CONSULTATION RESPONSE

ARL response to the Draft London Plan 2026

Respondent: Association for Rental Living (ARL)
Principal policies: HN1, HN3, HN6, HN7, HN8 and related implementation guidance
Status: FINAL, submitted 15 October 2026

1. About the Association for Rental Living

The Association for Rental Living (ARL) represents over 300 firms working across institutionally backed and professionally managed purpose-built rental living, including urban and suburban multifamily and single-family rental, large-scale purpose-built shared living (co-living) and later living.

The ARL's purpose is to support the growth of professionally managed rental housing, raise standards, improve outcomes for residents and provide an informed sector voice to national and local government. These principles are reflected in ARL's Guide to Build to Rent, consultation programme, policy briefings and the Build to Rent Alliance Code of Practice.

The ARL welcomes the opportunity to respond to the Draft London Plan. This response concentrates on the contribution that Build to Rent (BTR) can make to London's housing supply and the policy conditions needed to convert sites, planning permissions and available institutional capital into completed homes. We have seen a growing need for more BTR, to address the needs of Londoners across a wider range of affordability levels, to suit more flexible social trends and London's evolving economy into the future.

2. Executive summary

The ARL strongly welcomes the Draft Plan's explicit recognition that Build to Rent will need to play an important role in London's housing market over the coming decade. Policy HN6 rightly directs plan-making authorities to take a positive approach to BTR and recognises that rental housing can diversify development and reduce exposure to sales absorption rates, helping sites build out more quickly[1].

This represents meaningful progress from the policy context addressed in ARL's June 2025 London Plan submission. In that response, ARL called for clearer borough-level support, BTR-specific local policies, more consistent treatment of affordable housing and viability, greater flexibility in the definition of BTR, and explicit recognition of long-term institutional management[2].

The ARL nevertheless considers that HN6, HN3 and the accompanying guidance require further modification if this positive strategic intention is to result in additional housing delivery. In particular, the ARL would like to see the final Plan:

1. Require every borough to assess local needs for quality market rental homes, as well as those for sale, and plan positively for BTR, rather than stating only that site allocations "may" be made;
2. Require BTR delivery trajectories or opportunity assessments in boroughs with significant rental need or suitable strategic sites;
3. Recognise BTR viability and valuation as distinct from the appraisal of housing for sale;
4. Retain the reference to 'distinct economics' as included within previous London Plan and SPG documentation;
5. Ensure that affordable housing thresholds, tenure mixes and review mechanisms do not unintentionally prevent otherwise deliverable BTR schemes;
6. Give full policy recognition to Discounted Market Rent, including Key Worker Living Rent (KWLR), as BTR's integrated, tenure-blind affordable housing contribution;
7. Provide consistent London-wide implementation guidance, including standard Section 106 principles and viability inputs;
8. Recognise long-term stewardship, management quality and resident outcomes as positive planning characteristics;
9. Retain sufficient flexibility for different BTR formats, including smaller urban schemes, suburban BTR, conversion or acquisition models and mixed-tenure developments; and
10. Require mandatory, recurring BTR training for borough planning and housing teams, relevant GLA officers and decision-makers, developed and delivered with ARL, so that the tenure, its delivery model and its long-term management characteristics are understood consistently across London;
11. Monitor permissions, starts, construction and completions separately, because growth in the planning pipeline does not itself demonstrate delivery.

These modifications would support the Draft Plan's objectives. They do not seek to weaken affordable housing delivery or design standards. Their purpose is to maximise the combined delivery of market-rented and affordable homes by ensuring that policy requirements reflect the economics and operation of BTR. The BTR sector shares the aspiration that a continuous spectrum of tenures and affordability is a worthy objective, which aims to provide quality homes for all Londoners into the future. In other words, to provide something for everyone. BTR can make a real contribution towards this objective, as well as supporting the good growth of London's housing and economy for the benefit of everyone.

