

# **Subject: The Mayor's Affordable Housing and Viability Supplementary Planning Guidance and Funding for Affordable Housing**

**Report to: Housing Committee**

**Report of: Executive Director of Secretariat**

**Date: 24 January 2017**

**This report will be considered in public**

## **1. Summary**

- 1.1 This report sets out the background information for a discussion with invited guests on the Mayor's draft Affordable Housing and Viability Supplementary Planning Guidance (SPG), and his Affordable Homes Programme 2016-21 Funding Guidance.

## **2. Recommendations**

- 2.1 **That the Committee notes the report as background to putting questions to the invited guests on the draft Affordable Housing and Viability Supplementary Planning Guidance, and the Affordable Homes Programme 2016-21 Funding Guidance, and notes the subsequent discussion.**
- 2.2 **That the Committee delegates authority to the Chair, in consultation with party Group Lead Members, to agree a joint response with the London Assembly's Planning Committee to the Mayor's Affordable Housing and Viability Supplementary Planning Guidance consultation.**

## **3. Background**

- 3.1 The Chair of the Housing Committee has agreed under delegated authority to use its January 2017 meeting to discuss with invited guests the Mayor's draft SPG, and the Mayor's Affordable Homes Programme 2016-21 Funding Guidance.
- 3.2 The Planning Committee will hold a meeting on 1 February 2017 to discuss the SPG with the Deputy Mayor for Housing and Residential Development and the Deputy Mayor for Planning, and it is expected that the Housing and Planning Committees will submit a joint response to the consultation.

## 4. Issues for Consideration

- 4.1 The Mayor published two documents towards the end of last year with significant implications for affordable housing development in London.

### *Draft Affordable Housing and Viability Supplementary Planning Guidance*

- 4.2 The Mayor's draft SPG was published on 29 November 2016. It aims to streamline the process for getting new homes built, increase the proportion that are "genuinely affordable", help embed the requirement for affordable housing into land values and make the viability process more consistent and transparent.
- 4.3 The SPG cannot introduce new policy – this will be set out in a new London Plan, when adopted. In the meantime, the SPG indicates the Mayor's preferred approach to viability and how he seeks to increase the level of affordable housing being developed in London.
- 4.4 A key element of the approach outlined will be a 35 per cent benchmark level of affordable housing in all new developments, with the requirement for assessments differing according to the level of affordable housing being proposed. The measure will be based on habitable rooms rather than numbers of homes. There will also be an expectation that all council and third party viability assessments (where required) will be made public, alongside other application documents, to create greater transparency. Land should be valued at its existing use value, plus a premium<sup>1</sup> to incentivise the landowner to release the site. There are also measures intended to support the development of 'build to rent' schemes.

### *Affordable Homes Programme 2016-21 Funding Guidance*

- 4.5 The Chancellor's Autumn Statement 2016 announced that London's share of the affordable homes funding for 2015-21 will be £3.15 billion. This will fund 90,000 affordable homes in London across a range of tenures.
- 4.6 The Mayor's Funding Guidance (also published on 29 November 2016) sets out three principal tenures which he intends to fund. Of the 90,000 homes, around two thirds will be for intermediate tenures, both rented and for ownership, and the remainder, will be for a new "genuinely affordable" rent.
- 4.7 The intermediate tenures will comprise:
- London Living Rent homes with rents based on one-third of median gross household income for the local borough; and
  - Shared ownership homes targeted at Londoners with a maximum household income of £90,000.
- 4.8 The Mayor's new "genuinely affordable" rent (London Affordable Rent), will be capped at around social rent levels.

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<sup>1</sup> This could be 20 to 30 per cent but "may be considerably lower." [Draft Affordable Housing and Viability Supplementary Planning Guidance, GLA](#) (p34)

- 4.9 The Committee may therefore wish to discuss with guests:
- Whether the new arrangements will speed up the delivery of affordable homes and increase their supply;
  - Whether they will improve viability assessment processes;
  - The effect the new approach will have on land values and build to rent schemes;
  - Whether the range of tenures to be funded is appropriate and sufficient; and
  - How “genuinely affordable” new affordable homes in London will be.
- 4.10 The Committee is recommended to delegate authority to the Chair, in consultation with party Group Lead Members to agree a joint response with the London Assembly’s Planning Committee to the Mayor’s Affordable Housing and Viability Supplementary Planning Guidance consultation.

*Invited guests*

- 4.11 A panel of expert guests has been invited to discuss these issues with the Committee, including:
- David Montague, Chief Executive, L&Q;
  - Greg Tillotson, Regional Development Director, Barratt PLC;
  - Pete Wyatt PhD MRICS FRSA, Professor of Real Estate Appraisal, University of Reading;
  - Mairéad Carroll, External Affairs Manager, London, National Housing Federation;
  - Seb Klier, London Campaigns Manager, Generation Rent; and
  - A representative from the London Borough of Southwark.

## **5. Legal Implications**

- 5.1 The Committee has the power to do what is recommended in this report.

## **6. Financial Implications**

- 6.1 There are no direct financial implications to the Greater London Authority arising from this report.

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**List of appendices to this report:**

None.

**Local Government (Access to Information) Act 1985**

List of Background Papers: None

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