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Affordable Housing in Planning Applications Referred to the Mayor of London

May 2023

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This report was updated in August 2023 with minor corrections and additional analysis.

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Contents

Cover illustration by Paul Dennis, Abbie Holloway and Scott Smith at 400.co.uk, and Jan Kallwejt represented by handsomefrank.com.

1. Introduction

1.1 This report analyses affordable housing data relating to residential planning applications referred to the Mayor with a resolution by the Local Planning Authority (LPA) to grant consent or approved directly by the Mayor.

1.2 This report primarily focuses on applications that were considered at 'Stage 2' of the referral process by the Mayor in 2022. For comparative purposes, data for the period of 2011-2021 is also provided. Data was primarily sourced from GLA Stage 2 reports, and supplementary data was also derived from other sources including Stage 1 reports and the LPA committee report.

1.3 The report relies on planning data and does not take into account residential units that have been granted consent as market housing, but which have subsequently been delivered as or converted to affordable housing.

2. Overview

2.1 The Mayor considered 157 applications at Stage 2 of the referral process in 2022. Of these, 136 applications were referred to the Mayor at Stage 2 with a LPA resolution to grant consent, subject to the completion of a Section 106 agreement.

2.2 82 of the approved schemes included residential development providing a total of 46,844 residential (C3) units, of which 18,012 were affordable. This is an overall affordable percentage of 38 per cent by unit. The proportion of affordable housing secured by habitable room, which accounts for the size of home and is the primary measure for affordable housing used in the London Plan 2021, was 43 per cent. Despite, increased build costs and more challenging macro-economic conditions, this is the highest proportion and number of affordable homes secured in a year since the data was first collected in 2011.

2.3 The average level of affordable housing per scheme was 41 per cent by unit and 45 per cent by habitable room. The analysis indicates that the proportion of affordable housing secured in referable applications has increased significantly in recent years. This also indicates that the average size of affordable homes has increased in 2022.

Table 1. Number and proportion of affordable homes in 2022 Residential Applications

Number of Affordable Units Approved	Total Number of Units Approved	Per cent of Total Units that are Affordable	Per cent of Total Habitable Rooms that are Affordable	Average Affordable per cent per Scheme (by unit)	Average Affordable per cent per Scheme (by habitable rooms)
18,043	46,875	38 per cent	43 per cent	41 per cent	45 per cent

2.4 84 per cent of referable schemes in 2022 included 35 per cent or more affordable housing (by habitable room). For each of the last four years, 35 per cent or more affordable housing has been secured in more than three quarters of referable applications. In 2022, 66 per cent of eligible schemes followed the Fast Track Route, up from 61 per cent in 2021, 52 per cent in 2020, 38 per cent in 2019 and 27 per cent in 2018.

Table 2. Proportion of Schemes Providing 35 per cent or more affordable housing and following the Fast Track Route in 2022

Year	Proportion of Schemes with 35 per cent Affordable Housing or more (by habitable Room)	Proportion of Eligible Schemes Following the Fast Track Route
2022	84 per cent	66 per cent

2.5 In addition to increases in the overall percentage of affordable housing over the period, the number and proportion of more affordable homes secured for low income households in 2022 was also the highest over the data period. 61 per cent of affordable homes were Low Cost Rent and 39 per cent were Intermediate (by unit). The tenure split by habitable room was 65 per cent Low Cost Rent and 35 per cent Intermediate housing.

2.6 £15.71m in financial contributions were also secured for the delivery of additional affordable housing by councils. 4,646 Affordable Student Accommodation bedspaces were secured which is 35 per cent of the total number of student units at an average of 37 per cent per scheme.

3. Referable Applications Data

3.1 Planning applications in London are submitted to the relevant LPA. Once an application has been submitted, if it meets the criteria set out in the Mayor of London Order (2008), the LPA is required to refer it to the Mayor. Residential applications are typically referable where 150 or more units are proposed or where they meet other criteria in the Order, such as in relation to height. The Mayor has six weeks to provide comments on the application, assessing whether it complies with the London Plan. This is a consultation response known as 'stage 1'.

3.2 Once the LPA has decided whether to grant or refuse permission, it is then required to refer the application to the Mayor for his final decision, known as a Stage 2 referral. The Mayor has 14 days to make a decision to allow the LPA's decision to stand, to direct refusal, or to take over the application, becoming the LPA. Where the Mayor becomes the LPA, a hearing report is produced to inform the Mayor when making his decision. This is known as a Stage 3 report.

3.3 The data referred to in this report is primarily taken from reports for schemes that were considered by the Mayor at Stage 2 (stage 2 reports). Where the Mayor became the LPA, the Stage 3 report has been used. Data from Stage 1 reports has also been referred to in some sections. Stage 2 and 3 reports have been used as the primary source of data because these provide information that is available to the Mayor to inform his decision making and they reflect any changes to the scheme that may have occurred during the application process.

3.4 The data comprises of referable applications which deliver self-contained C3 residential units which form part of a residential-led or mixed-use development. Affordable housing delivery is reported on a unit and habitable room basis, and as a proportion of total residential units[1]. The level of financial contributions for affordable housing delivery and affordable student accommodation has also been recorded.

3.5 The report relies on planning data which does not take into account residential units that have been granted consent as market housing, but which have subsequently been delivered as, or converted to, affordable housing. This may occur for a range of reasons such as a developer wishing to reduce market risk and generate cashflow by selling units permitted as market housing to a Registered Provider (RP) for delivery as affordable housing. In some cases, the proportion of affordable housing in a development may also be increased in RP or council-led schemes after planning consent has been granted or more affordable tenures may be provided.

