

Draft London Affordable Housing Viability SPG

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Introduction

Planning Issues Limited is a planning and design consultancy acting on behalf of Churchill Retirement Living. The team is made up of chartered Town Planners, Architects and Housing professionals with extensive experience in both market and affordable housing delivery.

Planning Issues provides advice from the initial stages of land identification through to completion of developments and has an interest in ensuring that emerging planning policy and obligations are deliverable.

Churchill Retirement Living is an industry leading provider of high quality retirement homes in England and Wales. The company has ambitious growth plans over the next five years and will play an important part in the overall shared aspiration of increasing housing delivery across the sector.

The retirement element of the new build market represents a hugely important sector which enables older people to access housing more suitable to their changing housing requirements in later life. The retirement sector offers housing choice and plays an undervalued role in the market by freeing up larger housing which can be then accessed by younger households. The important role the sector plays is recognised within the Housing White Paper (2017) which sets out plans to ensure that local authorities plan for retirement housing need.

Churchill Retirement Living is an active developer across London with a number of successfully completed sites and many more either on site, or in the planning and feasibility stages. Churchill Retirement Living redevelops small brownfield sites in sustainable urban locations. Sites are typically less the 0.5 of a hectare meaning that policy

compliant off site affordable contributions are typically agreed with local authorities as the most suitable means of contribution.

The following consultation response is therefore made in the interests of ensuring that policy is deliverable and does not cause unnecessary delays to the planning process. Policy must also be flexible to ensure that the viability of specific types of proposals and the costs of delivering certain brownfield sites are reflected throughout the economic cycle as required by national policy.

The Current National and London Plan Affordable Housing Policy Position

The National Planning Policy Framework¹ (NPPF) is clear at paragraph 173 that in order to ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable,

At paragraph 174, the NPPF requires that Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle meaning that flexibility should be included.

In relation to assessing viability at decision making level, i.e. on an individual site or application, National Planning Practice Guidance (PPG) is clear that where the deliverability of the development may be compromised by the scale of planning obligations and other costs, a viability assessment may be necessary. This should be informed by the particular circumstances of the site and proposed development in question. Assessing the viability of a particular site requires more detailed analysis than at plan level. PPG states in this regard that:

'Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations.'

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

*This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. **These contributions should not be sought without regard to individual scheme viability**². (My emphasis)*

PPG also provides guidance on where and how planning obligations should be introduced.

'Policies for seeking planning obligations should be set out in a Local Plan, neighbourhood plan and where applicable in the London Plan to enable fair and open testing of the policy at examination. Supplementary planning documents should not be used to add unnecessarily to the financial burdens on development and should not be used to set rates or charges which have not been established through development plan policy. (My Emphasis)

*Planning obligations assist in mitigating the impact of development which benefits local communities and supports the provision of local infrastructure. Local communities should be involved in the setting of planning obligations policies in a Local Plan, neighbourhood plan and where applicable in the London Plan.*³

Relevant existing London Plan Policy relating to affordable housing delivery is set out in policies 3.11 (targets) and 3.12 (negotiating affordable housing delivery on private residential and mixed use schemes).

Policy 3.11 seeks to ensure that at least 17,000 affordable homes should be delivered across London on an annual basis (equating to broadly 40% of overall housing delivery targets). The strategic tenure mix sought across London is 60% affordable/social rented and 40% intermediate housing.

Policy 3.12 sets out that the maximum reasonable provision of affordable housing should be sought when negotiating on individual private residential and mixed use proposals having regard to a range of criteria including targets, individual site circumstances, viability considerations and the need to encourage rather than restrain residential development.

Supporting text to policy 3.12 sets out that in making arrangements for assessing planning obligations, boroughs should consider whether it is appropriate to put in place provisions for re-appraising the viability of schemes prior to implementation⁴.

Further guidance on the implementation of London Plan Affordable Housing Policy is set out within the Mayor's Housing SPG which was published in March 2016. The current guidance encourages the use of the existing use value plus approach as a viability

² <http://planningguidance.communities.gov.uk/blog/guidance/viability-guidance/viability-and-decision-taking/>

³ Paragraph: 003 Reference ID: 23b-003-20150326

⁴ London Plan 2016, paragraph 3.75.

benchmark but recognises that there are circumstances where market value or alternative use value may be more appropriate.