[1] https://www.london.gov.uk/programmes-strategies/planning/london-plan/next-london-plan/draft-london-plan-consultation/draft-london-plan-consultation-resources/draft-london-plan/3-delivering-homes-and-neighbourhoods-londoners-need

[2] https://thearl.org.uk/wp-content/uploads/2025/06/ARL-submission-to-London-Plan-consultation-2025-BTR.pdf

3. The strategic role of Build to Rent

London needs additional housing across multiple tenures. Build to Rent is one of the key delivery routes available to government, alongside homes for sale, social housing and other forms of affordable housing. BTR is not a substitute for any one of them.

The Draft Plan aims for 558,000 new homes between 2027 and 2036 and recognises that diversification can support delivery in difficult economic conditions. It expressly states that BTR and affordable housing can reduce sites' exposure to buyer-demand absorption, which might otherwise slow build-out.

The Plan looks to 2050, so the role of BTR should be assessed over the same horizon. As a long-term, income-producing asset class, BTR can sustain housing delivery through economic cycles, bring institutional capital into London's housing system and support the stewardship of buildings and neighbourhoods over decades rather than only to the point of first occupation. That long-term contribution extends beyond additional homes.

Professionally managed rental housing can support a mobile and changing workforce, provide flexibility as household needs evolve, strengthen local economies through construction and ongoing operational employment, and create stable, well-managed communities with shared amenities, public realm and resident services. Policy should therefore recognise how people live today and how patterns of work, household formation and renting may continue to change towards 2050.

The ARL therefore supports:

- the positive strategic direction in HN6;
- the recognition of BTR as conventional housing, addressing identified housing needs;
- the acknowledgement that BTR diversifies sites and accelerates build-out;
- the ability to allocate all or part of sites for Build to Rent; and
- the continued use of a covenant and clawback mechanism to protect the rental tenure.

Renters deserve affordability, good standards and protection from unfair treatment. Build to Rent is distinguished as a property class by being purpose-built, institutionally backed and professionally managed. BTR provides predictability, consistent customer care standards and high-quality rental housing.

The Q2 2026 Savills BTR report[3] for RE:UK demonstrates why supportive rhetoric must now be translated into implementable policy:

- The total UK BTR sector pipeline has grown to 310,310 homes, comprising completed schemes, homes under construction and those progressing through the planning system.
- Annual completions have exceeded starts for ten consecutive quarters, resulting in a sharp decline in the number of homes under construction.
- There were 1,279 starts in London in the 12 months to Q2 2026, down 53% from 2,741 at the same point last year.
- In Q2 2026, London had 64,724 completed BTR homes and 41,204 homes in planning, but only 12,643 under construction (a 12% drop since Q1)

This highlights a conversion problem between planning and construction, rather than an absence of demand for the product or an absence of sites in the planning system.

[3] https://realestateuk.org/media/vx0e14wp/btr-report-q2-2026-final.pdf

The ARL recommends…

The ARL would like to see Policy HN6(A) strengthened, from an enabling statement to a positive planning requirement. i.e.:

"Plan-making authorities should assess the contribution that Build to Rent can make to meeting housing need and housing targets and should identify appropriate locations, site allocations or delivery mechanisms through their Local Plans. Where a plan-making authority does not identify provision for Build to Rent, it should provide proportionate evidence explaining why such provision is not required or deliverable."

The ARL would like to see the GLA also require borough housing trajectories to identify BTR permissions, starts, homes under construction and completions separately.

4. Borough-level planning and delivery certainty

The ARL supports HN6(A), but the words "may include allocating sites" are unlikely on their own to produce consistent borough action. The recent Who Lives in Build-to Rent?[4] report for London from BusinessLDN (May 2026) called for firmer direction to boroughs to plan for more BTR developments and recommended that councils develop forward plans for BTR delivery.

The ARL's 2025 London Plan submission similarly asked boroughs to adopt BTR-specific local policies and called for clearer guidance on viability and affordable housing expectations. We argued then – and this view is unchanged – that inconsistent interpretation causes delay and uncertainty. Slow and inconsistent planning decisions remain factors that add cost and deter the forward-funding model on which BTR depends.