3.6 The data also does not include acquisitions of market housing which have been converted to affordable housing. Planning consent is not normally required for these changes and so these are not included in planning data. As such, the data is different from the measure of affordable housing delivery used in the Mayor's London Housing Strategy, which also includes affordable housing in non-referable planning applications. The data also does not take into account any additional affordable housing units, changes in affordable tenure or contributions secured through viability review mechanisms after planning consent has been granted.

3.7 Data from earlier in the reporting period was recorded in accordance with accepted methodologies at that time[2]. This report and the dataset, which is available on the London Datastore, should be considered in that context. In the interest of data consistency, section 73 applications (which constitute amendments to existing planning permissions) have been omitted to limit duplication within the dataset. The dataset comprises of an extensive amount of information and every effort has been made to minimise errors, however if any are identified, please notify the GLA at planningsupport@london.gov.uk.

[1] Due to the nature of outline applications, indicative figures have been used where available as the precise number of units and habitable rooms will only become apparent at the reserved matters stage.
[2] A consistent approach has been taken to enable comparison by recording all new homes permitted in referable applications.

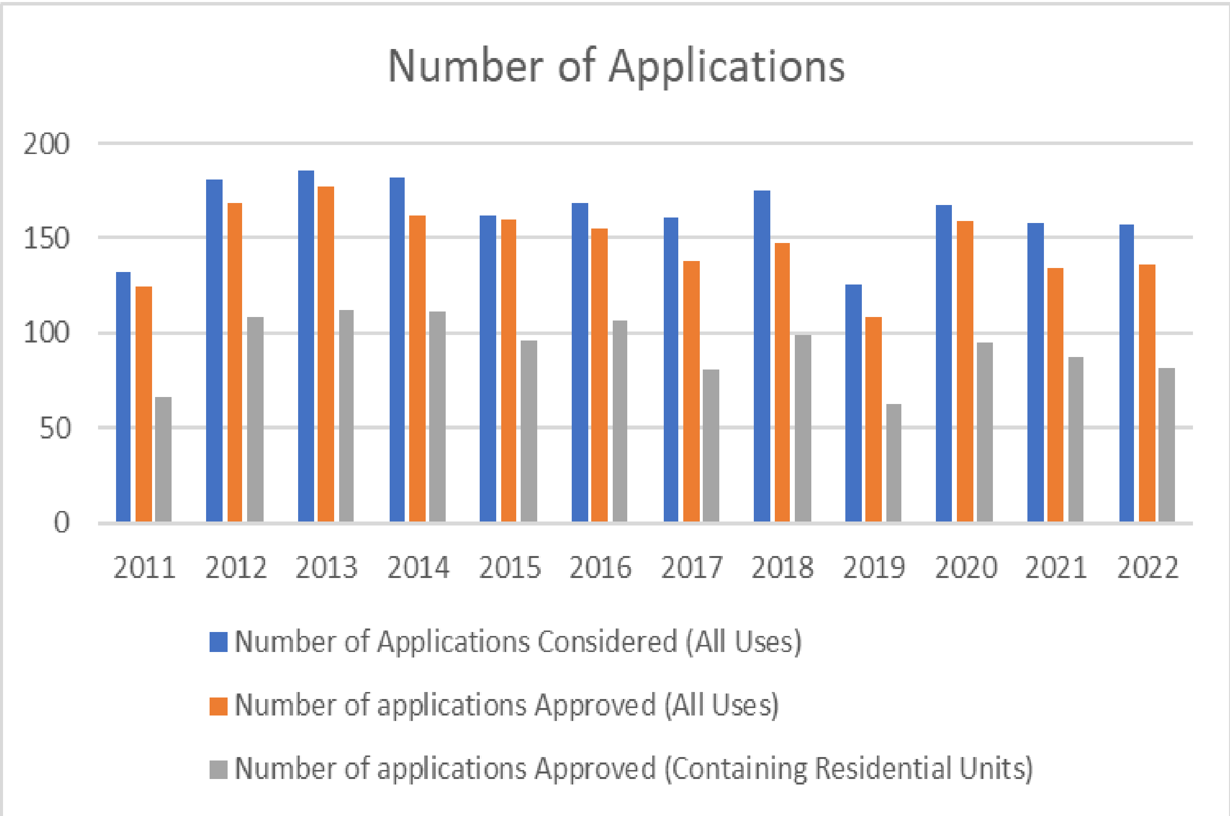
4. Number of Applications by Calendar Year

4.1 The chart below displays the number of planning applications referred to the Mayor, and the number with a resolution to grant, or that were approved directly by the Mayor between 2011 and 2022. It also shows the number of applications that included residential units with a resolution to grant or that were approved directly.

4.2 Given the scale of schemes that are referred to the Mayor, the decision to develop a site and to submit a planning application may be taken several, or in some cases many years, before it is referred. The number of schemes referred to the Mayor and considered at Stage 2/ 3 each year fluctuates because of this and due to a range of reasons such as varying market conditions, projections and wider macro-economic and political factors[3]. The timing of referral is also influenced by the extent to which proposals accord with the Development Plan and whether there are outstanding issues to address, as well as the resourcing available to planning authorities to assess and refer strategic applications which are often complex and require specialist advice.

4.3 The size of development proposals also varies from scheme to scheme and there are years where a smaller number of applications are referred to the Mayor, but these proportionately account for a larger number of residential units and vice versa.

4.4 The chart shows that 157 applications were considered in 2022, 136 applications (All Uses) had a resolution to grant consent and that 82 of those applications proposed residential (C3) units. This indicates that despite the Covid-19 Pandemic, planning authorities, the GLA Planning Team and the Mayor were able to continue to assess a significant number of strategic applications over the last few years.



[3] No schemes called in by the Mayor were determined in 2022.