In relation to review clauses or overage, the current SPG is clear that these may be appropriate on multi phased or longer term proposals but for single phase proposals, it may be more appropriate to use time constraints on permissions so that proposals will have viability reassessed only if they are not built out within an agreed time period. This is consistent with current National Planning Practice Guidance (NPPG).

Aims of the Draft Guidance

The foreword provided by the Mayor of London sets out that the intention of the draft SPG is to boost the overall supply for new homes by making the planning system clearer, quicker and more consistent. It aims to increase the amount of affordable housing coming through the planning system and reward those who deliver more on site.

Despite the above stated intentions, the draft SPG proceeds to seek to amend existing London Plan policy requirements and introduce requirements which in our view are likely to achieve the opposite of the Mayor's aspirations for the guidance as set out above. Untested and unsupported guidance such as that proposed is likely to make the planning system in London unclear, slower and application of policy aspirations muddled and multilayered. Furthermore, it is also not appropriate to seek to clearly amend existing adopted policy through supplementary guidance and seeking to do so adds to the uncertainty and risk associated with housing development in London.

Consultation Response

Part 1 – Background and Approach

The Mayor's long term strategic target is that 50% of new homes are affordable. At present, the affordable homes delivery rate is just 13% of new supply.

The draft SPG is clear that supplementary planning guidance cannot introduce new policy and can only provide guidance on policy requirements set out within the existing London Plan. Policy can only be changed through the formal amendment of the existing London Plan which is due to commence during 2017 with an adoption of the revised plan most likely not earlier than 2019.

The limitations of the draft SPG are therefore to provide guidance to ensure that existing policy is as effective as possible. Under no circumstances should it seek to amend existing policy and the draft acknowledges this point.

We provide detail below as to why we believe the SPG as currently drafted does in fact seek to amend existing adopted policy. This is not an appropriate precedent to set and

does not provide developers or investors with sufficient confidence about the Mayor's approach.

At 1.13 the SPG sets out that plans adopted post NPPF should be considered viable and that negotiations to reduce obligations based on site specific considerations should only be necessary where there are exceptional or abnormal costs. The NPPF and PPG are clear that alongside abnormal costs, the development type in question must also be a consideration in viability reviews. This is particularly pertinent in testing viability for retirement type housing which is less efficient than general needs housing with a significantly slower return on investment. These considerations impact negatively on the financing of such schemes.

Viability testing at plan level looks at typical sites but does not seek to examine every site or development type as that would not be possible.

In relation to assessing viability at decision making level, i.e. on an individual site or application, National Planning Practice Guidance (PPG) is clear that where the deliverability of the development may be compromised by the scale of planning obligations and other costs, a viability assessment may be necessary. This should be informed by the particular circumstances of the site **and** proposed development in question. PPG states in this regard that:

'Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations.'

*This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. **These contributions should not be sought without regard to individual scheme viability**⁵. (My emphasis)*

Part 2 – Threshold Approach to Viability

The draft SPG seeks to introduce a threshold approach to viability testing in London whereby schemes meeting or exceeding 35 percent affordable housing without public subsidy are not required to submit viability information. This is known as 'Route B'. All other proposals providing less than 35% affordable housing are proposed to be subject to 'Route A'.

This proposed approach therefore seeks to establish a 2 tiered approach whereby certain proposals secure a light touch approach with just 35% affordable housing and those who

⁵ <http://planningguidance.communities.gov.uk/blog/guidance/viability-guidance/viability-and-decision-taking/>

have demonstrated their proposals are unviable, are pursued for 50% affordable housing provision or the equivalent cash amount until 75% of their units have sold.

It has become common consensus in our negotiations with local authorities that the restricted nature of Churchill Retirement Livings sites do not readily facilitate on site affordable housing delivery in a form which might lead to a sustainable community. As such, Churchill and other similar providers will generally agree to make cash in lieu contributions towards affordable housing delivery elsewhere in the local authority area.

The draft SPG in effect penalises smaller providers by putting those proposing to deliver 35% affordable housing on site at an advantage whereas smaller or specialist providers who cannot deliver the same affordable housing on site will be pursued for 50% affordable housing. This potentially has massive ramifications for a smaller or specialist provider's ability to compete for development sites in London and puts at risk the delivery of much needed quality housing provided by specialist providers. Such a policy needs careful analysis in terms of implications on delivery of all housing typologies and should not be shoehorned in through SPG.

