

Waltham Forest Local Plan

Affordable Housing and Viability

Supplementary Planning Document

February 2018



Waltham Forest

Translation

INTERPRETING AND TRANSLATION ASSISTANCE

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1 Introduction

Overview

1.1 This Supplementary Planning Document (SPD) has been prepared to provide detailed guidance on affordable housing and viability. The document provides further details on how the Council will take viability into account when considering planning applications and what supporting information applicants will be required to produce. The Council does not intend to apply this guidance retrospectively to any planning applications being processed or determined.

1.2 This SPD provides additional guidance on matters covered in the Waltham Forest Local Plan, which consists of the Core Strategy (2012) and the Development Management Policies (2013). This SPD does not and cannot introduce new planning policy. The aim of the SPD is to ensure that existing policy is effective as possible. The SPD will be a material consideration in determining planning applications.

1.3 The SPD has also been produced to ensure that the Council is following the guidance set out in the Mayor's Affordable Housing and Viability Supplementary Planning Guidance.

1.4 The purpose of this SPD is to:

- Explain the Council's approach to affordable housing and viability to local residents, applicants, developers and the wider community
- Explain circumstances when a Council will expect the submission of a viability appraisal
- Explain what affordable housing tenure the Council expects as part of residential development proposals
- Improve transparency in the viability process
- Explain and be transparent on the required viability appraisal methodology
- Explain and improve transparency of off-site and payment in lieu contributions
- Explain and provide greater clarity on the Council's required review mechanisms
- Explain and provide greater transparency on what affordable housing contributions will be required for Build to Rent.

1.5 This document should be read alongside the Local Plan, the London Plan (adopted 2016) and the Mayor's Affordable Housing and Viability Supplementary Planning Guidance (adopted 2017). The document has also been prepared in line with the London Borough Viability Protocol, which sets out overarching principles for how all London boroughs approach development viability.

What is affordable housing?

1.6 Affordable housing is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility for such housing is determined with regard to local incomes and local house prices. Affordable housing should also include provisions to remain at an affordable price for future eligible households (i.e. in perpetuity) or for the subsidy to be recycled for alternative affordable housing provision.

1.7 Affordable housing includes homes let at social rent, affordable rent and intermediate housing as defined below:

- Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency (and the Mayor of London).
- Affordable rented housing is let by local authorities or registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

1.8 Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

2 Legislative and Policy Context

Context

2.1 This section sets out the relevant planning policy and guidance. The National Planning Policy Framework (NPPF) (published March 2012) and Planning Policy Guidance (NPPG) (only available online) contains national planning policies and guidance. The London Plan (March 2016), Waltham Forest Core Strategy (adopted 2012) and Development Management Policies Development Plan Document (adopted 2013) form the statutory development plan for the Borough. Other relevant guidance includes the Mayor's Housing Supplementary Planning Guidance (SPG) (adopted May 2016) and the Mayor's Affordable Housing and Viability SPG (adopted August 2017).

2.2 The Council has also recently adopted a Planning Obligations SPD (adopted 2017) which should be read alongside this document.

National Planning Policy Framework (NPPF)

2.3 Paragraph 173 of the NPPF defines viable development as that which provides a competitive return to a willing land owner and willing developer and is deliverable. As such, the NPPF considers contributions for affordable housing should not impede the viability and delivery of development.

Planning Practice Guidance (PPG)

2.4 The PPG is clear that there is no single approach for assessing viability but that the NPPF definition should inform any approach.

2.5 The PPG sets out underlying principles for viability in planning:

- Evidence-based judgement: assessing viability requires judgements which are informed by the relevant available facts. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market
- Understanding past performance: such as building rates and the scale of historic planning obligations can be a useful start. Direct engagement with the development sector may be helpful in accessing evidence.
- Collaboration: a collaborative approach is encouraged to improve the understanding of deliverability and viability. This includes involving the local planning authority, the business community, developers, landowners and other interested parties.
- A consistent approach: local planning authorities are encouraged to ensure that their evidence base for housing policy is fully supported by a comprehensive and consistent understanding of viability across their areas.

Mayor's London Plan

2.6 The London Plan is the Mayor of London's spatial development strategy and forms part of the Waltham Forest's statutory development plan. The current version of the London Plan was updated and adopted in 2016. The policies are used in the determination of planning applications.

2.7 Policy 3.11 'Affordable housing target' states that the Mayor and Boroughs should seek to maximise affordable housing provision and ensure an average of at least 17,000 more affordable homes per year over the London Plan period. Policy 3.11 suggests a tenure split of 60% for social and affordable rent and 40% for intermediate rent or sale. Affordable family housing provision is a priority.

2.8 The London Plan policy 3.11 also states that Boroughs should set an overall affordable housing target and provide separate targets for social, affordable rented and intermediate housing. It states that Boroughs should make the best use of available resources to maximise affordable housing output.

2.9 The London Plan policy 3.12 states that the maximum reasonable amount of affordable housing should be sought when negotiating individual private residential and mixed-use schemes. This maximum reasonable amount is the largest number considered to; not hinder the delivery of residential development, to promote mixed and balanced communities, and to take account of the size and type of affordable housing need, specific site circumstances and funding available to maximise affordable housing output.

2.10 Policy 3.13 'Affordable housing thresholds' states that contributions for affordable housing should normally be required on a site which has the capacity to provide 10 or more homes.

2.11 London Plan Policy 8.2 states that when considering planning applications of strategic importance, the Mayor will take into account the economic viability of each development concerned, the existence and context of planning obligations and other issues. Policy 8.2 also sets out the Mayor's priorities for planning obligations, placing the highest strategic priority on contributions to affordable housing and transport infrastructure.