5. Affordable Housing Analysis by Unit and Habitable Room

Total Affordable Housing Units as a Proportion of Total Residential Units

5.1 The table below compares data on affordable housing provision in Stage 1 referrals with the same data for schemes when they were considered at Stage 2 or approved directly by the Mayor. This indicates that there was an increase in the percentage of affordable housing between stage 1 and stage 2/3 in almost every year. It does not however show changes that took place between pre-application stage or submission of the application and stage 1, and so may understate the change in affordable housing provision over the course of the application process. The difference between the level of affordable housing at Stage 1 and Stage 2 has narrowed in recent years as more schemes have followed the Fast Track Route and provided a higher level of affordable housing from the outset.

5.2 In 2022, 38 per cent of residential units were provided as affordable housing in referable applications, which is the highest proportion of affordable housing secured per year in the dataset which starts in 2011.

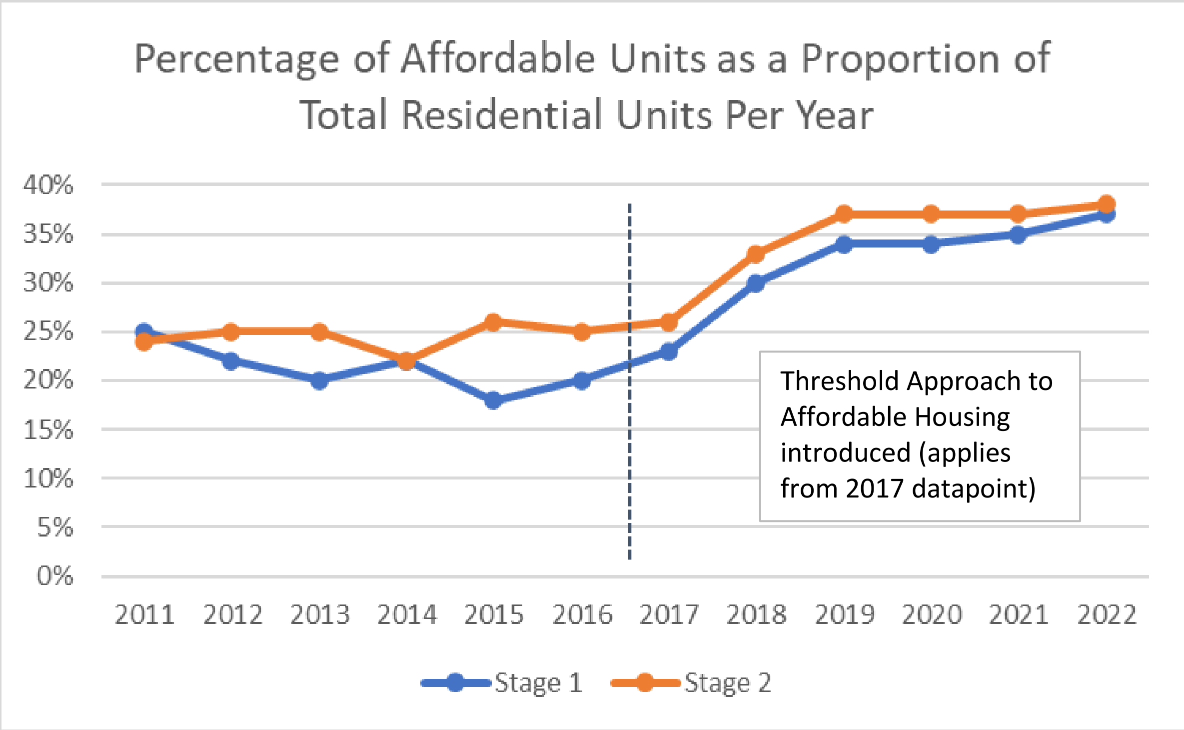
5.3 The number of affordable homes secured in 2022 at 18,012 was also the highest over the period, exceeding the previous highs of 14,337 in 2020 and 14,141 in 2018. A higher proportion of these were secured as Low Cost Rent housing in 2022 (see section 7).

Table 3. Number of Affordable and Total Residential (Market and Affordable) Units Per Year

	Stage 1	Resolution to grant or approved directly (stage 2/3)			
Year	Affordable Housing Provision by Unit	Affordable Units[4]	Total Units	Affordable Housing Provision by Unit	Percentage Change from Stage 1 to Stage 2/3
2011	25 per cent	6,900	29,096	24 per cent	-1 per cent
2012	22 per cent	13,068	52,923	25 per cent	3 per cent
2013	20 per cent	9,863	40,047	25 per cent	5 per cent
2014	22 per cent	10,026	44,973	22 per cent	0 per cent
2015	18 per cent	13,929	53,419	26 per cent	8 per cent
2016	20 per cent	8,598	34,792	25 per cent	5 per cent
2017	23 per cent	6,188	23,784	26 per cent	3 per cent
2018	30 per cent	14,141	42,744	33 per cent	3 per cent
2019	34 per cent	10,935	29,625	37 per cent	3 per cent
2020	34 per cent	14,337	38,864	37 per cent	3 per cent
2021	35 per cent	11,763	31,850	37 per cent	2 per cent
2022	37 per cent	18,043	46,875	38 per cent	1 per cent

[4] In some instances a new application may be granted on a site with an existing consent. In these cases the new consent has been recorded to ensure that the percentage figures for the latest year reflect the proportion of affordable housing secured in that year. This may result in some duplication in unit and habitable room figures, however, to limit this, S73 applications for amendments to existing applications have been excluded even where these comprise of additional units.

5.4 The chart below indicates that the percentage of affordable housing as a proportion of total residential units increased significantly following the introduction of the Threshold Approach through the Mayor's Affordable Housing and Viability Supplementary Planning Guidance (SPG) and Draft London Plan in 2017.



Affordable Housing as a Proportion of Total Residential Accommodation (by Habitable Room)

5.5 Affordable housing by habitable room is the primary measure used within the London Plan 2021 because this accounts for the size of affordable homes as well as overall provision. The table below shows data on affordable housing provision by habitable room for the years 2019 to 2022[5]. The percentage of affordable housing provision by habitable room as a proportion of total habitable rooms in 2022 was 43 per cent – the highest recorded to date.

