

MAYOR'S AFFORDABLE HOUSING SPG

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Affordable Housing and Viability Supplementary Planning Guidance

And so the Mayor of London, Sadiq Khan, has published his long awaited Supplementary Planning Guidance on Affordable Housing and Viability.

The guidance is intended to assist in achieving the ambition and key election pledge of delivering half of all new homes as affordable. The Mayor has highlighted the following aims:

- to increase the amount of affordable housing delivered through the planning system;
- embed the requirement for affordable housing into land values; and
- make the viability process more consistent and transparent.

A draft consultation on the SPG was carried out between November 2016 and February 2017 and the extensive number of responses have been considered and incorporated.

It is important to remember that this is guidance and therefore does not form policy, however expect London Boroughs to follow the guidance almost to the letter in order to increase the amount of affordable housing provision in their respective areas.

The guidance provides further detail on the Mayors suggested “Fast Track Route” of viability testing where applications that meet or exceed 35% affordable housing provision will not be required to submit viability information with a review carried out later. Those that do not meet this level of provision will be required to produce an open book appraisal of the development. This is the Mayor’s very simple carrot and stick approach to viability that seeks to deliver affordable housing at a faster rate.

Further details are also provided on the approach to viability and information that should be included. One

key aspect is the confirmation that the Mayor has a preference for using Existing Use Value as the appropriate Benchmark Land Value. We will have to wait and see whether London Borough's adopt this approach.

One key issue for potential contention is Vacant Building Credit. The Mayor's guidance has set a very high test in order to benefit from vacant building credit. While some London Boroughs have their own specific policies in place many do not and so we will await to see how Boroughs use the latest guidance when considering vacant building credit.

Together with our preferred Viability Consultants, we have experience of negotiating vacant building credit and while the guidance clearly attempts to restrict its application in London, there are a number of opportunities for utilising this important consideration on development proposals. Obtaining advice at the earliest opportunity is critical.

We have experience in dealing with residential schemes across London where viability is an important consideration. Please [get in touch](#) to discuss how we can assist with your latest project.