsworth	£898	£652	£536
Westminster	£1,090	£729	£543

4.9. The Mayor expects providers to set rents and service charges at no more than the benchmarks for KWLR homes shown in Tables 2 and 3, when they first let KWLR homes.

4.10. The GLA will publish updated benchmarks for KWLR homes annually. It will cap these at the lower of:

- 80 per cent of borough-level market rents, as captured in recent data on rents, to ensure homes meet the NPPF requirement outlined at paragraph 4.2
- the maximum that derives from the household income threshold for intermediate rent at the time.

### Rent increases

4.11. KWLR homes should remain affordable for London's key workers. That is why the Mayor expects that, once providers have let homes at no more than the benchmarks shown in Tables 2 and 3, they will increase these charges annually, by no more than CPI plus 1 per cent.

4.12. Providers may continue to increase the combined charge for rent and service charges by this amount annually, provided that they do not exceed either of the following:

- 80 per cent of local market rents, in line with the NPPF's requirement for affordable housing
- the maximum housing costs that derive from the annual household income threshold for low-cost ownership. (The current income threshold of £90,000 yields a maximum monthly cost of £2,100.)

This restriction on increases is in line with the provision the Mayor made for flexibility about increasing rents and service charges for intermediate rented housing over time. This is set out in the [Planning and Housing Practice Note on Accelerating Housing Delivery](#) he published in December 2024.

### Rent upon re-let

4.13. The Mayor does not expect providers to reset rents and service charges to the current benchmark or less when they re-let a home. When a tenancy ends, the provider may let the home, charging rent and service charges at the level reached through annual increases – that is, the amount the previous tenant or tenants were paying.

## 5. Tenancies and management

5.1. This section explains the types of tenancies that the Mayor expects landlords will use, under the Renters' Rights Act. It also outlines the Mayor's expectations, where providers offer KWLR homes for sharers. It briefly covers the Right to Buy and the Right to Acquire.

### Tenancy types

5.2. In the Mayor's proposals for KWLR homes, he noted that the types of tenancy providers must use, when letting KWLR homes, would depend on changes introduced by the Renters' Rights Bill. Now, the Bill has received Royal Assent and the Mayor anticipates local authorities could issue periodic secure tenancies, and housing associations and other providers periodic assured tenancies for KWLR homes.

5.3. Letting KWLR homes using these tenancies aligns with the Mayor's intention that tenants have security in KWLR homes, without worrying that they may need to move if their household income exceeds the threshold for intermediate rent, or, for key workers, if they change or lose their job. The Mayor considers that they should benefit from security in a similar way to social sector tenants, shared owners, and – once the Renters' Rights Act takes effect – private-sector tenants.

5.4. However, the Mayor recognises that, in some cases, an organisation or institution provides, develops or supports the development of homes specifically for its own staff, in certain roles. (For example, a hospital might release land for a housing association to develop housing, on the basis that it will be able to nominate its staff to some or all of the homes; or an NHS Trust might offer 'cluster homes' to international recruits in their first six months of employment.) Where this is the case for KWLR homes, the Mayor is open to the landlord using the employment-related possession grounds in the Renters' Rights Act.

### Homes for sharers

5.5. The Mayor supports providers offering KWLR homes to sharers. He does not envisage them doing this through large-scale, purpose-built accommodation for shared living – but rather, through homes with two, three or four bedrooms that would also be suitable for an individual household.

5.6. Where providers offer KWLR homes for sharers, the Mayor expects that they will issue a separate tenancy to each sharer. This will reduce uncertainty for tenants where one sharer leaves a home – insofar as remaining tenants will not be responsible for covering the departed tenant's portion of the rent.

5.7. Providers offering KWLR homes for sharers should establish whether they are subject to licensing requirements for houses in multiple occupation (including local selective licensing). They should secure the appropriate licence(s) where they are subject to requirements.

## 6. Funding

6.1. The Mayor intends to support the development of KWLR homes through his funding programmes. This section provides some further information on funding, in line with the funding guidance for his new [Social and Affordable Homes Programme 2026-36](#), which he published in November 2025. Investment partners (IPs) interested in securing funding for KWLR homes from the 2021-26 Affordable Homes Programme should raise this with their organisation's GLA contact.

6.2. The Mayor's team has updated his CFG to set out the basis on which the Mayor will fund KWLR homes, alongside other forms of intermediate rented housing. His team has also updated OPS (which the Mayor's IPs must use when seeking funding to develop affordable homes), and the standard contract that governs Mayoral funding to IPs.

6.3. RPs that are not already Mayoral IPs, but are interested in developing KWLR homes with Mayoral funding, should contact [AffordableHomes@london.gov.uk](mailto:AffordableHomes@london.gov.uk). This includes RPs exploring partnership with organisations and institutions seeking to secure intermediate homes for key workers they employ.

