

The London Plan Team
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cc: Londonplan@london.gov.uk

24 July 2023

To The London Plan Team,

Re: Draft Development Viability and Affordable Housing London Plan Guidance

I am writing on behalf of the London Property Alliance (the “Alliance”). The London Property Alliance is an umbrella organisation for the City Property Association and the Westminster Property Association, the membership bodies and advocacy groups for the leading owners, investors, professional advisors and developers of real estate in the Cities of London and Westminster. Lists of the 400+ member companies (300 when combined given approx. 100 are members of both associations) we represent are available [here](#) and [here](#).

The Alliance welcomes the opportunity to comment on the GLA’s consultation on the draft London Plan Guidance (‘LPG’) documents on Development Viability and Affordable Housing.

Summary

We have responded, in detail, to specific points set out within the two documents, and this is enclosed at Appendix 1.

Whilst much of our response is, necessarily, technical, we set out below our principal overarching areas of concern:

- 1. Commitment to affordable housing delivery.** The Alliance is acutely aware of the urgent and pressing need for the delivery of genuine affordable housing within the capital. The Alliance supports the Mayor’s commitment to ensuring fair and affordable access to housing for all. We recognise that sustaining, and increasing, the delivery of housing of all tenures, especially affordable, is vital.

Whilst the aim of the draft documents is to deliver more affordable housing from development, we are concerned that the proposed changes suppress development and reduce the amount of affordable housing [delivery](#).

The Fast Track Route (‘FTR’) is a welcome option open to developers and has sped up the planning process whilst maximising affordable housing delivery. It is currently reasonably well understood; the proposed changes will lead to significant change to the eligibility criteria for this route, which are likely to make access to it more difficult. This will come at a time when delivering development faces considerably constraints, especially in the housing sector, because of external factors including inflation and rising construction costs, labour shortages, stagnant or declining values, increased finance rates and scarcity of capital. The length, complexity and uncertainty of the planning process is also a significant barrier. Our concern is that more developers will simply not be able to viably follow the FTR and will be forced, by way of a combination of market conditions and more complex eligibility criteria, down the Viability Tested Route (‘VTR’).

The Development Viability LPG places an increased preference on schemes following the FTR and it appears as if the LPG has been drafted to disincentivise developers from following the VTR. We consider that this approach is inappropriate as it does not consider the potential implications on actual delivery, given that more developments are likely to need to follow the VTR in challenging market conditions.

It is a long-standing policy principle (which is also acknowledged in the London Plan) that affordable housing should be 'maximum reasonable', with that maximum reasonable to be established by fair and objective viability testing, on a site-specific basis. This approach ensures that an appropriate balance can be sought between securing the maximum amount of affordable housing, but in a manner which does not stifle development coming forward.

As drafted, the Development Viability LPG will likely significantly protract any viability process when following the VTR route, which itself will delay affordable housing delivery. Some of the changes proposed are also likely to discourage developers from investing in residential schemes, thereby affecting affordable housing delivery.

The GLA should consider these comments in the wider context of the planning system. Over the past few years, planning has become increasingly complex and the list of matters which developers need to address in schemes has grown. This includes, but is not limited to, affordable housing delivery, social value, biodiversity, energy and sustainability, embodied carbon and fire safety. All are matters which should be considered and addressed positively in any planning application, but this has resulted in a lengthy and protracted planning process. This is also set against a backdrop of a significant resource crisis within the planning system, particularly within local authorities.

Planning policies and guidance should be looking to actively support development and enable actual delivery of homes and new places. We are concerned that the Development Viability LPG will have the opposite effect if applied as drafted.

2. **Pre-Application Engagement.** We agree that developers need to consider affordable housing delivery early on in scheme design to ensure that this can be carefully and appropriately designed into schemes.

However, the significant emphasis placed on viability pre-application discussions with the GLA appears overly simplistic and does not consider how proposals evolve. At pre-application stage, developments are not fixed and undergo several iterations to establish key matters such as building height and mass. It may simply not be possible at pre-application stage to determine the exact level of affordable housing to be provided in the context of other considerations which, need to be explored and responded to during the scheme design process.

The draft guidance also suggests that the GLA should be involved in scheme design to optimise the amount of affordable housing delivery, including removing elements that do not make a positive contribution to viability. This is short-sighted and does not take account of how development responds to other important planning considerations. For example, there is a pressing need for London's buildings and spaces to decarbonise to help tackle the climate crisis. There may be some instances where specific building materials or construction techniques are more environmentally friendly, but perhaps do not fully optimise viability. Likewise, building height and mass is a topic which requires considered thought in the round and has a direct impact on affordable housing delivery. Uses may not be immediately the most viable, but the balance of uses is an important contributor to establishing places that are socially and economically successful in the long term.

3. **Decision Making.** Linked to the above, the Development Viability LPG makes some inferences as to how decision makers should approach development viability in making planning judgements. Planning legislation is clear that planning decisions should be made in accordance with the

development plan unless material considerations indicate otherwise. It is not for supplementary planning guidance to dictate the weight of those material considerations and how that planning balance should be reached. These elements are too far reaching for supplementary guidance and should be removed.

- 4. Compliance with national policy and professional guidance.** There are several areas of the proposed guidance that are inconsistent with national policy in the NPPF and/or professional guidance provided by the RICS. In particular, the suggestion that viability testing should move away from standardised inputs and consider the identity and development model of individual applicants, is inappropriate and inconsistent with national policy and professional guidance.
- 5. Definition of public sector land.** The proposed guidance suggests a much wider definition of public sector land to which the 50% affordable housing target should apply, based on ONS classifications, which would include assets held by entities such as pension funds for commercial / investment purposes in a manner indistinguishable from private investment funds. This would, potentially, introduce significant market distortion and is misaligned with the intentions of the policy on which it is based.

The Alliance welcomes the opportunity to respond to the consultation and trusts that both the general observations set out in this letter and the detailed responses in Appendix 1 will be taken into account in developing the LPGs.

If it would be helpful to discuss any aspect of this letter further, please do contact me.

Yours faithfully,



Charles Begley
Chief Executive, London Property Alliance

Encs.