Mayor's Affordable Housing and Viability Supplementary Planning Guidance

2.12 The SPG was adopted in August 2017. It provides further guidance on London Plan policies and the Housing SPG.

2.13 It sets out the Mayor's preferred approach to affordable housing and viability, which is a threshold approach. The threshold approach is considered to provide a more consistent and transparent process and as such speed up the delivery of

affordable housing via Section 106 contributions. The threshold put forward in the SPG is 35% on private land or 50% on public land, both to be met without grant. The 35% threshold is informed by pan-London past completions and approvals.

2.14 The SPG sets out two routes:

1. Viability Tested Approach (VTA): for applications that do not meet the 35% threshold, the applicant should submit viability evidence in line with the SPG guidance. The Mayor states that all applicants under this route should explore the use of grant and other public subsidy to increase the level of affordable housing. If approved, based on evidence there will be an early stage review and a late stage review applied via the Section 106.
 - Early stage review will be triggered if an agreed level of progress on implementation has not been made within two years of the permission being granted or as agreed by the LPA. If the viability has improved since planning permission was granted, there will be a requirement to provide more affordable housing.
 - Late stage review will be required on all developments which follow the VTA route at the point at which 75 per cent of units are sold or let. It is possible that this could result in a financial contribution for additional affordable housing provision if the viability has improved since application stage.
 - The SPG states that for phased schemes, it may be appropriate to have a mid-term review prior to the implementation of the later phases, and/or an updated early stage review in the event that the a scheme stalls for a period of 12 or more months following an early stage review.
2. 'Fast Track' Threshold Approach: If an application can prove it can meet or exceed the 35% affordable housing threshold it will be able to choose a fast track viability route. To take this route there are conditions the applicant has to meet:
 - proving that they are providing 35% affordable housing without public subsidy;
 - being consistent with the relevant tenure split as set by the Mayor and meet other obligations and requirements to the satisfaction of the LPA and the Mayor where relevant; and
 - having sought to increase the level of affordable housing beyond 35 per cent by accessing grant.

2.15 If an applicant meets the above they are not required to provide viability information. To ensure an applicant fully intends to build the permission, an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted or as agreed with the LPA. At this stage, there may be a requirement to share viability information to see changes in values and build costs.

2.16 Land in public ownership or public use that is used for housing development will be expected to deliver at least 50 per cent affordable housing without grant to benefit from the Fast Track Route.

2.17 The SPG strongly encourages Local Planning Authorities such as the Council to apply the affordable housing threshold and to take the SPG into account and consider this when developing future affordable housing policies.

LB Waltham Forest Core Strategy

2.18 The Core Strategy sets out the spatial planning framework for the development of the Borough for the next 15 years. It is a strategic document that provides the broad strategy to enable Waltham Forest to plan for (and manage) change and development over the next 15 years.

2.19 Policy CS2: 'Improving Housing Quality and Choice' aims to facilitate sustainable housing growth, including maximising the delivery of affordable housing across the borough. The Council has a target of at least 50% of homes to be affordable over the plan period. Within this, the Council wants a balance of tenures to be provided – social rented, affordable rent and intermediate housing.

2.20 The policy states that the Council will assess affordable housing levels on a site by site basis. Any developments coming forward which propose less than 50% affordable housing will need to demonstrate a viability case via the submission of a viability appraisal. Where a viability case is used to justify an affordable housing offer below policy requirements, the Council will require the shortfall to be treated as a deferred contribution. Subsequent viability appraisals will be required and could lead to a further payment of a deferred sum.

LB Waltham Forest Development Management Policies

2.21 Policy DM3: 'Affordable Housing Provision' states, in accordance with policy CS2, the Council aims to provide 50% of new housing to be affordable. To achieve this policy DM3:

- Seeks the provision of affordable housing within all residential developments providing 10 or more units in the borough, first on site, secondly on a nearby site and where this cannot be practicably achieved the Council may accept an off-site payment in-lieu.
- Applies deferred contributions to housing sites capable of providing 10 or more homes which propose less than 50% affordable housing
- Seeks a tenure split of 60% social or affordable rented units and 40% intermediate housing units

- Seeks the use of legal agreements in phased residential developments to ensure that all parts or phases make appropriate provision of affordable housing
- Seeks affordable housing schemes to be 'tenure blind' to ensure homes across tenures are indistinguishable from one another.

2.22 Development Management Policies paragraph 4.8 states that the Council may accept offsite contributions for affordable housing, in cases where there are existing concentrations of particular types of social housing in the area of the primary proposal site and there are demonstrable benefits to be gained by providing new units at a secondary site in a different location, so as to create more socially mixed communities, or to provide a particular type of housing, such as family housing. Paragraph 4.18 states where off site contributions are considered acceptable, the developer will be required, subject to viability, to pay a contribution that reflects both the land value and build costs for the number of affordable units that should have been provided on site applying the 50% target. The off-site contribution will be based on the estimated cost to the applicant of providing the equivalent amount of affordable housing on the site.

2.23 Development Management Policies paragraphs 4.13 to 4.17 outline the Council's approach to deferred contributions. The formal mechanisms will be detailed in standard clauses of the Council's standard Section 106 agreement. The applicant will be expected to provide comprehensive supporting information to enable the Council to make an informed decision on the financial viability of the proposed development scheme including as a minimum, a detailed cost plan and specification together with properly analysed evidence justifying proposed sales values and a detailed valuation of existing use value. The information will be assessed by the Council advised by an Independent Assessor as and when required, and the applicant will be expected to pay the cost of this assessment.

2.24 If a scheme is approved on the basis of an affordable housing offer below policy requirements, the section 106 agreement will include provision for a re-appraisal of viability. Applicants should also expect that a restriction on the occupation of an appropriate number of market units to reflect the policy shortfall will be required to secure any further contribution from the assessment process. The applicant will be required to submit detailed evidence to the Council on an open book basis of the actual costs expended and values generated by the scheme and, where viability has improved, the applicant will be expected to make further affordable housing provision up to the maximum policy shortfall. At this point, the Council will give due consideration to the practicalities of achieving further on-site provision in each individual case but the Council will primarily seek additional on-site provision from major or multi-phased schemes.