Tenure

Paragraph 2.27 onwards of the draft SPG seeks to amend the affordable housing tenure targets in the currently adopted London Plan. Paragraph 2.28 states that the current position contains some flexibility as local authorities are asked to set targets locally. However, the current London Plan Policy 3.11 explicitly states that across London, 60% of affordable housing delivery should be affordable housing for social and affordable rent and 40% for intermediate rent or sale.

The draft SPG then proceeds to seek to alter the currently adopted targets to at least 30% low cost rent, at least 30% intermediate products and with the remaining 40% to be determined by the relevant local planning authority (LPAs). LPA's are invited to respond to the consultation in order to make known their preferred 40% and the intention is that a borough by borough prescribed mix will be published in the final SPG and that further tenures may be included beyond the list set out within the SPG. The possible range of tenure mixes now includes social rent, affordable rent, London Living Rent, shared ownership, shared equity, intermediate rent, Starter Homes and any other variable which an LPA may deem meets local housing need. At 2.31 the draft SPG states that LPA's may wish to allow a degree of flexibility on a site by site basis.

Firstly, the draft SPG is seeking to amend the existing adopted policy by altering substantially the adopted tenure requirements in policy 3.11 which is not appropriate through SPG.

Secondly, the suggested changes make viability testing on a borough by borough basis incredibly difficult and uncertain for developers if not clearly defined in the final SPG and agreed at borough level. Therefore once again, the aspiration of increasing certainty through the SPG will not be achieved without a clear and fixed position in relation to tenure aspirations.

As the progression of a site to planning stages can often take months if not years from inception, borough tenure aspirations cannot remain in a constant state of flexibility due to the financial implications for developers in bringing sites forward. There are inevitable financial implications in amending tenure requirements which will have implications in delivering overall affordable housing numbers across London. There is no mention of viability testing being undertaken to underpin such changes as will already have been required at a borough level for that borough's existing tenure mix requirements. The draft SPG simply says that boroughs should be mindful of the cost of their preferred tenure.

The draft SPG should not seek to amend adopted London Plan or local tenure mix requirements without having regard to impact on viability considerations. To do so would be contrary to the NPPF which requires that planning obligations sought be tested and proven to be financially viable. It is more appropriate to make these changes through a formal early amendment of the existing London Plan which would ensure such changes are deliverable. Delaying such a change is also required to ensure that the currently unknown impact of the new affordable housing types set out in the Housing White Paper can be properly tested.

Off site provision

Paragraph 2.48 onwards discusses off site provision and cash in lieu payments and confirms that schemes proposing off site provision will be subject to 'route A' review. 2.52 confirm that off site provision should be financially neutral relative to on site provision and appraisal should include the cost of delivering affordable housing on site.

In Planning Issue's experience in negotiating affordable housing requirements on behalf of Churchill Retirement Living, it is generally concluded by local planning authorities that:

- On site provision of affordable housing alongside sheltered housing is not deliverable due to the inherently small nature of such sites, an inability to mix tenures in one single block and the affordability of service charges;
- Where viable, the most appropriate and expedient mechanism for making an affordable housing contribution is in the form of a cash in lieu payment.
- The actual contribution should be determined on a site by site basis and will depend on the viability of the proposals in question including the current use of the application

site. Prescribing a minimum percentage or a set formula will in many circumstances inhibit the delivery of this type of housing due to the marginal viability of many such proposals⁶.

- Many housing needs assessments conclude that retirement housing of all tenures including private for sale units generally meet a housing need locally and release larger under occupied properties in the immediate area for the use of younger families.

The final SPG should be clear that there are instances where off site provision or cash in lieu payments may unlock housing delivery and meet the London Plan aspiration of encouraging and not restraining overall delivery. The final draft should acknowledge the role played by certain providers in meeting specialist need not addressed by general needs providers.

At 2.52, reference to specific mechanisms for establishing the cost of delivering affordable housing on site should be removed. The approach suggested is inaccurate and should be removed. Such a mechanism is contrary to the principle of 'equivalence' in assessing the benefits of offsite contributions.

Vacant Building Credit

The VBC was introduced in a Written Ministerial Statement (WMS) followed by updates to the National Planning Policy Guidance (PPG).