Table 4. Total Numbers of Affordable and Residential (Market and Affordable) Habitable Rooms between 2019 and 2022

Year	Affordable Habitable Rooms	Total Habitable Rooms	Affordable Housing Provision by Habitable Room
2019	27,323	71,250	38 per cent
2020	32,147	77,607	41 per cent
2021	31,248	79,590	39 per cent
2022	56,127	131,201	43 per cent

[5] Total habitable room data is not available for some 2019, 2020 and 2021 schemes, and so the figures underestimate the total number of affordable and overall habitable rooms, however sufficient data is available to indicate the percentage of affordable housing provision. Comprehensive data for the previous years is not available and so has not been used.

5.6 The higher level of affordable housing measured by habitable room in 2022 compared with the percentage by unit, indicates that the average size of affordable homes has increased relative to previous years.

Average Percentage of Affordable Housing Per Scheme (by unit)

5.7 The table below shows the average percentage of affordable housing by scheme on a per unit basis. As above, this has generally increased between Stage 1 and Stage 2, although the difference has narrowed in recent years as more schemes have followed the Fast Track Route and provided a higher level of affordable housing from the outset.

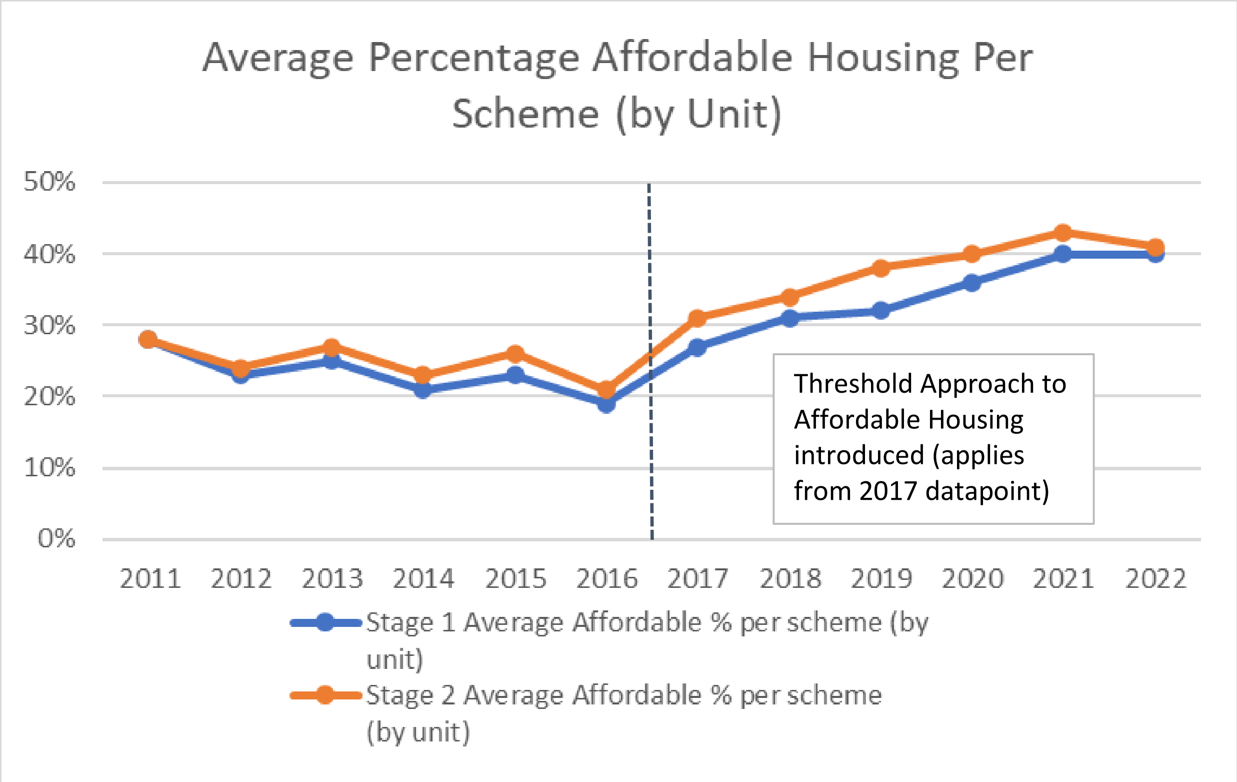
5.8 The average level of affordable housing provision per scheme was 41 per cent by unit in 2022, which, after 2021, is the highest proportion of affordable housing per scheme secured over the period.

Table 5. Average Percentage of Affordable Housing per Scheme (by unit)

Year	Stage 1 Average Affordable Percentage per scheme (by unit)	Resolution to grant or approved directly (Stage 2/Stage 3) Average Affordable Percentage per scheme (by unit)
2011	28 per cent	28 per cent
2012	23 per cent	24 per cent
2013	25 per cent	27 per cent
2014	21 per cent	23 per cent
2015	23 per cent	26 per cent
2016	19 per cent	21 per cent
2017	27 per cent	31 per cent
2018	31 per cent	34 per cent
2019	32 per cent	38 per cent
2020	36 per cent	40 per cent
2021	40 per cent	43 per cent
2022	40 per cent	41 per cent

5.9 The chart below shows that the average level of affordable housing secured per scheme has increased significantly following the introduction of the Threshold Approach in 2017.

5.10 The average level of affordable housing per scheme at Stage 2 was slightly lower in 2022 compared with the previous year by unit, however, this was at its highest level over the data period when measured by habitable room (see below). As set out above, both the number and percentage of affordable homes as a proportion of total residential units increased last year to the highest level over the data period.