2.25 In relation to the implementation of phased development paragraph 4.25 states that where developments are phased the Council will seek applicants to provide an 'open book' viability appraisal for each separate phase to ensure that each phase makes the maximum reasonable affordable housing contribution.

London Viability Protocol

2.26 The London Viability Protocol (LVP) was published in November 2016 by the London Borough Viability Group (LBVG), which the Council is a member of. The protocol provides a set of guidelines for:

- Viability assessment process
- Development values
- Development costs
- Planning contributions
- Developer profit
- Land value
- Viability mechanism review.

3 Viability Appraisals

What is a viability appraisal?

3.1 A viability appraisal is an assessment of the economics of a particular development. It can be used to determine what planning contributions the applicant could provide to the Council in relation to the site, such as affordable housing, that would not hinder the delivery of the development.

When are they required?

3.2 Viability appraisals are required by the Council when:

- Any planning application proposes 10 or more residential units, and where less than 50% affordable housing is provided.
- If the affordable housing contribution is being provided off-site or as a payment in lieu.

When they are not required?

3.3 The Council will not require a viability appraisal where a planning application is providing 50% or more affordable housing on site.

Pre-application stage

3.4 The Council strongly encourages all applicants to engage in the pre-application process before submitting a planning application. The process allows the Council to clarify relevant planning policies and other material considerations. It enables a collaborative approach to understand and resolve issues early on in the planning process and to thereby ensure emerging development proposals comply with the Council's adopted planning policies.⁽¹⁾

3.5 The Council expects that any application for 10 or more residential units, which is unlikely to provide 50% affordable housing on-site, includes the submission of a draft viability appraisal (DVA) at the pre-application stage. By doing this it allows early consideration of any viability issues and for the Council to provide applicants with the best and most relevant advice. It will also speed up the planning process once an application is submitted.

3.6 The level of detail that can be provided at the pre-application stage will vary from scheme to scheme and will depend largely on the scale of the proposed development and how advanced the emerging proposal is.

1 Find out more about the Council's pre-application process at the following link: <https://www.walthamforest.gov.uk/content/get-planning-pre-application-advice>

3.7 Failure to present a DVA which has been prepared in accordance with the principles set out in this SPD will limit the advice Council officers are able to provide at the pre-application stage.

Planning applications stage

Validation Requirements

3.8 A viability appraisal is required in the following instances:

- Any planning application proposes 10 or more residential units, and where less than 50% affordable housing is provided.
- If the affordable housing contribution is being provided off-site or as a payment in lieu.

3.9 If an application comes forward for the type of development described above without a viability appraisal it will not be validated. The Council expects, for validation:

- Executive Summary of the viability appraisal
- a full working model and/ or all the assumptions and calculations to be included with the submission.

3.10 Failure to submit required information will lead to an invalid application. This applies to detailed, outline and hybrid planning applications.

Material Changes

3.11 Revised viability appraisal will be required on live planning applications when:

- There has been a material change in circumstance which the Council considers could affect the viability of the scheme; or
- There has been a material change to the proposal which the Council considers could affect the viability of the scheme.

Section 73 Applications

3.12 An updated viability appraisal will be required for applications submitted under Section 73 of the Town and Country Planning Act 1990 where:

- There has been an increase or decrease in the number of residential units; and/ or
- The tenure mix has been varied;
- Change of use of units to residential;
- Any non-residential change of use which could affect the viability;
- Any change to the development that in the opinion of the Council could alter the viability position.

3.13 A Deed of Variation will be required to the original Section 106 Agreement to ensure that any relevant changes to the planning obligations are captured.

Council's Assessment Process

3.14 The Council's assessment process is as follows:

- **Step 1:** The Council will first review the viability appraisal
- **Step 2:** The Council will refer the viability appraisal to the Council's appointed assessor for independent assessment. The applicants are required to meet the full cost of the independent assessment. Payment to the viability assessor must be up front in advance of the viability assessment.
- **Step 3:** The assessor will provide a report to the Council, usually within six weeks, and the applicant and negotiations will take place based on this.

3.15 The applicant will be expected to meet the cost of any subsequent reviews required, including, but not exclusive to, where the application is subject to an appeal, or different stages of the development's delivery, as set out in the section 106 agreement.

4 Affordable Housing Tenure, Size and Rent Levels

4.1 Development Management Policy DM3 requires an affordable housing tenure split of:

- 60% social rent or/ and affordable rent; and
- 40% to be intermediate housing (rent or sale).

4.2 The Council will seek to ensure that affordable rented homes are affordable for local households to let, both at first and into the future. Rents for this property type will be sought not to be higher than the rents set out in the Table 4.1 below, inclusive of service charges and capped at the London Housing Allowance (LHA).

Table 4.1 Recommended maximum affordable rent

Dwelling Size	1 Bed	2Bed	3Bed	4+bed
% of market rent	Up to 80%	Up to 70%	Up to 60%	Up to 50%

4.3 Policy DM3 'affordable housing provision' seeks 40% of affordable housing to be intermediate housing. The Council's preferred mix is Shared ownership and London Living Rent, subject to viability.

4.4 Shared Ownership provided will have to adhere to the Mayor's income thresholds, currently set at a maximum household income of £90,000. London Living Rent provided will have to adhere to the Mayor's income thresholds, currently set at a maximum household income of £60,000, without sufficient current savings to purchase a home in the local area. These can and will be updated by the GLA through the Annual Monitoring Review. The average salary of those in full time work in the Borough is £30,900. ⁽²⁾ and the Council will seek some Shared Ownership to cater for this income level.