The draft SPG states that VBC will only be considered on sites where the buildings have been vacant for at least five years and for at least two of those, the buildings have been actively marketed at realistic prices. Should VBC apply, CIL relief through the vacancy test cannot be claimed under the proposed terms of the draft SPG.

VBC was introduced alongside the small sites threshold with the intention of assisting small and medium size developers unlock smaller brownfield sites. The policy is set out within National Planning Practice Guidance (PPG) and is therefore a material planning consideration in determining individual planning applications. This position was confirmed through the Court of Appeal judgement which reinstated the policy in 2016. This decision also considered that while the development plan is the starting point for the decision taker, it is not the law that greater weight be attached to it than other considerations (...) Secondly, policy may overtake a development plan ("...outdated and superseded by more recent guidance"). Both considerations tend to show that no systematic primacy is to be accorded to the development plan (see paragraph 20 of the Court of Appeal judgement).

At paragraph 2.58 of the draft SPG, it states that the VBC is unlikely to bring forward more development and that as affordable housing targets are subject to viability testing,

⁶ <http://content.knightfrank.com/research/696/documents/en/2016-3770.pdf> (Policy Section Page 4)

affordable housing targets are not preventing sites from coming forward. London is not in a unique position in this regard, with viability testing applied throughout the country. The guidance contained within the NPPG is intended to encourage house building on brownfield land and be blind to the issue of viability.

The Mayor's approach is directly contrary to NPPG and seeks to expand guidance as to its application which is not set out in NPPG. In the case of *R (West Berkshire District Council) v Secretary of State for Communities and Local Government*, the Secretary of State expressed the view that the policy was a matter to which 'very considerable weight' should be attached and this view has been borne out in recent appeal decisions⁷.

To attempt to instruct London Boroughs to explicitly ignore national policy is incorrect and to expressly set out circumstances in which the policy might apply in a London context is not appropriate through SPG. Decision takers are required to consider the guidance as it is a material consideration.

At paragraph 2.64 of the draft it is stated that if a scheme qualifies for VBC it cannot qualify for vacancy relief under the CIL regulations. Again, there is no policy footing for this position which again is contrary to the intention of the VBC policy.

This section of the SPG should be removed in its entirety. Appropriate London specific evidence can be produced as part of the forthcoming review of the London Plan if policy will seek to restrict the use of VBC in London. Likewise, at a borough level, local policies can be pursued through the development plan process.

Part 3 – Guidance on Viability Assessments

At paragraph 3.2 the draft SPG states that for referable schemes, the Mayor will review both the viability evidence submitted by the applicant AND any review or assessment carried out by or for the LPA. This suggests that rather than streamlining and reducing planning times, the Mayor's review is likely to be time consuming and discourage developers bringing forward sites in London.

The Mayor's in house viability team will need to be of a sufficient size to process the vast amount of referable schemes coming forward with less than 35% affordable housing. They will also need to be suitably skilled in the assessment of the unique viability of particular housing typologies such as retirement housing.

At paragraph 3.8, the draft states that information should be provided relating to the applicant company. It is widely known that planning obligations run with the land and not the developer. *RICS Viability in Planning* guidance is also clear that in undertaking scheme-

⁷ Appeal Decision APP/D0840/W/16/3142537

specific viability assessments, the nature of the applicant should normally be disregarded, as should benefits or dis-benefits that are unique to the applicant. The aim should be to reflect industry benchmarks in both development management and plan making viability testing.

Putting the above in context, this is particularly important in London where consented schemes may be sold on to alternative developers. Planning obligations acceptable to one business model may not be acceptable to another and could well lead to the creation of a backlog of undeliverable permissions in the capital.

At paragraph 3.12 the draft sets out detail required in terms of comparable sales information. Certain types of residential proposals are unlikely to have recent direct comparable sales information available in close proximity of an application site. Reasonable adjusted average values are generally combined in such cases. However, it is generally not possible to analyse comparable schemes on a unit by unit basis and the unique attributes of particular units are difficult to translate to other sites. Reasonable average comparable sales values should be adopted in these instances.

Growth assumption testing requirements are set out at paragraph 3.13. Decision takers should be reminded that in terms of achievable values, viability testing should be undertaken at the time of the application's determination. Scenario testing should be based on falls in the market as well as potential growth such is the risk a speculative developer/investor makes in delivering housing in London.