The ARL's investor sentiment research also supports this. In our April 2026 survey, 38% of respondents cited 'planning reform (speed, certainty and viability clarity)' as the single government action most likely to accelerate BTR supply. In addition, 22% of respondents selected 'reduced affordable housing obligations' and a further 22% said 'greater Homes England support'. Removing administrative barriers at local levels would be demonstratively beneficial for funding the additional housing across multiple tenures that London needs.

Anecdotal committee evidence

The ARL multifamily committee (April 2026) discussed relatively light development activity and schemes being structured to avoid major viability barriers, including Gateway requirements and affordable housing obligations. Members said viability was being affected by legislative burdens and wider market conditions, and that stronger government backing could improve confidence and support delivery. Committee participants also considered that many decisionmakers do not properly understand the distinction between BTR and the wider PRS.

The same committee supported scheme visits for ministers and councillors, noting an instance in which local critics changed their view after learning about the service model and being invited to visit a development.

The ARL recommends...

The ARL would like to see the final Plan or its implementation guidance:

- require boroughs to consider BTR explicitly in housing-market and land-availability evidence;
- introduce a London-wide BTR planning practice note;
- provide a standard BTR planning and Section 106 checklist;
- discourage borough-specific requirements that duplicate strategic policy without a robust evidence base;
- require early engagement between applicants, borough housing teams and planning officers; and
- require mandatory, recurring BTR training for borough planning and housing teams, relevant GLA officers and decision-makers, with ARL able to support the design and delivery of the programme;
- publish an annual borough-level BTR delivery dashboard.

[4] https://www.businessldn.co.uk/sites/default/files/documents/2026-05/Who%20Lives%20in%20Build%20to%20Rent%20May%202026.pdf

5. Affordable housing, DMR and viability

The ARL supports the Draft Plan's objective of maximising genuinely affordable housing and accepts that BTR should make an affordable housing contribution. The issue is not whether BTR should contribute, but how to secure the greatest deliverable contribution without making the entire development unviable.

The Draft Plan applies the affordable housing Threshold Approach to both housing for sale and BTR. It sets location-based thresholds of 35, 25 and 20 per cent, with a reduced threshold for schemes providing 100 per cent or at least 80 per cent Key Worker Living Rent in certain bands. For BTR, the prescribed affordable tenure split is at least 30 per cent Key Worker Living Rent and no more than 70 per cent at a range of genuinely affordable rents. The ARL welcomes:

- recognition of Key Worker Living Rent;
- the continued treatment of DMR as BTR affordable housing;
- tenure-blind integration;
- the use of location-based thresholds intended to reflect viability; and
- confirmation that boroughs should not impose additional requirements on schemes that qualify for the fast-track route.

However, a uniform application of the same headline percentages to housing for sale and long-term rental does not necessarily mean the economic effect is equivalent. BTR is appraised primarily against long-term net rental income and yield, rather than profit on individual unit sales. Additional operational costs, affordable rent restrictions and service provision can affect both annual net income and capital value.

This principle was central to the ARL's 2025 response, which requested BTR-specific viability methodologies, clearer DMR guidance, flexibility reflecting location and scheme viability, and recognition of operational costs and long-term income restrictions.

London evidence shows that affordable housing is already integrated into BTR. In the 2026 sample, 32.5 per cent of schemes included DMR and 6.3 per cent included London Living Rent. DMR represented 9.3 per cent of all homes in the sample, with an average discount of 34 per cent and average rent expenditure equal to 28 per cent of gross household income. DMR homes remained in the ownership and management of the BTR landlord, with residents receiving the same services and access to amenities as market-rent residents.[5] The same study showed that 38.8 per cent of analysed developments provided DMR and/or London Living Rent.

The ARL recommends...