4.5 The GLA sets the rent levels for London Living Rent. The rent levels are one-third of median gross household income for the ward where the development is proposed and they are linked to the open market house prices by ward. London Living Rent must be at least 20% below open market rent. The rent levels for London Living Rent will be updated annually. ⁽³⁾

2 £30,900 is the average earnings for full-time working residents from 2015 to 2016. Further details can be seen at www.walthamforest.gov.uk/content/statistics-about-borough

3 The London Living Rent levels can be viewed at: www.london.gov.uk/what-we-do/housing-and-land/renting

4.6 All affordable homes are required to be affordable in perpetuity, with a minimum of 125-year leases. There must also be processes to recycle Shared Ownership and London Living Rent sales receipts to provide replacement affordable homes.

Providing homes for families

4.7 There is demand for family-sized homes in the Borough. To meet this need the Council requires a range of property sizes to be provided in line with Policy DM5 and Table 2 below. Further details are available in the [Council's Affordable Housing Guidance](#).⁽⁴⁾

Table 4.2 Preferred Housing Mix

Number of Bedrooms	1 bed (2 person)	2 bed (4 person)	3 bed (5/7 person)	4 bed+
Market	20%	30%	40%	10%
Intermediate Affordable Housing	20%	40%	30%	10%
Social/Affordable Rented Housing	20%	30%	40%	10%

4 See guidance at <https://www.walthamforest.gov.uk/sites/default/files/Affordable%20Housing%20Guidance%20April%202014.pdf>

5 Transparency of Information

5.1 The following sets out the Council's approach to making information publicly available and maintaining transparency in decision-making. The Council recognises that making information publicly available and transparency in decision making is essential for public participation and to maintain confidence in the planning system. As such, the Council will expect that viability appraisals provided can be made available to the public alongside other application documents. The Council has agreed to follow the London Borough Viability Protocol, and the following section is in line with it.

5.2 The transparency of information is particularly relevant to planning applications where an applicant argues that the Council's affordable housing policy cannot be met due to viability constraints.

The Environmental Information Regulations 2004

5.3 The Council is required to adhere to the Environmental Information Regulations 2004 (EIR 2004). The EIR 2004 require a public authority, including a local authority, to provide public access to environmental information. The EIR 2004 does this in 2 ways: (i) authorities must make environmental information available proactively, and (ii) members of the public are entitled to request environmental information from authorities. The guiding principle is that all information should be accessible subject to certain exemptions and the public interest test.

5.4 EIR 2004 makes it clear that there is a presumption in favour of disclosure and this applies when determining whether an exemption applies in relation to a request for environmental information and in carrying out the public interest test.

Planning Policy

5.5 The PPG states that the transparency of viability evidence is encouraged wherever possible. The Mayor's SPG on Affordable Housing and Viability again requires transparency of viability appraisals in the planning process. Certain prescribed developments are referable to the Mayor of London who will consider the viability appraisals submitted and will make these available to the public as set out in the Mayor's SPG on Affordable Housing and Viability.

Pre-application

5.6 If an applicant wishes to make a case that a draft viability appraisal submitted as part of the pre-application process should remain confidential then they should provide a full justification as to what information is commercially confidential and the reasons why the public interest in maintaining commercial confidentiality is outweighed by the public interest in disclosing the information. This will then be assessed by the Council in accordance with the tests set out in the EIR 2004 and FOIA 2000.

Planning applications

5.7 Information relevant to planning applications is publicly available and the Council will expect that viability appraisals can be made available to the public alongside other application documents. In submitting appraisals, applicants do so in the knowledge that it will be made publically available on the Council's online planning applications database. If an applicant wishes to make a case that a viability appraisal submitted as part of the planning application should remain confidential then they should provide a full justification as to what information is commercially confidential and the reasons why the public interest in maintaining commercial confidentiality outweighs the public interest in disclosing the information. This will then be assessed by the Council in accordance with the tests set out in the EIR 2004 and FOIA 2000.

5.8 Viability appraisals will also be made available to Planning Committee members and any other member who has a legitimate interest in seeing it.

5.9 The Council may also need to make the information available to a third-party organisation. The cases where this will occur are where that body has a role in determining an application (e.g. the Mayor of London, the Secretary of State) has statutory consultee or other duties, is providing public subsidy or is fulfilling their duties under the EIR 2004 and the FOIA 2000.

Other situations

5.10 The information will also be shared with third parties when the Council is fulfilling its duties under the EIR 2004 and the Freedom of Information Act 2000 (FOIA 2000).

5.11 In developing this guidance the Council has had regard to the following cases: The Royal Borough of Greenwich vs. ICO & Shane Brownie EA/2014/0122.RB and Clyne vs. ICO & Lambeth EA/2016/0012.

6 Viability Appraisal Methodology

6.1 The following section sets out the Council's preferred viability appraisal methodology. The Council adheres to the London Borough Development Viability Protocol and the guidance below is considered to be consistent with that protocol.

How is viability assessed?

6.2 Viability is assessed by calculating the uplift in value arising as a result of planning permission being granted for a proposed development. Where the uplift is sufficient, the land will be released from its current use to a new use. The developer will then receive a competitive return.

6.3 When the Council receives a viability appraisal, it will consider whether the approach adopted and the inputs used are appropriate and adequately justify the evidence. When reviewing the information provided by the applicant, the Council may ask for further clarification and additional information.

6.4 Overall, the Council wants to establish whether the proposed level of affordable housing (and other contributions) is the maximum that can be reasonably delivered, or whether there is scope for further contributions to be made.

Residual Land Value Methodology

6.5 The Council and the Mayor will use the Residual Land Value (RLV) methodology to determine the underlying land value. The RLV methodology calculates the 'residual' value that is available to pay a landowner once the development costs and the developers' profit are deducted from the Gross Development Value (GDV) generated by the development. Planning obligations, Community Infrastructure Levy (CIL) and policy requirements are included within the appraisal as a development cost.

6.6 The Council and the Mayor considers that this is the most appropriate methodology to use as it requires planning policy requirements to be included as a development cost that influences the level of uplift in value of the land once planning permission is granted. They are then deducted from the GDV to determine the residual value that is available to pay for the land.