<u>Average Percentage of Affordable Housing Per Scheme (by Habitable Room)</u>

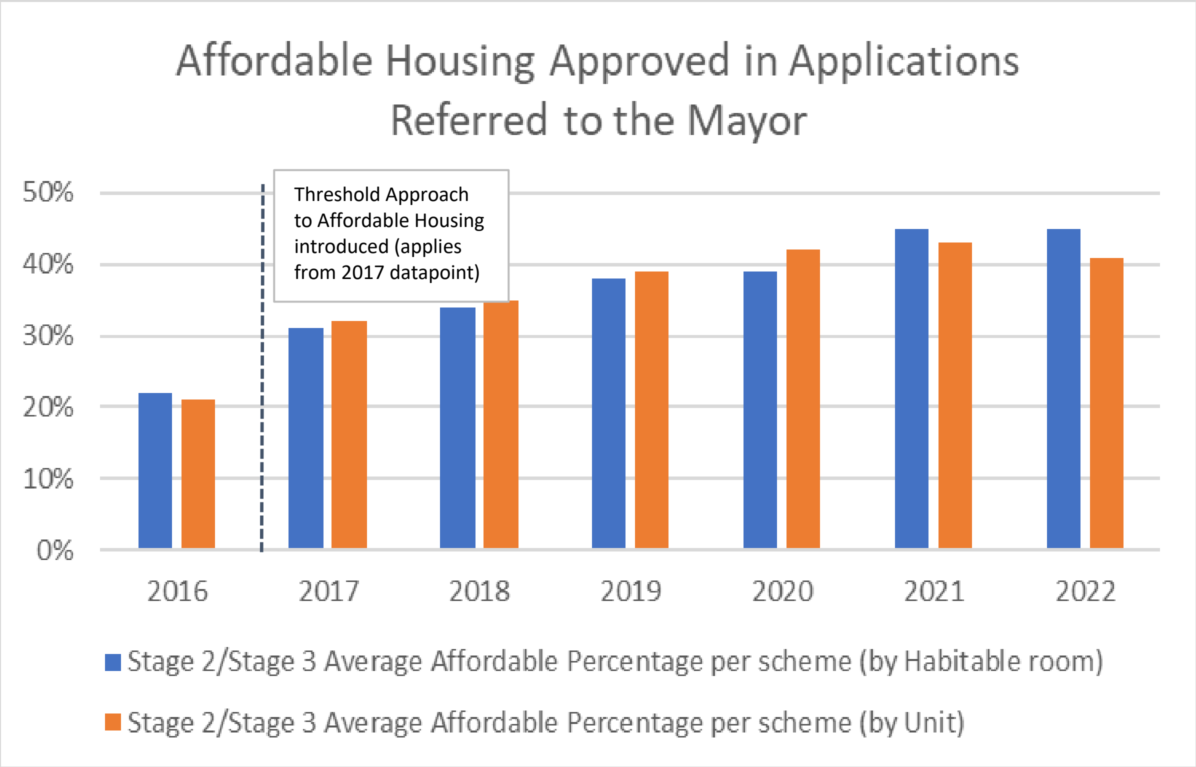
5.11 The table below shows the average percentage of affordable housing per scheme on a habitable room basis for the years 2016-2022[6]. The average affordable housing percentage per scheme was 45 per cent by habitable room in 2022, which along with 2021, is the highest level over the data period.

Table 6. Average Percentage of Affordable Housing Per Scheme (by Habitable Room)

Year	Resolution to grant or approved directly (Stage 2/Stage 3) Average Affordable Percentage per scheme (by habitable room)
2016	20 per cent
2017	32 per cent
2018	36 per cent
2019	40 per cent
2020	43 per cent
2021	45 per cent
2022	45 per cent

5.12 The chart below shows the average percentage of affordable housing per scheme by unit and habitable room:

[6] Comprehensive information for the percentage of affordable housing by habitable room is not available for earlier years.



5.13 The higher level of affordable housing measured by habitable room in 2022 compared with the percentage by unit, indicates that the average size of affordable homes has increased relative to previous years.

6. Schemes Providing 35 per cent or more Affordable Housing and Following the Fast Track Route

6.1 The table below shows the number of cases providing 35 per cent or more affordable housing and that followed the Fast Track Route in the years 2018 to 2022[7]. These are the complete calendar years in which the Mayor's Threshold Approach has been in operation since adoption of the Mayor's Affordable Housing and Viability SPG in August 2017.

Table 7. Schemes Providing 35 per cent or more Affordable Housing and that follow the Fast Track Route