The ARL would like to see the final Plan or its implementation guidance:

1. confirm that DMR is a fully recognised form of affordable housing in qualifying BTR schemes;
2. require BTR viability assessments to reflect income valuation, the necessary costs associated with lease-up and stabilisation periods, operating expenditure, service inclusion and long-term management obligations;
3. ensure review mechanisms do not treat normal lease-up, stabilisation or operational improvement as unexpected surplus value;
4. allow tenure mixes to respond to evidenced local incomes and key worker demand;
5. ensure service-charge assumptions are transparent and avoid making an otherwise affordable home unaffordable in practice;
6. permit flexibility where a different combination of DMR, Key Worker Living Rent or other intermediate rent demonstrably provides more affordable homes or deeper affordability; and
7. make clear that boroughs should not substitute inconsistent local DMR formulas for London-wide guidance without robust evidence.

[5] https://www.businessldn.co.uk/sites/default/files/documents/2026-05/Who%20Lives%20in%20Build%20to%20Rent%20May%202026.pdf

6. Long-term stewardship, design and resident outcomes

The ARL welcomes HN6's 15-year covenant, although institutional BTR generally works on a longer-term basis, and supports HN8's emphasis on tenure-blind design, durable communal areas, accessible amenity and designing to minimise lifecycle maintenance and service costs[6].

BTR's characteristics include unified ownership, professional management, planned maintenance and a single accountable entity for the building or estate. The ARL and BTR Alliance's template planning materials also describe DMR as tenure-blind, with the same entrance, amenities and management, and links long-term ownership to design quality, public realm and ongoing investment.

The 2026 BusinessLDN research indicates that common BTR amenities include shared gardens or roof terraces, resident events, parcel facilities, co-working space, resident lounges, security and concierge provision. It notes that direct rent comparisons should account for services and amenities which might otherwise be purchased separately.

The ARL agrees with the Draft Plan that service-charge costs should be considered at the design stage. However, reducing amenity cannot be the only policy response. Different amenities perform different functions, including accessibility, community, security, home-working and efficient building operation.

Anecdotal committee evidence

Committee members concluded that policy narratives should focus not only on planning and construction, but on the much longer period during which buildings are occupied and managed. Participants emphasised that resident experience during operation provides evidence that cannot be generated solely from design assumptions and that feedback during occupation should inform future planning and design decisions.

Committees also agreed that future operational benchmarking was important to evidence sector maturity, inward investment and performance.

The ARL recommends...

The ARL would like to see HN6 and HN8 guidance encourage applicants to provide:

- a proportionate long-term management strategy;
- expected maintenance and lifecycle-cost principles;
- an explanation of how affordable and market-rent residents will receive equitable service, including the inherent flexibility to allow residents to move between affordable and market rent accommodation as their circumstances change over time. Only BTR is capable of providing this flexibility whilst allowing residents to remain in the same community;
- resident engagement arrangements;
- accessibility and inclusion considerations;
- an amenity and service-charge value assessment; and
- post-occupancy learning where the applicant or operator manages comparable schemes.

Finally, the BTR Alliance – including the ARL – is currently working across the institutional rental living sector to develop, validate and roll out the BTRA Code of Practice. The ARL would like to see the GLA recognise adoption of an independently governed sector code as supporting evidence of credible long-term management.

[6] https://www.london.gov.uk/programmes-strategies/planning/london-plan/next-london-plan/draft-london-plan-consultation/draft-london-plan-consultation-resources/draft-london-plan/3-delivering-homes-and-neighbourhoods-londoners-need

7. Definition, scale and flexibility

The ARL welcomes the Draft Plan's move away from an explicit 50-home definition towards applying HN6 to BTR that constitutes major development. This move reflects the ARL's previous concern[7] that a rigid numerical threshold could exclude high-quality smaller schemes, conversions or acquisition models which retain unified ownership and professional management.

However, the relationship between "major development" and the operational scale required for sustainable professional management should be explained. The ARL's planning briefing suggests that approximately 80 homes may be required to fund full on-site management and extensive amenity provision, but BTR formats and service models vary.

The ARL recommends...

The ARL recommends a principles-based definition founded on:

- long-term or coordinated ownership;
- homes intended for rent;
- professional, accountable management;
- a coherent management and maintenance strategy;
- protection of affordable homes;
- transparent resident service standards; and
- an appropriate covenant and clawback mechanism.