6.7 The RLV should be cross-checked against market site comparable to ensure it is consistent with the price being paid for comparable sites in the market.

Benchmark Land Value

6.8 Calculating RLV is one calculation used to determine whether a proposal is viable. Once calculated, it is then compared to the Benchmark Land Value (BLV). BLV is the value below which the current or existing use will be retained on site and the land will not be released for development.

6.9 The process for establishing an appropriate BLV for a viability appraisal is important because it indicates the threshold for determining whether a scheme is viable or not.

6.10 A development is deemed to be viable if the RLV is equal to or higher than the benchmark land value as this is the level at which it is considered that the landowner has received a reasonable return and will release the land for development.

Existing Use Value Plus Premium Approach

6.11 The approach the Council expects for determining the BLV is the 'Existing Use Value Plus Premium' (EUVPP). EUVPP uses the existing use value but adds a premium to provide the landowner with an additional incentive to release the site. The premium above EUVPP that is applied will generally not be expected to exceed 20%.

6.12 The Council has chosen this approach as it provides the clearest indication of the uplift in the site value generated by the proposed scheme and enables comparison of the site value without planning permission.

6.13 The Council will not have regard to site purchase price if it cannot be demonstrated that this has taken full account of planning policy requirements and that the inputs to the appraisal adopted to arrive at that price are consistent with those adopted in the applicant's viability submission.

Market Value Approach

6.14 The Council and the Mayor will generally not accept the use of the Market Value Approach (MVA) to viability appraisals. Recent research by the Royal Institution of Chartered Surveyors (RICS) has identified flaws in the application of such an approach. The research found that 'market value' approach is not being applied correctly. In fact, using the MVA can encourage developers to overpay for sites and then try to recover some, or all, of this overpayment via a reduction in planning obligations.

6.15 In the very limited circumstances where this approach may be justified, an applicant must demonstrate that the site value fully reflects policy requirements, planning obligations, and CIL charges, and takes account of site-specific circumstances. Market land transactions used must be fully evidenced and justified as being genuinely comparable and consistent with the methodology applied in the viability assessment. These should also be used to determine whether the residual value of the scheme, and cost and value inputs, are realistic. The applicant should also consider the:

- EUV;
- the Residual Land Value assuming a policy compliant affordable housing offer;

- the Residual Land Value based on an assumption of no affordable housing and
- the Residual Land Value based on evidence from recent comparable market transactions.

Alternative Use Value Approach

6.16 Alternative Use Value (AUV) is where a developer provides an appraisal which compares the proposed use to value of an alternative use.

6.17 The Council will accept viability appraisals which use the 'alternative use value' (AUV) approach but only:

- if the alternative use would fully comply with the development plan policies; and
- it can be demonstrated that the alternative use could be implemented on the site in question; and
- There is market demand for the site.

6.18 Where all these conditions are met and the AUV approach is being used, there is no requirement for an additional 'plus' element. It is for the applicant to weigh up the different options and risk profiles of the potential schemes for a site and decide which one to pursue.

Developer Profit

6.19 The appropriate level of profit is scheme specific; evidence should be provided from applicants to justify proposed rates of profit, taking account of the individual characteristics of the scheme, the risks related to the scheme and genuinely comparable schemes. In line with the PPG a rigid approach to assumed profit levels should be avoided and applicants cannot rely on typically quoted levels.

6.20 Factors that may be relevant when assessing scheme-specific target profit levels include the scheme's development programme, and whether it is speculative or provides pre-sold/ pre-let accommodation. Market forecasts and stock market trends may also provide an indication of perceived market-wide risk.

6.21 Profit requirements for affordable housing should reflect significantly lower levels of risk when compared to private residential units. Lower levels of return would normally be expected for commercial and private rented accommodation.

6.22 It should be made clear how the profit level has been adjusted taking into account other assumed inputs within an appraisal. For example, the adoption of cautious assumptions such as the inclusion of contingencies and other costs at the upper end of typical parameters may warrant a lower target profit. The application of a review mechanism should not be used as a justification for a higher profit level.

6.23 The Council and the Mayor will normally consider profit as a factor of gross development cost (GDC) or gross development value (GDV). An ‘internal rate of return’ (IRR) approach of measuring profit, which is associated with a long term development programme and assumed growth in values and build costs, is sensitive to the timing of costs and income. If IRR is relied on, a full justification must be provided for the assumed development programme, the timing of cost and value inputs, and the target IRR. Where this is the case profit should also be considered as a factor of GDC and/ or GDV.

Appraisal inputs and assumptions

6.24 As a minimum, applicants should provide the information set out in Table 6.1 for viability appraisals. This list is not exhaustive, and the Council may request further detail and information if the level of detail initially submitted is considered insufficient or if there are site-specific circumstances which require additional information. All costs used by the applicant should be based on current costs. The Council expects detailed evidence to support the inputs to be provided alongside the details in Table 6.1.

Table 6.1 Development appraisal inputs and information

Inputs/Information	Requirement
Appraisal format	<p>Hard and electronic copy of appraisal which can be interrogated by the Council.</p> <p>The Council will accept the electronic viability appraisal using standard viability models such as: Homes and Communities Agency (HCA), Three Dragons, GLA Affordable Housing Toolkit, and the development software ARGUS Developer, will be acceptable provided that all required information is set out and is supported by an appropriate cash flow analysis.</p>
Detailed specification of works	Site area, type and tenure of residential units including number of habitable rooms, unit size, density (by units and by habitable rooms), type of any other uses include, such as commercial units