6.4. When the Mayor is funding KWLR homes for sharers, it is a condition of funding that these homes meet the same standards as homes for individual households. That includes meeting the London Plan's space standards for such homes.

## 7. Relationship to, and future of, London Living Rent

7.1. This section outlines the implications of the Mayor's plans for KWLR for LLR. For clarity, LLR is a tenure devised by the Mayor in 2016. It is a hybrid of intermediate rent and shared ownership. A period of renting at less than market rates allows tenants to save towards a deposit to buy a share of the home they are renting, or another home. LLR homes are let with rents and service charges set at ward-level benchmarks published by the GLA. The benchmarks for LLR homes are also used for other types of intermediate rented homes, including affordable homes in Build to Rent developments.

### Existing LLR homes and IR homes let at LLR benchmarks

7.2. Where an LPA has granted homes planning permission and/or the Mayor has allocated them funding (on the basis that they will be LLR homes; or intermediate rent homes with rents and service charges set at LLR benchmarks), then planning permission and funding requirements are unchanged by the Mayor's plans for KWLR.

7.3. It may be the case that homes are not yet completed, but investors, developers and providers are interested in making them KWLR homes. In this instance, they may only do so with the appropriate variations to planning permission from the LPA and/or funding conditions from the GLA.

7.4. Where homes are completed, providers should continue to manage these as either LLR homes; or intermediate rent homes with rent and service charges at LLR benchmarks. This includes increasing rents and service charges by no more than CPI during tenancies; and resetting them to benchmarks when they re-let homes. The GLA will continue to publish updated LLR benchmarks annually.

### New homes: planning policy

7.5. The Mayor will consider whether to retain LLR as a preferred intermediate tenure in a new London Plan. Any decision will be subject to the viability testing and consultation as part of developing a new London Plan.

### New homes: funding policy

- 7.6. The Mayor will fund KWLR homes through his current AHP, alongside LLR homes and intermediate rent homes with rents and service charges at LLR benchmarks.
- 7.7. In the funding guidance for his new [Social and Affordable Homes Programme 2026-36](#), which he published in November 2025, he confirmed that he will fund both LLR homes and intermediate rent homes with rent and service charges at LLR benchmarks.

## 8. Equalities impacts

- 8.1. The Mayor's team has assessed the possible impacts of the Mayor's plans for KWLR homes on Londoners with particular characteristics protected by the Equality Act 2010,<sup>9</sup> and with different combinations of those characteristics. It has also looked at potential impacts on Londoners with lower incomes. This is because the Mayor regards income as an important factor in equality of opportunity. This assessment is available in the Equality Impact Assessment that accompanies this document.

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<sup>9</sup> Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation

## Appendices

### Appendix 1: The methodology the Mayor's team uses to establish rent and service-charge benchmarks

A1.1. The Mayor's team established a figure of 40 per cent of key workers' average net household incomes, at which the London-wide benchmark for three-bedroom KWLR homes is set. To reach this figure, the team took a series of steps outlined below. It will repeat these steps annually, to update the benchmarks.

A1.2. First, they sourced the most recent data available on the average incomes of specific key worker occupations from the ONS's Annual Survey of Hours and Earnings (ASHE). These figures, from 2022-23 to 2024-25, are shown in Table A1.1 below. The team used three years' data to calculate benchmarks, to smooth out fluctuations in incomes from year to year.

**Table A1.1: Specified London key workers' median annual gross earnings**

Occupation group	Occupations included	Annual gross earnings		
		2022-23	2023-24	2024-25
Nursing professionals	Midwifery nurses; registered community, specialist; mental health, and children's nurses; registered nurse practitioners; other registered nursing professionals	£39,416	£40,612	£42,900
Teaching professionals	Higher, further, secondary, primary, nursery, and special and additional needs education teaching professionals; teachers of English as a foreign language; teaching professionals not classified elsewhere	£40,820	£43,004	£45,812

Welfare professionals	Social workers, probation officers, clergy, youth work professionals, and other welfare professionals	£35,516	£40,352	£41,964
Protective service occupations	Non-commissioned officers and other ranks, police officers (sergeant and below), fire service officers (watch manager and below), prison service officers (below principal officer), and protective service associate professionals not classified elsewhere	£47,632	£44,252	£47,736

A1.3. Second, they converted these to average household incomes by multiplying them by 1.45 – the average number of earners in London households where one or more household members works, and where the person earning the largest amount is under 45.<sup>10</sup> These average household incomes are shown in Table A1.2, below.