[7] https://thearl.org.uk/wp-content/uploads/2025/06/ARL-submission-to-London-Plan-consultation-2025-BTR.pdf

8. Housing need and who lives in BTR

BTR serves a broad cross-section of London's rental population. The BusinessLDN study covered 21,094 residents in 12,897 homes across 40 London schemes. Age profiles were close to the wider PRS, with people aged 25 to 34 representing 51 per cent of the BTR sample and 49 per cent of the PRS comparison. Public-sector workers represented 10 per cent of BTR residents and 13 per cent of the PRS sample.

Average monthly rents in the study were £1,978 for a one-bedroom BTR home compared with £1,884 in the PRS sample, and £2,423 for two bedrooms compared with £2,229. The report cautions that BTR rents can include services and amenities not included in conventional PRS rents.

This evidence supports the position that BTR is not exclusively a product for a narrow, high-income group. While it doesn't demonstrate that every BTR scheme is affordable to every London household, BTR remains a vital component of a tenure-diverse housing system.

The ARL recommends...

The ARL therefore supports the Plan's attention to key workers and intermediate rent but recommends that the GLA:

- base affordability on robust local income and household evidence;
- recognise the contribution of BTR to mobile workers, sharers, couples and smaller households, and how this ties into how people are living today and tomorrow, view to 2050.
- avoid prescribing market unit mixes unsupported by London-wide evidence; and
- consider BTR's role in attracting and retaining London's workforce, being explicit about a link with the nature of evolving employment patterns and the consequent housing needs of London's workforce;
- consider requiring data from a cross-section of London's employers about how the availability of suitable housing options affects their ability to grow employment opportunities for Londoners into the future.

9. Monitoring and implementation

The ARL would support the final Plan being accompanied by an annual BTR monitoring framework covering:

- applications;
- permissions;
- starts;
- homes under construction;
- completions;
- affordable homes by tenure;
- planning determination times;
- time from permission to start;
- schemes stalled or withdrawn;
- service-charge and affordability outcomes where data can be collected appropriately; and
- resident outcomes using aggregated, privacy-respecting measures.

This would allow City Hall to determine whether HN6 is changing borough behaviour and converting pipeline into delivery.

10. Proposed principal modifications

The ARL requests the following changes:

HN6(A)
Replace discretionary wording with a requirement for boroughs to assess and plan positively for BTR, including site allocations or other delivery mechanisms where evidence supports them.

HN6(B)
Retain the 15-year minimum covenant, but clarify that schemes with coordinated ownership and professional management can qualify where they meet the policy's substantive objectives. Ensure that covenant and clawback documentation is standardised as far as possible.

HN3 and associated guidance
Introduce BTR-specific appraisal principles and enable alternative affordable rent mixes where these demonstrably improve the number, depth or deliverability of affordable homes.

HN8
Retain lifecycle design and service-cost considerations, but require a value-based approach to amenities rather than treating lower amenity as the default route to affordability.

Monitoring
Publish an annual BTR delivery dashboard separating permissions, construction starts and completions.

Implementation guidance
Prepare London-wide BTR guidance with ARL, boroughs, residents, investors, operators and planning advisers, supported by mandatory, recurring training for borough planning and housing teams, relevant GLA officers and decision-makers. ARL would be willing to help design and deliver this programme.

11. Conclusion

The Draft London Plan is right to recognise that Build to Rent can diversify supply, reduce reliance on for-sale absorption and speed up housing delivery. HN6 provides a stronger strategic platform than previous policy, but positive language must now be matched by consistent borough planning, BTR-specific viability treatment, deliverable affordable housing requirements and an implementation framework focused on starts and completions.

London's BTR pipeline remains substantial, yet the number of homes under construction fell by 29 per cent between Q1 2025 and Q1 2026. Addressing this gap would help London secure investment, deliver integrated affordable homes, support its workforce and create professionally managed communities.

ARL would welcome the opportunity to work with the Mayor, the GLA and London boroughs on the detailed guidance and evidence needed to ensure that the final Plan converts its welcome support for BTR into completed homes.