From paragraph 3.14 onward, the draft guidance details requirements relating to affordable housing values. Capping the price offered by an RP for S106 units seems like a counterintuitive position to take by the Mayor. An RP may use borrowing, cross subsidy and its own reserves plus grant funding where available to arrive at an offer for S106 affordable units. Capping what an RP may offer could well reduce affordable housing delivery on certain sites and discourage the use of existing RP assets to deliver affordable housing.

The price paid for individual affordable housing units should not be "enshrined in the S106 agreement" as proposed as throughout the development process, circumstances or parties may change resulting in lower affordable housing values forthcoming. Again, this could lead to delays in delivery if constant amendments to legal agreements need to be renegotiated each time minor changes occur. Furthermore, such a requirement is time intensive to monitor, begging the question as to whether or not it will be monitored to any extent or indeed a measurable objective.

Paragraph 3.25 deals with the issue of abnormal costs and suggests that there should be a presumption that all abnormal costs are factored into the price paid for the land or the premium above the existing use value applied. In many cases, development specific

abnormal costs are relevant considerations e.g. particular piling, soil remediation requirements for particular types of housing. It should not be automatically assumed that all abnormal development costs be deducted from land value. Seeking to deduct from the premium applied above EUV is also likely to cause even further confusion and protracted negotiations beyond what is already currently a contentious issue.

Paragraph 3.31 talks about the importance of CIL rates and other planning obligations being set at a level which allows for the delivery of affordable housing targets. As the draft SPG is already seeking to amend the existing policy requirements, there is a strong possibility that any existing CIL viability testing will be immediately outdated. This does not seem to be considered to any great extent in the draft SPG which could lead to further delivery frustration. The failure to adequately consider the impact of the full range of planning obligations for retirement housing is examined as part of Knight Frank's review of retirement demand in 2016.⁸

Paragraph 3.32 of the draft SPG details the required assumptions in relation to developer return. We agree that the appropriate level of profit is scheme specific but must also be reflective of the type of housing proposed. Retirement housing has unique viability characteristics which increase developer risk at the outset. Sales periods can extend into years rather than months with general needs developments and the investor is therefore exposed for much longer periods to fluctuations in the housing market. Further detail on the differences between general needs and retirement viability characteristics are set out within the Three Dragons review undertaken for the Retirement Housing Group.⁹ Furthermore, a recent appeal decision at Cornwater Fields, Nottinghamshire¹⁰ concluded that the extra complexity and risk added by the inclusion of retirement housing on the scheme warranted the inclusion of a higher return for risk.

In relation to benchmark land value (BLV), it is clear that the draft SPG advocates the use of Existing Use value (EUV) + over use of fixed land value or market value. EUV PLUS is likely to be the most equitable method of assessing viability whilst ensuring that allowance is made for securing planning obligations. However, the most worryingly inconsistent element of the EUV+ approach is the actual incentive or PLUS element for the landowner.

Firstly, it is likely that in testing CIL and Local Plan viability that a borough's appointed consultant will utilise the EUV PLUS approach but the incentive or plus element is likely to be fixed for testing purposes. This is often at a rate of 20% or more above assessed EUV. When it comes to site by site negotiation, in our experience, the borough's appointed

⁸ <https://kfcontent.blob.core.windows.net/research/696/documents/en/2016-3770.pdf>

⁹ <http://www.retirementhousinggroup.com/publications/CIL%20viability%20appraisal%20issues%20RHG%20%20February%202016.pdf>

¹⁰ Appeal Reference: APP/N3020/S/16/3154302

consultant will often seek to apply a variation to the PLUS element as due to the lack of guidance relating to this input, this is one of the easiest inputs to challenge. This is often without valid reason and based upon a matter of opinion only.

The draft SPG does little to alleviate this issue, providing a broad range of potential uplifts (“The premium could be 20% to 30%...may be considerably lower”). Where existing use values are relatively high, viability will normally be a concern in achieving a deliverable and viable package of S106 requirements. The lack of consistency applied to the EUV PLUS approach is a real risk for developers in bringing forward land.

In relation to the use of alternative use values, the draft guidance should not preclude their use in the consideration of viability appraisal if a planning permission is not in place. This is contrary to NPPG.

Further guidance should be provided relating to the EUV PLUS approach to ensure consistency in application of the PLUS element. The PLUS element should never be less than the percentage used in CIL or Local Plan viability testing locally. Alternative use values must be considered if they are considered deliverable.

