

Bailing out a broken system:

Zoë Garbett AM response to ‘Support for housebuilding’ draft London Plan Guidance (LPG) consultation



22 January 2026

I am writing to object to the measures set out in the draft London Plan Guidance consultation on housebuilding, focusing on the cut to the affordable housing threshold, and set out an alternative course of action.

With 90,000 homeless children and 350,000 households on council waiting lists, the Mayor is proposing to reduce the amount of affordable and social housing developers are expected to provide from 35% to 20%, subsidise half of it, cut basic design and safety standards, and scrap half the precious Community Infrastructure Levy, which funds vital local infrastructure like schools and health facilities. For all the difficult market conditions, this is an abject failure of his Mayoralty over the last decade and a shameful capitulation to interests of big developers over Londoners.

Other measures, like introducing call-in powers on developments over 50 units, risks a remarkable retreat from local democracy, participation and accountability in pursuit of an arbitrary and unrealistic target of 90,000 new homes per year, which makes no reference to the social housing London most desperately needs.

Our broken development model grinds to a halt

The LPG is the latest indication that the Mayor and the Government are fundamentally failing to reckon with the drivers of the housing crisis. Since its peak in the early 1980s, our social housing stock has dwindled almost continuously. Millions of council homes across the UK were sold off via Right to Buy, with 40% of those sold now being privately let.¹ The local and national capacity of the state to build housing dwindled and the entire project of new building was left to a speculative private development model.

Housing (and land) does not behave like a normal commodity market. Overtime, the value of housing has become shaped by its value as an investment asset, rather than a home, largely because the land it sits on is a scarce asset. In recent decades, Government policy has not been aimed at responding to the needs of ordinary Londoners. Instead, housing policy has been directed at turbocharging the delivery of unaffordable housing through demand-side subsidies (like buy to let, help to buy) and speculators who have profited off rising land prices.²

From the late 2010s, the Mayor's 35% threshold asked for a little bit back from these private developers. They continued to build luxury high-rises for overseas investors, but now sprinkled in a handful of 'affordable' homes. This was tentative progress in pursuit of his new goal for 50% affordable housing on all new developments. But, in the meantime, the Mayor failed to come up with alternative models of development, nor anchor developer and landowner profit expectations to local planning policy, or address their monopoly power of volume

¹ New Economics Foundation, [More than 4 in 10 council homes sold under right to buy now owned by private landlords](#)

² UCL Bartlett, [The Demand for Housing as an Investment](#)

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housebuilders.³ The Mayor's "golden era of council housebuilding" was sustained on the same tide of private capital and predatory speculation that preceded it – it was a corrective to a broken system, not a replacement of it.

Now that broken system has ground to a halt. Appetite for new build housing among investors has dropped off a cliff, and the market for first-time buyers (or renters) of expensive new builds is vanishingly small due to the over-inflated market and a loss of confidence in new-build quality and leasehold. Additional build costs are exacerbating these issues. Logically, with declining demand and rising build costs, land values should have plummeted. But they haven't⁴ – indicating the dysfunction at the heart of London's planning system.

This downturn should have, finally, forced the Mayor to confront questions he has failed to ask after almost a decade in power, like "should we be so reliant on the volume house builder model to meet housing need in London? Can that ever work, even if we give them more of what they ask for? Should we be looking for other development models, and other types of long-term land ownership and placemaking?"⁵ And, crucially, how can the Mayor wrestle back control of what gets built in London from housebuilders with no interest in solving the housing crisis.

Instead, the Mayor has caved-in to pressure from private developers and landowners. Londoners are now told we need to lose affordable housing expectations and precious CIL payments, subsidise private development, and indulge in a race to the bottom of standards to meet the 'viability' constraints of private housebuilders – which account for a 15-20% profit margin as standard. Even the City Hall Developer (which could pioneer a new interventionist approach from the Mayor), finally getting a lease of life from this Government, is primed to merely be an aid to market-led development.

Accepting "12% of something" will permanently change London

Cutting the affordable housing threshold has been repeatedly justified by the Mayor on the grounds that "20% of something is better than 35% of nothing". This is a false dichotomy, which belies decades of policy failure outlined above and averts attention from the choices the Mayor and Government continue to make. But also, it's not necessarily true. It ignores that a) land is scarce, b) inflating land values will limit future social housing delivery, and c) substantial unaffordable development, by the GLA's own admission, can be damaging for communities. In doing so, this 'temporary' intervention risks permanently reconfiguring London for the worse.

For a start, let's be clear that 20% is a misnomer. What London desperately needs is social housing, which is still obscured by categories of "affordable" or "genuinely affordable" homes. There are 340,000 households on the housing register, and rising. The Mayor's proposal states that 60% of that 20% should be social housing. In other words, the Mayor is happy to wave through schemes with as little as 12% social housing – without so much as subjecting them to the low-level scrutiny of a viability test.

Why is that a problem? First of all, it ignores the fact that – wait for it – London *is a place*. It is finite, and made up of areas and communities. There is only so much of London, and only so

³ Competition and Markets Authority, [Investigation into suspected anti-competitive conduct by housebuilders](#)

⁴ Knight Frank, [Residential Development Land Index \(Q3 2025\)](#)

⁵ Pete Apps Substack, [A clumsy patching up of a broken system: Khan and Reed cut London's affordable housing targets](#)

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much of London you can build on. In other words, land in London (as elsewhere) is a scarce resource. The Government have tried to sidestep this essential fact of scarcity by turning out to the Green Belt, loosening protections on the lungs of our cities. This is all in service of arbitrary, tenure-blind 90,000 home per year target, which neglects the fact that Londoners desperately need social housing to hold together existing communities. Instead of providing the homes low income communities need, this intervention invites developers to waste precious land building homes that most people cannot afford. And the resulting rise in land values will make it even harder to build social housing in the future. There is nothing temporary in a 'time-limited intervention' that threatens to utterly transform London, as a place, for generations to come.