Inputs/Information	Requirement
	<p>and details of floor areas, including Gross Internal Area (GIA) and Net Internal Area (NIA)</p> <p>Information should also be provided about the proposed specifications of the development.</p>
<p>Costs</p>	<p>An anticipated construction timescale / development program should include land acquisition, pre-build, construction, marketing period and phasing. The Council expects this to be referenced to project/construction plans and contracts.</p> <p>Detail of other costs such as demolition costs, sales and letting fees, professional fees, financial costs, site purchase price with supporting evidence including letting/development agreements.</p> <p>The Council expects Builds to be provided in an elemental form based on detail specifications of the proposed development, to enable them to be benchmarked against publically available sources for example the Building Cost Information Service of RICS (BCIS) data. The Council requires separate costs for: preliminaries; demolition/ site clearance/ site preparation; base build costs; abnormal costs; on-site infrastructure and utilities; offsite infrastructure; contractor's overheads and profit; design fees and professional fees; and contingencies.</p> <p>Any abnormal cost such as land remediation or significant on-site community infrastructure provision should be provided and supported by robust evidence.</p>

Inputs/Information	Requirement
	<p>Costs should be provided on Gross Internal Area with costs clearly apportioned to each element of the scheme. They should be supported by evidence from cost consultants and should reflect current costs and values, in line with the PPG and the Mayor's SPG.</p>
<p>Gross Development Value</p>	<p>Yields and rental values of commercial units</p> <p>Sales and rental values should be based on comparable evidence and schemes and based on current costs and values. Values for affordable units should include evidence from Registered Providers.</p>
<p>Developer Profit</p>	<p>The appropriate level of profit is specific to the development; evidence should be provided from applicants to justify proposed rate of profit taking account of the individual characteristics of the scheme, the risks related to the scheme and comparable schemes.</p> <p>Profits for affordable units and Built to Rent should reflect a lower level of risk.</p> <p>Profit will normally be considered as a factor of gross development cost (GDC) or gross development value (GDV). An 'internal rate of return' (IRR) approach of measuring profit, which is associated with a long term development programme and assumed growth in values and build costs, is sensitive to the timing of costs and income. If IRR is relied on, a full justification must be provided for the assumed development programme, the timing of cost and value inputs and the target IRR. The Council</p>

Inputs/Information	Requirement
	<p>and the Mayor would not expect the IRR measure of return to be used on schemes providing fewer than 1,000 units. In addition, where IRR is relied on, the Council (and/or the Mayor where relevant) will also consider profit as a factor of GDC and/or GDV.</p>
<p>Benchmark land Value (BLV)</p>	<p>Existing Use Value Plus Premium with evidence of comparable schemes, excluding any value associated with development on the site or alternative uses. The comparable schemes for the Existing Use should be sites or buildings of a similar condition and quality.</p> <p>Any premiums should be justified and in accordance with the guidance in this SPD and site-specific circumstances.</p> <p>Evidence of how the Existing Use Value takes account of planning policy requirements.</p> <p>BLV will not be index linked.</p>
<p>Alternative Use Value</p>	<p>Alternative Use Value (AUV) is where developer provides an appraisal which compares the proposed use to value of an alternative use.</p> <p>The Council will only accept this:</p> <p>if the alternative use would fully comply with the development plan policies; and</p> <p>it can be demonstrated that the alternative use could be implemented on the site in question; and</p> <p>There is market demand for the site.</p>

Inputs/Information	Requirement
<p>Planning Contributions</p>	<p>S106 planning obligations should be included as a development cost and should be calculated in line with the Council's Planning Obligations SPD.</p> <p>Community Infrastructure Levy (CIL) should also be included as a development cost and be calculated in line with both the Council and Mayor's Charging Schedules. The instalment policy for Mayoral and local CIL as detailed in the Council's CIL charging schedule should also be reflected in the assumed timings of payments. For further details on CIL please see the Council's website.</p>
<p>Target Market</p>	<p>Information should be provided relating to the target market of the development. The information provided is expected to be consistent with the assumed costs and values.</p>

Scheme Delivery

6.25 Applicants should demonstrate that their proposal is deliverable and that their approach to viability is realistic. As such appraisals would normally be expected to indicate that the scheme does not generate a deficit, and that the target profit and benchmark land value can be achieved with the level of planning obligations provided. If an appraisal shows a deficit position the applicant should demonstrate how the scheme is deliverable.

6.26 Where an applicant is seeking to rely on assumptions of growth in values these should be provided. For shorter-term non-phased schemes which are based on current day values and costs, growth assumptions should be included as a scenario test.

6.27 For phased or longer-term schemes, it may be appropriate to include growth assumptions within the appraisal to ensure that this is realistic and that affordable housing is maximised. These should be informed by recognised market sources for the relevant area. Where this is the case, viability review mechanisms will be required

as set out in this guidance given the uncertainty in determining viability at the application stage. Higher profit targets should not be assumed which offset the benefits of this approach.

Development Values

6.28 Gross development value is derived from: the sales values of any units, car parking spaces, and any other buildings to be sold; the rental value of any units be rented out which are capitalised using a yield, ground rents, and any rents generated by commercial floorspace; or any other use to give an overall capital value.

6.29 Assumptions relating to development values should be justified with reference to up-to-date transactions and market evidence relating to comparable new build properties within a reasonable distance from the site (where available) and, where relevant, should reflect arrangements with future occupiers.

6.30 In particular, information relevant to comparable properties should be directly comparable to the site in question or should be adjusted to ensure it is comparable. It should be fully analysed to demonstrate how this has been interpreted and applied to the application scheme. For any units with characteristics which justify higher values (e.g. upper floors, south facing units, river frontage etc.) further details should be provided, with reference to units of similar characteristics in nearby schemes where possible.

Affordable housing values

6.31 Affordable housing values should reflect discussions with, and the offer(s) made, by the RP. Values should be evidenced through calculations of rental and capital receipts (including staircasing receipts for shared ownership units) and availability of RP cross subsidies where applicable. For viability purposes London Living Rent homes should be assumed to be sold, on shared ownership basis, after a period of 10 years to the occupying household as a first priority, or another eligible household, with the relevant subsidy recycled out to support the appraisal, including the name of the RP involved. If no offers have been received, details regarding the terms of marketing and the procurement process should be provided.