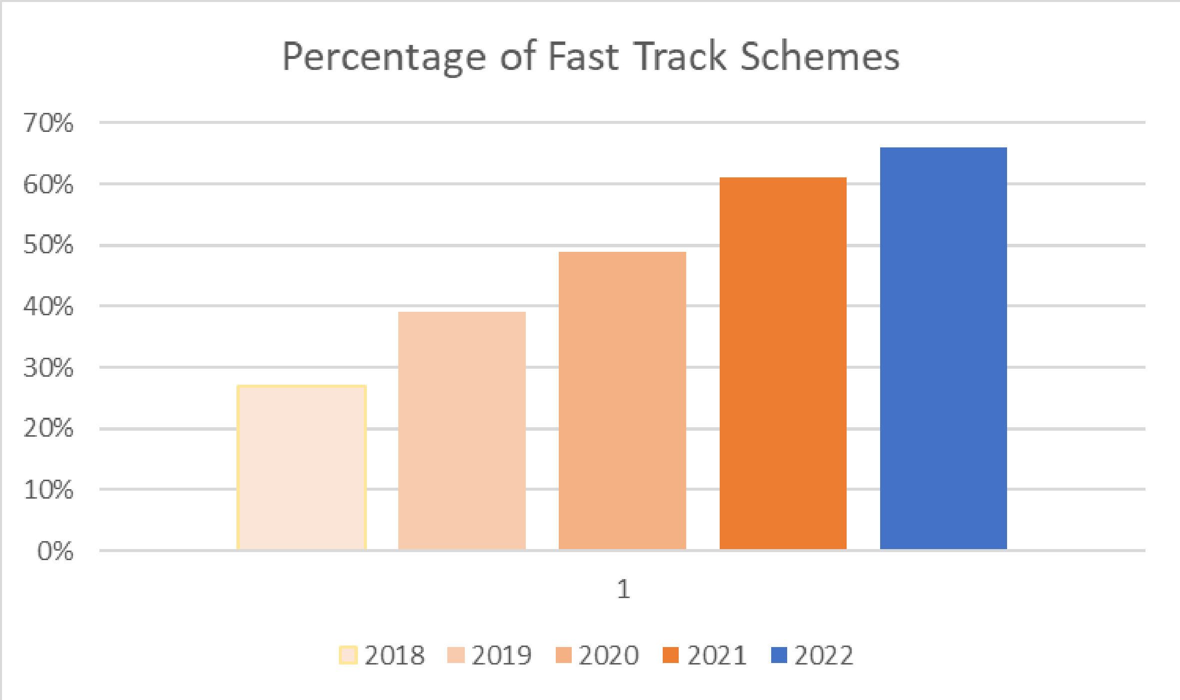
Year	Total number of approved residential applications	Number of schemes with 35 per cent affordable housing or more (by habitable room)	Percentage of schemes with 35 per cent affordable housing or more (by habitable room)	Number of schemes eligible for Fast Track Route	Number of Fast Track Route schemes	Percentage of eligible schemes following the Fast Track Route
2018	97	52	54 per cent	81	22	27 per cent
2019	62	50	79 per cent	54	21	39 per cent
2020	94	74	77 per cent	83	41	49 per cent
2021	86	72	84 per cent	79	48	61 per cent
2022	82	69	84 per cent	65	43	66 per cent

6.2 For the last four years, more than three quarters of schemes have provided 35 per cent or more affordable housing. 84 per cent of referable schemes approved in 2022 provide 35 per cent or more affordable housing.

6.3 The number of schemes following the Fast Track Route has increased over the period with just over half of eligible referable applications following the Fast Track Route in 2020, 61 per cent of applications in 2021 and 66 per cent in 2022[8]. This is more than double the proportion of schemes that followed the Fast Track Route in 2018 (27 per cent), which is a clear indication that the residential development market has responded positively to the Threshold Approach.

6.4 The chart below shows the percentage of eligible schemes that have followed the Fast Track Route since the introduction of the Threshold Approach:

[7] See previous footnote.
[8] This excludes estate regeneration schemes which follow the Viability Tested Route.

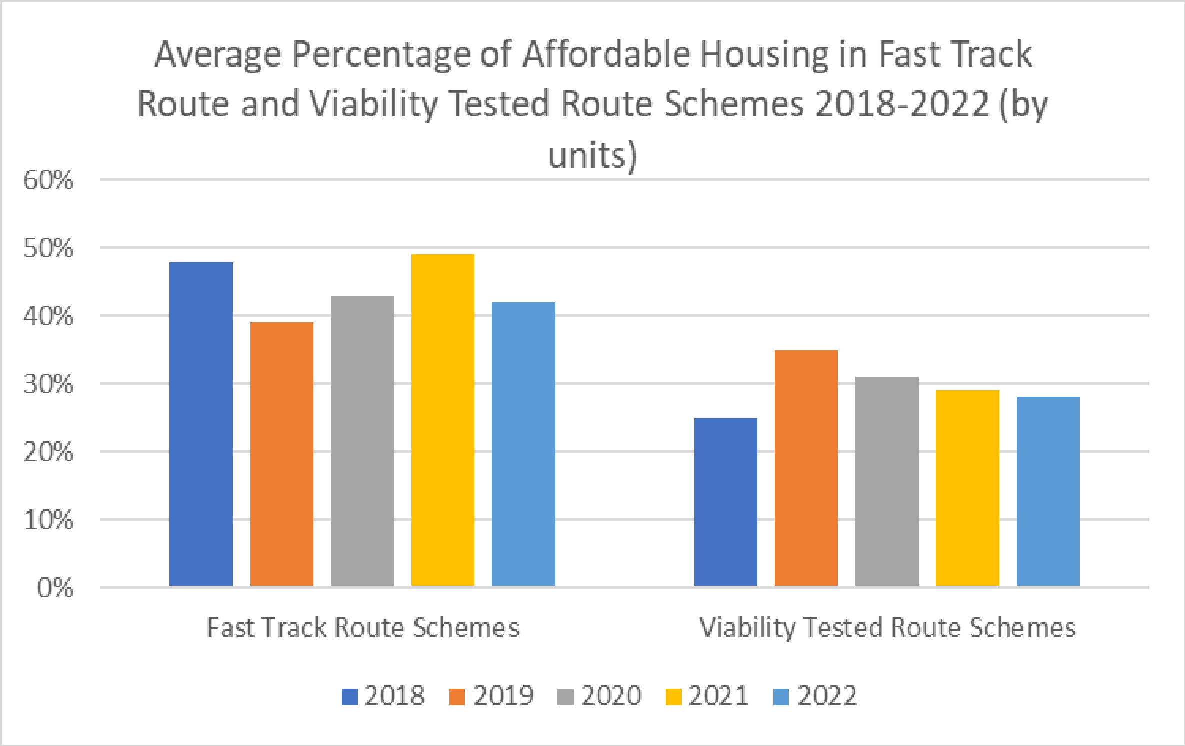


6.5 The table below shows the average level of affordable housing in schemes that have followed the Fast Track Route and Viability Tested Route between 2018 and 2022 where these were eligible to follow the Fast Track Route. Fast Track Route schemes secured a higher proportion of affordable housing, on average compared with Viability Tested schemes.