It is not just the absence of social housing, but the presence of market housing, that is a problem. City Hall doesn't agree. The Mayor would say market housing can actually help low-income Londoners. In part, this is based on the idea of "chains of vacancies", that even if you build housing unaffordable to most people, someone who can afford it moves in, which frees up a cheaper property, and so the chain continues right down to more genuinely affordable homes.

This sounds all well and good on paper. But like trickle-down economics, its ideological cousin, this idea relies on so many assumptions as to be almost meaningless. Households who move into a market home from a different area will not therefore free up a cheaper property in that area. And if anywhere along the chain someone moves into a home from a new household forming – like a parent buying a home for an adult living at home – then it will not free up a cheaper home, and often not meet any pressing housing need. Crucially, this 'trickle down' effect would likely take years or decades to have any positive impact at all for low-income Londoners, if it has a positive impact at all. indeed, there is no evidence of this working in London.

What there is evidence of is that developing unaffordable housing in low-income areas can have a pernicious effect on existing communities. Available data suggests the largest Built to Rent developments in the UK – in central Manchester, Wembley and Stratford – have all resulted in surging rents rippling out into the existing housing stock in surrounding areas.⁶ The GLA's own Research Note fails to provide any evidence that new supply of market housing brings rents down in a London context. This is significant because, for obvious reasons, London's status as a capital city and its speculative, volume-developer system does not make it immediately comparable to other cities. The Note concludes:

"Building market-rate homes only in low-income areas will induce higher-income households to move into those areas, potentially increasing gentrification pressures. These pressures will be greater if the new homes are accompanied by significant improvements in local amenities."⁷

This is not to say that no market homes should be built. But the idea that high proportions of market housing accompanied by a handful of social homes is somehow a good use of land or development potential in low-income communities is patently absurd.

With that in mind, the proposed measures risk worsening gentrification across the city. The scale of displacement of poorer, racialised communities across London amid rampant market development has been well-documented.⁸ Primary schools are shutting down across inner

⁶ Financial Times, [Build-to-Let Down](#)

⁷ GLA, [The affordability impacts of new housing supply](#)

⁸ Runnymede Trust, [Pushed to the Margins](#)

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London as families are pushed out. The proposed measures risk both driving more people out of their areas or into homelessness, while accommodating even fewer people in most extreme housing need in each development. These ‘temporary’ measures risk permanently altering who gets to live in London, and who London is for.

“An extraordinary surrender of the needs of Londoners to the demands of businesses”

Even if we take the measures at face value, there is no evidence that suggests the Mayor’s objective, to get *any* more housebuilding started, will even be met. Analysis by the real estate company Molior – who the GLA Housing and Land team engage with on a “weekly basis”⁹ – published a report in mid-October that said development would remain ‘unviable’ for private developers in half of London even if affordable housing requirements were slashed to zero.¹⁰ The GLA, despite being repeatedly pressed by Assembly Members and the press, have not been able to provide any forecasting or modelling to the contrary.

Going on the available evidence, we can reasonably assume that minimal new developments will become ‘viable’ even with the proposed measures. All that is likely to happen is developers and landowners make even bigger profits on schemes they could – and should – have built anyway, at an immense direct cost in public subsidy and wider cost to London. It is a remarkable concession to a cadre of big housebuilders who have taken home billions in profit while the housing crisis has intensified.¹¹ Peter Apps, Orwell Prize winning journalist and Deputy Editor at Inside Housing said of these proposed measures, “[they are an] extraordinary surrender of the needs of Londoners to the demands of businesses - one which neither David Cameron or Boris Johnson got to the level of.”¹²

So, what next?

Instead of pursuing this LPG, the Mayor should be taking control over what gets built in London back from big developers and instead focus on getting the homes Londoners actually need. He should:

- Stand by the 35% and 50% thresholds on private and public land, stop subsidy for private developers, maintain CIL, and protect hard-won design and safety standards
- Push back against unfair ‘viability’ assessments, challenge profit expectations of 15-20% Gross Development Value and put pressure on Government to devalue ‘viability’ in planning
- Acquire stalled sites via compulsory purchase – or support councils to do so – and facilitate public developments with far higher proportions of social housing
- Ramp up City Hall’s acquisitions programme and back councils to do the same
- Properly back smaller, community-led developers with the right resources and funding

⁹ London Assembly, [London Assembly Budget and Performance Committee \(6 January 2026\), Draft Transcript](#)

¹⁰ Molior, [Residential Development in London Q3 2025](#)

¹¹ Sheffield Hallam, [Large UK housebuilders pay out £16 billion in dividends, as the cost of this to new homebuyers is revealed](#)

¹² Pete Apps Substack, [Build, baby, build \(with lower rates of affordable housing in London\)](#)

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The Government, for their part, should finally introduce rent controls to stop people falling into homelessness, reform rules around land taxation and profit capture, and make the social and economic good-sense decision to properly back the next generation of social housing.