6.32 The price the RP has agreed to pay for each unit should be used in the viability assessment.

6.33 The above approach to valuation and Section 106 should also be applied to schemes where affordable housing tenures are not being provided by an RP.

6.34 The Council will investigate assumed payments for affordable housing where the price assumed or paid for an affordable unit is significantly higher than typical values.

7 Off Site and Payment in Lieu Contributions

Off-Site Provision

7.1 The Council will always seek affordable housing on site first, secondly on a nearby site and where this cannot be practicably achieved the Council may accept an off-site payment in-lieu.

7.2 Off-site provision of affordable housing contributions will only be allowed in exceptional cases where it can be demonstrated robustly where on-site provision would not be feasible or optimal. Viability alone is an insufficient justification for off-site affordable housing provision.

7.3 All schemes proposing off-site provision of affordable housing, whether referable to the Mayor or not, are required to submit a viability appraisal

Payment in lieu (PIL)

7.4 PIL affordable housing contributions will only be accepted where this would have demonstrable benefits over and above onsite or off-site provision. If accepted the monies will be ring-fenced, and if appropriate, pooled, to secure efficient delivery of additional affordable housing on identified sites elsewhere or as part of an agreed programme for provision of affordable housing.

7.5 The contribution will be based on the estimated cost to the applicant of providing the equivalent amount of affordable housing on the site.

7.6 The Council will require the calculation of PIL contributions to be on an open book basis with actual development costs and sale of receipts. Where PIL is agreed at planning application stage there will be review mechanisms in place, detailed in the Section 106 agreement, if there is still an affordable housing policy shortfall.

8 Review Mechanisms

8.1 Review mechanisms will be used by the Council and the Mayor to determine whether a development is capable of providing additional affordable housing. Using them acknowledges the potential for significant changes in values in the housing market and allows the Council to ensure that maximum public benefit is secured over the period of a development.

8.2 The Council will require review mechanisms on phased and non-phased developments.

8.3 Development Management Policy DM 3 states that if a scheme is approved on the basis of an affordable housing offer below policy requirements, the section 106 agreements will include a 'contingent obligation' for a re-appraisal of viability.

8.4 Development values within viability appraisals are typically determined based on present day values at the point of planning permission. There is, however, usually a lag in time between granting planning permission and building out. Planning permissions allow three years to start delivering the development and the construction period can lead to further delays. During this time, significant changes can occur to the viability of development.

8.5 When a re-appraisal of viability is required, the Council expects:

- The submission, on an open book basis, of all relevant information, with the expectation of full and frank disclosure. All development expenditure included should be reasonably and properly attributed to the development and be reasonably and properly incurred in each case;
- Inputs to the appraisal to be in line with this SPD
- Where there is a non-standard transaction, the figure to be included in the Viability Reassessment will be the open market value of the Open Market Dwelling(s) concerned as at the date of the transaction

8.6 If viability has improved, the applicant will be expected to make further affordable housing provisions, up to the maximum policy shortfall. The Council will not adjust the affordable housing provision downwards.

8.7 Any contribution arising will be capped by the relevant planning policy requirement. Where a viability review demonstrates an improvement in a scheme's viability, a percentage split of the increase in the scheme's value between the developer and the Council. In line with the Mayor's Affordable Housing and Viability SPG, the split will be 60/40 between the Council and the developer with 60% of the surplus profit used for additional affordable housing.

8.8 When considering additional affordable housing provision, the Council will give due consideration to the practicalities of achieving further on-site provision in each case primarily from major or multi-phased scheme. If it is agreed that further on-site affordable housing cannot be provided then a financial contribution up to the policy shortfall will be payable to the Council instead, for the provision of affordable housing in the borough.

Review Mechanism Stages

8.9 In line with Development Management Policy DM3 and the Mayor's Affordable Housing and Viability SPD the Council expects re-assessment of viability at the following stages:

Early stage review:

8.10 To incentivise delivery the Council requires all schemes to be subject to an early review which is triggered where an agreed level of progress on implementing the permission has not been reached after two years of the permission being granted or as agreed with the Council and the Mayor where relevant, on a site-by-site basis.

8.11 An acceptable level of progress is likely to be substantial implementation, i.e. following the completion of all ground preparation works, the foundations for the core of the development, and construction of the ground floor. If the agreed level of progress has been made, the review will not be triggered.

8.12 Where the early review is triggered, the review will take place at the point that the agreed level of progress is reached. It is expected that in most cases any uplift in affordable accommodation at this early stage will be accommodated on-site. Plans should identify which homes would switch to affordable accommodation in the event of an improvement in viability at this early stage.

8.13 Where a review identifies a surplus that is insufficient to augment on-site affordable housing then surplus should be paid to the Council, as a financial sum, prior to occupation of the development.

Late stage review:

8.14 The Council expects all schemes providing less than 50% affordable housing to be subject to a late review. The Council expects schemes to be subject to late reviews which will be applied once 75 per cent of homes are sold, or at a point agreed by the Council. The benefit of this approach is that the review can be based on values achieved and costs incurred. A certain number of units equating to the value of the affordable housing policy shortfall will be withheld from occupation, via the section 106 agreement, until the review has been submitted and any additional contribution arising from this have been paid. The outcome of this review will typically be a financial contribution towards off-site affordable housing provision.

8.15 The Council will require the owner/ developer to pay the Council for the cost of independent appraisals of viability re-assessments. This will be capped at a reasonable level depending on the industry standard charges at the time.

Phased Developments

8.16 Where developments are phased, the Council will expect multiple reviews linked to each phase.

8.17 Details of the reviews will be set out in the section 106 agreement which shall be drafted in accordance with the Council's standard wording.

9 Build to Rent and Affordable Housing Contributions

What is Build to Rent?

9.1 Build to Rent (BTR) are purpose built residential dwellings (house or flats) for private rent. They are professionally managed and should have longer tenancies than the conventionally private rented sector.

