

**MAYOR OF LONDON**

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# **HOMES FOR LONDONERS**

**AFFORDABLE HOUSING AND VIABILITY  
SUPPLEMENTARY PLANNING GUIDANCE 2017**



**AUGUST 2017**

## **ROUTES FOR APPLICATIONS UNDER THE 'THRESHOLD APPROACH'**

### **'FAST TRACK ROUTE': APPLICATIONS THAT MEET OR EXCEED THE 35 PER CENT THRESHOLD**

Applications will not be required to provide viability information, nor be subject to review mechanisms provided an agreed level of progress is made following the grant of planning permission, where they:

- deliver at least 35 per cent affordable housing on-site without public subsidy;
- are consistent with the relevant tenure split (see section on tenure below) and meet other obligations and requirements to the satisfaction of the LPA and the Mayor where relevant; and
- have sought to increase the level of affordable housing beyond 35 per cent by accessing grant.

To ensure an applicant fully intends to build the permission, an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted or as agreed with the LPA.

Viability information will not be required at application stage for schemes following the Fast Track Route – if the review is triggered, changes in values and build costs will be determined at the point of review. Further details on review mechanisms are set out in Part three of this guidance.

Land in public ownership or public use that is used for housing development will be expected to deliver at least 50 per cent affordable housing without grant to benefit from the Fast Track Route. See section on increasing affordable housing to 50 per cent below.

### **'VIABILITY TESTED ROUTE': APPLICATIONS THAT DO NOT MEET THE 35 PER CENT THRESHOLD**

Where an application does not meet the threshold level, a viability assessment should be submitted in a standardised and accessible format with full supporting evidence to substantiate the inputs and assumptions used (as detailed in Part three). It should be discussed with the LPA and Mayor (where relevant) at pre-application stage and submitted as part of the application. The information will be treated transparently in line with the guidance in Part one.

The viability assessment will be scrutinised by the LPA and the Mayor (where relevant) who will determine the level of affordable housing that is viable on the site. This may exceed the threshold level.

All applicants should explore the use of grant and other public subsidy to increase the level of affordable housing (see section on grant below).

Where permission is granted, review mechanisms should be applied to these developments to ensure that if there is an improvement in viability, this contributes to the delivery of the maximum reasonable amount of affordable housing up to 50 per cent.

The following Viability Reviews should apply to all schemes which follow the Viability Tested Route:

- an Early Stage Review; and
- a Late Stage Review.

To ensure an applicant fully intends to build the permission, an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted or as agreed with the LPA. This will result in additional onsite affordable housing in the event that viability has improved since the application stage<sup>10</sup>.

A Late Stage Review will be required on all developments which follow the Viability Tested Route at the point at which 75 per cent of units are sold or let. This will result in a financial contribution for additional affordable housing provision in the event that viability has improved since the application stage.

For longer-term phased schemes it may also be appropriate to secure mid-term reviews prior to implementation of later phases and an updated Early Stage Review in the event that a scheme stalls for a period of 12 or more months following an Early Stage Review.

Further details on review mechanisms are set out in Part three of this guidance. Review clauses should be set out in the Section 106 agreement.

<sup>10</sup> Schemes considered under the Viability Tested Route should be assessed to determine the maximum reasonable level of affordable housing up to 50 per cent based on the required tenure split. Where a borough has a different strategic affordable housing target, this could be the basis for the cap, but generally the Mayor will expect the cap to be at least 50 per cent. This should also form the basis of affordable housing caps within review mechanisms. Local Plan minimum affordable housing targets should not be used as the basis for the affordable housing cap as part of an application stage assessment or within a viability review mechanism.