Table 8: Average Percentage of Affordable Housing in Fast Track Route and Viability Tested Route Schemes 2018-2022 by units

Year	Fast Track Route	Viability Tested Route
2018	48 per cent	25 per cent
2019	39 per cent	35 per cent
2020	43 per cent	31 per cent
2021	49 per cent	29 per cent
2022	42 per cent	28 per cent

6.6 The chart below shows the average level of affordable housing secured in Fast Track Route Schemes and Viability Tested Route schemes respectively.



6.7 Analysis of the time between Stage 1 and Stage 2 Reports also indicates that the Threshold Approach has had a material impact on the time taken to determine planning applications, with Fast Track Schemes in 2021 and 2022 progressing to Stage 2 on average four months quicker than Viability Tested schemes. Applications assessed under the Viability Tested Route schemes took on average nearly a third of the time longer than Fast Track Route schemes to progress to Stage 2. This does not take into account further time savings at pre-application stage, pre-Stage 1, and post Stage 2.

7. Tenure of Affordable Housing

7.1 The following table shows the affordable housing tenure split, by unit, for Low Cost Rent housing and Intermediate Housing between 2011 and 2022[9]. These comprise of the following affordable housing types:

- Low Cost Rent: Social Rent, London Affordable Rent (LAR), Other Affordable Rent products (including borough specific products such as Tower Hamlets Living Rent) available to low income households.

- Intermediate: London Living Rent, London Shared Ownership, Discounted Market Rent, Discounted Market Sale and other products that meet the London Plan affordability and eligibility criteria for intermediate housing.

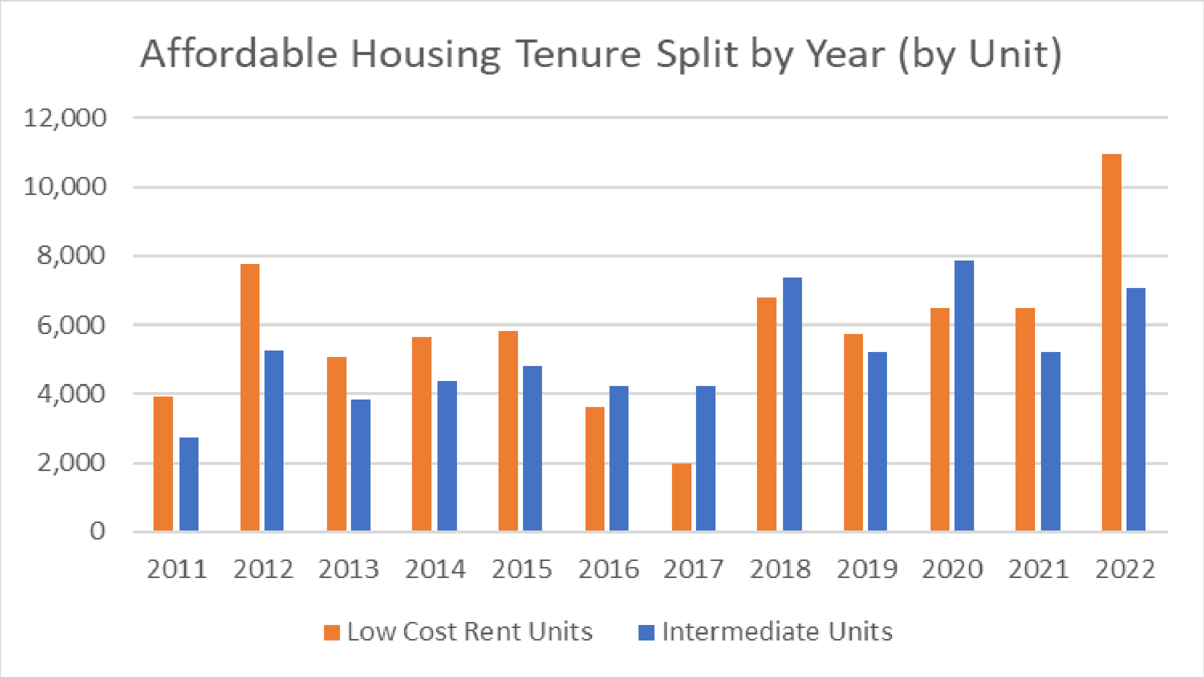
7.2 In 2022, 61 per cent of affordable homes were Low Cost Rent (10,963 units) and 39 per cent were intermediate (7,049 units). This is the highest proportion of Low Cost Rent units that have been secured over the period. The number of Low Cost Rent homes in 2022 is significantly higher than for any other year over the period.

Table 9: Affordable Housing Units by Tenure

Year	Low Cost Rent Units	Low Cost Rent Units as a per cent of Total Affordable Units	Intermediate Units	Intermediate Units as a per cent of Total Affordable Units
2011	3,917	59 per cent	2,738	41 per cent
2012	7,757	60 per cent	5,248	40 per cent
2013	5,073	57 per cent	3,843	43 per cent
2014	5,642	56 per cent	4,373	44 per cent
2015	5,803	55 per cent	4,826	45 per cent
2016	3,619	46 per cent	4,225	54 per cent
2017	1,959	32 per cent	4,229	68 per cent
2018	6,792	48 per cent	7,353	52 per cent
2019	5,739	52 per cent	5,196	48 per cent
2020	6,495	45 per cent	7,842	55 per cent
2021	6,490	55 per cent	5,207	45 per cent
2022	10,963	61 per cent	7,080	39 per cent

7.3 The following chart shows the tenure split between Low Cost Rent and Intermediate housing by unit, for schemes with a resolution to grant or approved directly in planning applications from 2011 – 2022[10]:

[9] This uses information available in Stage 2 / 3 reports, however, for some years, data availability is more limited and so this may understate the total number of affordable housing units.
[10] See previous footnote for information regarding data availability.