Contingent Obligations and Review Mechanisms

The draft SPG advocates the use of review mechanisms on all sites that do not provide a full policy compliant provision of affordable housing. This is regardless of the size of the proposal. National policy, RICS guidance and recent planning decisions are clear that such a mechanism is only suitable for larger multi phased proposals. PPG sets out that viability should be based on current day costs and values unless schemes require phased delivery over the medium to longer term.¹¹

A significant number of recent planning appeal decisions¹² are clear that overage mechanisms are not appropriate for single phase schemes for several important reasons which include:

- Risk to delivery caused as there will be added risk that funding or alternative developers will not be forthcoming due to unknown future payments;
- On single phases schemes, overage is contrary to national policy (NPPF/NPPG, RICS guidance and CIL Regulations 122 i.e. is the requirement necessary, related to the development and fairly related in scale and kind?);

¹¹ Reference ID: 10-017-20140306

¹² Appeal Refs: 2228247, 3143743, 3133603, 3153625, 2207771, 3005876 and 3119189

- There is generally no commitment to 'underage' whereby the risk of investing in a project is not shared between the parties (see paragraph 3.54 of the draft SPG which is clear that upward only reviews are expected);

On single phase or short term developments, review clauses should be used rather than 'overage' requirements. If a development has not progressed to an agreed position within 2 years following the award of planning approval, a review clause may be triggered prior to start on site.

Suggested Review Formulas

Annex A of the draft SPG sets out suggested review formulae to be included in S106 agreements where the full policy requirement for affordable housing has not been met by the applicant.

While it may be useful to include examples of such mechanisms for longer term phased schemes only, each site will need to be judged on its own merits and a one size fits all approach is unlikely to work in our view. The SPG should make it clear that these are suggested approaches but that formula must be agreed on a site by site basis to ensure the requirements of investors are met.

In relation to the early stage review, the intention of the review mechanism in this case is to secure additional floorspace on site. This is unlikely to work in practice on smaller scale proposals where management of affordable units is likely to be a key consideration in the success or otherwise of the development. For certain types of housing such as retirement housing, it is generally agreed on smaller sites that an offsite contribution towards affordable housing is the most sustainable option. Units sought on site at such a late stage would likely lead to the proposal becoming unsustainable for the developer to progress. The SPG should be clear that boroughs should not seek the provision of units on site where it has been agreed as part of the planning permission that off site or payment in lieu is more suitable.

Conclusions

We would agree with the Mayor that further guidance on the application of viability in planning is required. However in attempting to simplify the process in London, the draft SPG has raised more questions than it answered in our view.

Despite explicitly setting out that the draft SPG will not amend existing policy, it is clear that it does exactly that. By amending tenure requirements and allowing certain developers to provide 35% and others 50%, a 2 tiered approach is proposed which is likely to penalise certain housing providers over others. The proposals add more confusion to

the system and potentially require updates to existing Local Plan and CIL viability studies across London depending on the impact of the proposed new tenure mixes required.

The draft also seeks to introduce new policy in relation to the application of vacant building credit in London by prescribing minimum vacancy periods for the policy to apply. As this detail is not prescribed in the NPPG, this is clearly an attempt to introduce new policy through the SPG. As set out, changes to policy should be properly progressed through the London Plan review.

We believe that the majority of schemes will continue to go down 'Route A' due to the requirement for 'Route B' proposals to be fully policy compliant in every regard. 'Route B' may assist Registered Provider led schemes where an element of cross subsidy can be used to provide a minimum 35% provision on site at a tenure mix supported by the borough.

We also believe that the proposed new arrangement unfairly treats smaller non main stream housing providers and particularly those providing for private retirement housing where it is commonly agreed that off site provision is the most sustainable option. The draft SPG leaves only 'Route A' open to such proposals with review mechanisms now required to multiple stages. Such measures are likely to discourage investment in these types of proposals in London which is the opposite intention of the Mayor's 'fast track' approach. The draft SPG adds a further level of bureaucracy, cost and uncertainty to already time consuming system.

The draft SPG should be amended to ensure that the uncertainty of 'overage' requirements specifically excludes small, single phase, short and medium term developments. Review clauses prior to implementation are the only suitable mechanisms which are consistent with national policy in this regard.

Going forward we would be happy to assist in formulating workable policies which would help in the delivery of the Mayor's housing aspirations.

End.