A1.4. Third, the Mayor's team calculated the overall average annual household income for each of the three years across the four groups of key workers. (They checked to ensure none of the average annual household income figures exceeded the household income threshold for intermediate rent in any given year, and would have excluded any that did.) The team used a weighted average approach to do so. The average annual household earnings for each of the occupation groups were multiplied by the proportion of jobs that each group represents within the ASHE survey sample – provided they were below the household income threshold. The resulting weighted earnings for each occupation group were then summed to obtain the weighted average income. These overall average annual figures are shown in Table A1.2 below.

<sup>10</sup> This information on the average size of working households came from Family Resources Survey data for 2020-21 to 2022-23. The team excluded data on the size of households where the main earner was aged 45 or over, because they anticipated these households were likely to have higher incomes (making them less likely to need intermediate housing), and to be larger – for example, where adult children live with parents.

**Table A1.2: Specified London key workers' estimated annual gross household incomes**

<b>Occupation group</b>	<b>Annual gross household income</b>		
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Nursing professionals	£57,153	£58,887	£62,205
Teaching professionals	£59,189	£62,355	£66,427
Welfare professionals	£51,498	£58,510	£60,847
Protective service occupations	£69,066	£64,165	£69,217
Weighted average	£60,028	£60,922	£64,822

A1.5. The Mayor's team calculated the average of these three annual weighted average figures; and so established the average household income of these key workers from 2022-23 to 2024-25. This yielded a figure of £61,924.

A1.6. Finally, the Mayor's team converted this overall average annual household income from gross to net. To do so, they used a basic gross-to-net formula of 70 per cent. This yielded a figure of £43,347.

A1.7. The Mayor's team set the London-wide benchmarks for three-bedroom homes set at 40 per cent of key workers' average net household income. Those for one- and two-bedroom homes are set at proportionately less, and those for four-bedroom homes at proportionately more. This is in line with the formula used to vary rents for social rented and LLR homes, according to the number of bedrooms.

## **Appendix 2: The methodology the Mayor's team uses to calculate borough-level rent and service-charge benchmarks**

A2.1. The Mayor's team calculates the difference between London-wide market rents, and borough-level market rents, for homes with one, two, three and four-bedrooms. They do so using data on rents from the Office for National Statistics' (ONS's) Price Index for Private Rents (PIPR) for the November before the financial year to which the benchmarks will relate – for example, for November 2025 for the 2026/27 benchmarks. They then adjust the London-wide benchmark by half of that difference, to arrive at a borough-level benchmark. In this work, they use the following calculation:

### Step 1: adjustment or increment

Borough level average private rent for homes with  $x$  number of bedrooms  
 minus  

$$\frac{\text{London average private rent for homes with } x \text{ number of bedrooms}}{\text{London average private rent for homes with } x \text{ number of bedrooms}} \div 2$$

### Step 2:

London-wide bedroom-specific  
 benchmark for homes with  $x$  number of bedrooms  $\times$  (1 + increment)

- A2.2. The team uses an alternative approach to establish a benchmark for the City of London. This is because small sample sizes mean the PIPR data does not cover the City. The Mayor's team referred to separate ad hoc, data on private-sector rents, based on a rolling 12-month sample, published by the ONS. They used this data to estimate rents in the City of London. These figures are not directly comparable with its PIPR data, as they are based on different samples and methodologies. They are also subject to limitations – including smaller sample sizes for areas such as the City, and an absence of data for larger properties (with four or more bedrooms).
- A2.3. However, this ad hoc data still provides a reasonable basis for estimating private rents in the City of London, relative to those in other boroughs, for the purposes of creating rent and service-charge benchmarks for KWLR homes. This data indicated that rent levels in the City of London are mid-way between those in Westminster and Camden. On this basis, the Mayor's team set borough-level benchmarks for the City of London mid-way between the benchmarks for those two boroughs.

### Appendix 3: The methodology the Mayor's team uses to calculate borough-level rent and service-charge benchmarks for homes for sharers

- A3.1. The Mayor's team based the benchmarks for KWLR homes for sharers (shown in Table 3, above) on the benchmarks for homes for individual households (shown in Table 2, above).
- A3.2. They allowed for the higher costs of development, maintenance and management that, as they understand, may be incurred when delivering homes for sharers. These may result from, for example, making all the bedrooms doubles; providing a larger kitchen, and possibly en suite bathrooms; dealing with a higher turnover of tenants; and, as a result, potentially needing to refurbish homes more frequently. The Mayor's team also provided for tenants sharing with fewer people, paying a proportionately higher rent.

A3.3. Accordingly, the benchmarks are based on increasing the benchmarks for homes for individual households by 26 per cent for two-bedroom homes; 25 per cent for three-bedroom homes; and 24 per cent for four-bedroom homes. The resulting figures are then divided by the number of bedrooms, to establish a rent per sharer.

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