7.4 The tenure split by habitable room in 2022 was 65 per cent Low Cost Rent (36,429 habitable rooms) and 35 per cent Intermediate housing (19,795 habitable rooms). Between 2012 and 2016 the majority of Lost Cost Rent housing was provided as affordable rent at up to 80 per cent of market rent. Since then, the majority of Low Cost Rent has been provided as Social Rent or London Affordable Rent which are charged at significantly lower rents[11].

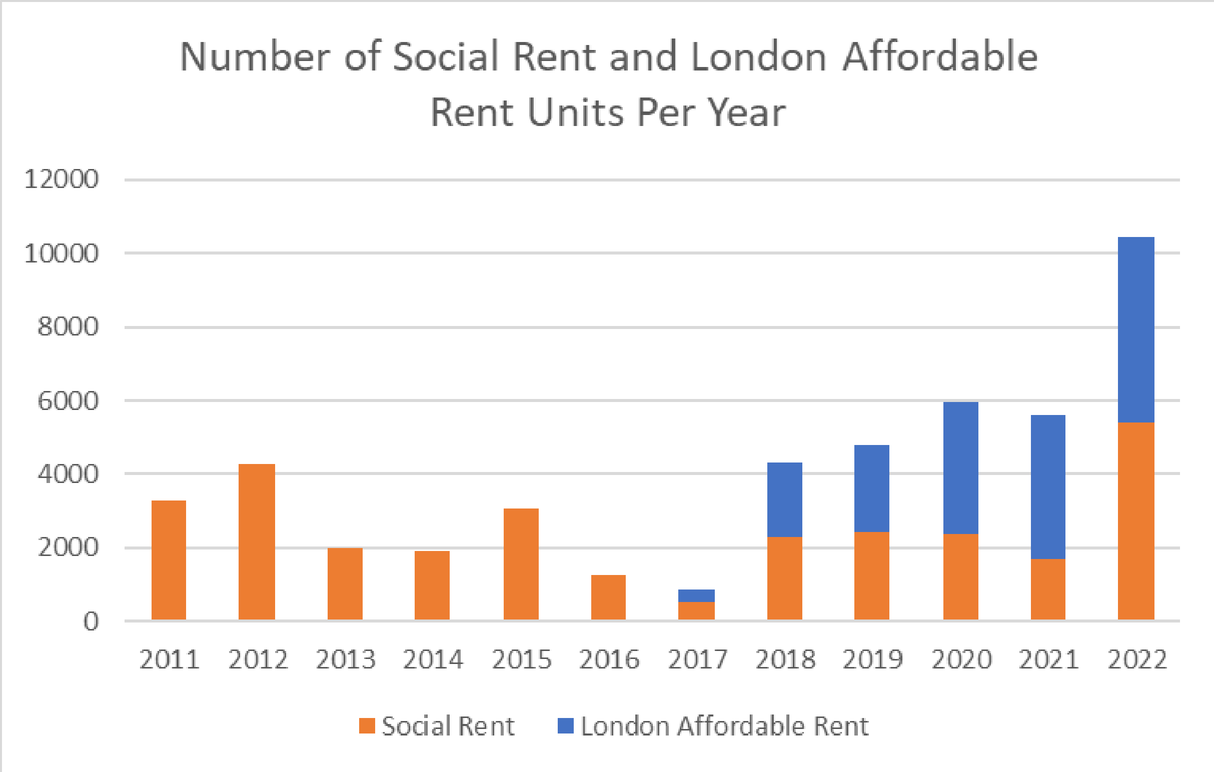
7.5 The table below shows that the number of Low Cost Rent homes secured as Social Rent or London Affordable Rent, has increased significantly in recent years.

Table 10: Number of Social Rent and London Affordable Rent Units

Year	Social Rent	London Affordable Rent
2011	3,275	-
2012	4,292	-
2013	1,970	-
2014	1,913	-
2015	3,071	-
2016	1,256	-
2017	531	343
2018	2,290	2,024
2019	2,428	2,384
2020	2,376	3,589
2021	1,673	3,917
2022	5,377	5,084

[11] Funding for social rent was not available through the 2016-2023 Affordable Homes Programme (AHP). The Mayor introduced London Affordable Rent based on rent cap figures for social rent which are significantly lower than affordable rents which can be charged at up to 80 per cent of market rent. The Mayor's new 2021-26 AHP and Draft Affordable Housing London Plan Guidance prioritise the delivery of social rent.

7.6 The following chart shows the number of homes secured as Social Rent and London Affordable Rent. The number homes secured in both tenures in 2022 was significantly higher than any other year in the dataset.



8. Affordable Housing Financial Contributions, Affordable Student Accommodation and purpose-built shared living

8.1 In addition to on-site affordable housing provision, £15.71m in financial contributions were secured for delivery of affordable housing by councils within their affordable homes programmes. £6.25m of the total contribution was secured from a purpose-built shared living scheme.

8.2 13 schemes approved in 2022 included student accommodation. Of these, 10 schemes were student accommodation-led developments, comprising 13,122 student bed spaces, of which 4,646 were secured as affordable student accommodation. This equates to 35 per cent affordable student accommodation. The average affordable student accommodation secured per scheme was 37 per cent.

8.3 The three other schemes were outline applications which enable the provision of a combination of C3 residential units and student accommodation and/or purpose-built shared living. If student accommodation is delivered in these schemes, this may result in the provision of additional affordable student accommodation units compared with the figures above.

8.4 If purpose-built shared living is delivered in these schemes this will result in additional onsite C3 affordable housing or the provision of an additional financial contribution for affordable housing, as agreed by the planning authority.