



## CONTACT

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The new Mayor of London has issued his draft **'Homes for Londoners: Affordable Housing & Viability SPG 2016'** for public consultation. It is the first formal guidance document issued by the new Mayor since his election earlier this year, and represents the first steps towards a new London Plan (which he hopes to have adopted by 2019).

It does not go as far as his manifesto pledges for all new schemes to provide 50% affordable housing, although this figure is retained as a city-wide target. Beyond this, the details of the SPG do not come as a surprise and follow on from the aspirations of the London Borough Development Viability Protocol published earlier this year.

The SPG focuses on affordable housing and viability and includes four distinct parts: [background and approach](#); [the threshold approach to viability appraisals](#); [detailed guidance on viability assessments](#); and [a specific approach to Build to Rent schemes](#). Whilst it is currently just in draft and, even if it is adopted, it cannot introduce new policy, it nevertheless provides relatively detailed guidance for Local Authorities in decision making.

Given that more than half of London boroughs are Labour controlled, one can expect many of them to start referring to it in pre- and post-application discussions in

short order. Further, for schemes that are referable to the Mayor, it provides a clear indication of the Greater London Authority's attitude to any affordable housing offer.

The overarching ambition is to [boost the overall supply of new homes by making the planning system clearer, quicker and more consistent, and speed up the process for schemes that deliver higher levels of affordable housing](#). It outlines a carrot and stick approach in that it will aim to reward those developers who deliver 35% affordable housing or more but makes the viability process and subsequent review mechanisms more onerous for those schemes that propose less than 35%.

The Mayor's view is that the [national Vacant Building Credit \(VBC\) policy should not apply within London](#) – not surprising, under the circumstances, but it will be interesting to see how this pans out given the Government's ongoing commitment to VBC.



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There is a clear drive for **all Financial Viability Assessments (FVA) to be made available to the public**. Applicants will have the opportunity to argue that limited elements should be kept undisclosed, but the clear onus is on the applicant to make this case.

The Mayor's preference for using "Existing Use Value Plus" as the comparable Benchmark Land Value when assessing the viability of a proposed scheme is explicit in the SPG. The premium above Existing Use Value will be considered on a site-by-site basis.

The SPG provides specific **guidance on Build to Rent developments, recognising that they differ to the traditional Build for Sale model**. There is guidance on the requirements for covenant and clawback arrangements if units are sold out of the Build to Rent sector. It also sets out an alternative pathway which applicants can choose to follow that promotes London Living Rents (or similar discounted Market Rent).

**Comments on the draft SPG need to be with the Mayor by 28 February. If you would like to discuss the impact of the draft SPG on your proposals, or would like our help in getting your views across in representations, please contact Nick Fell, Partner and Head of Affordable Housing & Viability, [nick.fell@rapleys.com](mailto:nick.fell@rapleys.com) or Jason Lowes, Partner in the Planning Team, [jason.lowes@rapleys.com](mailto:jason.lowes@rapleys.com).**