9.2 For the purposes of this SPD, a Build to Rent development must:

- Be a development, or block/ phase within a development, of at least 50 units;
- Hold its constituent homes as Build to Rent under a covenant for 15 years, with all affordable homes to be held in-perpetuity;
- Prove that all units are self-contained and let separately;
- Operate under unified ownership and management
- Offer rent certainty for the period of the tenancy, the basis of which should be made clear to the tenant before a tenancy agreement is signed and include any annual increases which should always be formula- linked
- The affordable housing provision rents to be inclusive of service charge;
- Offer longer tenancies (three years or more) with break clauses that allow the tenant to end the tenancy with a month's notice any time after the first six months and
- Property manager to be part of an accredited Ombudsman Scheme and a member of a recognised professional body.
- include on-site management, which does not necessarily mean full-time dedicated on-site staff, but must offer systems for prompt resolution of issues and some daily on-site presence;
- be operated by providers who have a complaints procedure in place and are a member of a recognised ombudsman scheme; and
- not charge up-front fees of any kind to tenants or prospective tenants, other than deposits and rent-in-advance.

9.3 The definition requires all homes in a development to be BTR. However, it recognises that this might apply to just one block on a larger mixed tenure development. Most importantly, the units must be in single ownership and single management.

9.4 Providers must have a complaints procedure in place and be a member of a recognised ombudsman scheme. There should also be on-site management to deal with issues.

Tenancies

9.5 Tenancies are expected to be a minimum of three years with break clauses for renters, allowing the tenant to end the tenancy within one months' notice any time after first six months. Within these tenancies, any rent or service charge increase must be subject to a robust rent review. These should be made clear to the tenant when the property is let, and the Council will ensure they are not set to discourage tenants from taking longer tenancies. Rents should normally be reset on each new tenancy.

Letting Fees

9.6 BTR providers should not charge letting fees and must advertise their properties on the GLA London-wide portal. The provider may also advertise via other means.

Financial model

9.7 The financial model for BTR differs from building for sale. The Council will recognise the distinct economics of this type of residential scheme. The distinct difference is that BTR schemes are reliant on long term revenue income through rent (taking account of management and maintenance costs), rather than short term receipts from sales. This means that a different assessment of affordable housing contribution is required. The approach the Council takes will be in line with the requirements set out in the Mayor's Affordable Housing and Viability SPG.

Covenants

9.8 The Council expects there to be a covenant in the Section 106 agreement to ensure that homes are retained as professionally managed private rented accommodation, in single ownership, individual homes cannot be sold, and overall ownership of the scheme can only change if the scheme stays as BTR. The covenant is expected to be at least 15 years for market homes and in-perpetuity for the affordable housing element. This will remain as a local land charge on the development.

9.9 Section 106 agreements should also include a 'clawback' mechanism in the event of the units being sold during the covenant. The appropriate clawback amount will be the difference between the total value of the market rent units based on the viability appraisal at application stage, and those units valued on a 'for sale' basis at the point of sale. The Council should be notified of the sale price of the units that are sold and this should inform the market value of the remaining units to determine the clawback. The clawback amount must demonstrate a sufficient difference in the value of units between rented and for sale tenures, consistent with the 'distinct economics' of build to rent, for the scheme to qualify for the Build to Rent pathway.

9.10 The clawback amount will be payable to the Council for the provision of affordable housing in the event that market rented units are sold within the covenant period, which would break the covenant.

9.11 The clawback does not relate to any affordable units provided as part of the scheme. Affordable units are not subject to a minimum covenant period and must always be secured in perpetuity. Additionally, overall ownership of the building(s) in which the units are located may change during the covenanted period without triggering 'clawback' if the units remain in single ownership and management as BTR.

Affordable housing

9.12 All affordable housing within a BTR scheme will be in perpetuity. Therefore, should a BTR development be sold onto the open market at any time, during or after the covenant period, the Council would seek to recover an affordable housing contribution, either as a payment in lieu of on-site affordable housing or alternative affordable housing tenures on site.

9.13 Should the entire BTR scheme be covenanted for a specific period, the Council will require a viability re-assessment at the end of the covenanted period, with the expectation that this reassessment will be deliver a contribution to affordable housing in the Borough.

Affordable Housing Tenure

9.14 BTR developments are expected to provide affordable housing as affordable rent homes at discounted market rents (DMR). The Council will seek a mix of social rent/London Affordable Rent (at circa 50% of open market rent) and London Living Rent, inclusive of all service charges. The DMR must be managed by the BTR provider and 'pepper-potted' across the development to ensure the scheme is tenure blind.

Viability Appraisal

9.15 Each scheme will be assessed on a case by case basis. The intention will be to maximise the supply of affordable rent dwellings in each scheme.

9.16 An applicant is expected to submit supporting viability evidence.

9.17 Viability appraisals may need to take account of:

- A different approach to profit (often lower than a build for sale scheme) specifically the much longer-term return on investment and payback period and capital asset value at the end of this period for a BTR scheme;
- Different approaches to sales and marketing;

- sale/ disposal - this will generally be faster for a BTR scheme (generally, a BTR appraisal will assume a development period and then a sale to an investor or operator); and
- Potentially lower risk compared to for sale schemes; and
- Cost unique to BTR schemes such as management and maintenance.

9.18 The following review mechanism will be applied in line with the Mayor's SPG:

- An early review where an agreed level of progress on implementing the permission is not made within two years of the permission being granted. Where a surplus above the initial agreed profit level is identified. In line with the Mayor's Affordable Housing and Viability SPG, the split will be 60/40 between the Council and the developer with 60% of the surplus profit used for additional affordable housing. It is expected that in most cases any uplift in viability at this early stage will be accommodated on-site. Thus plans should identify which units would switch to affordable accommodation in the event of an increase in viability at this early stage. If the agreed level of progress has been made, this review will not be triggered. All signatories to the Section 106 need to commit to making their best endeavours to fulfil their relevant requirements (setting out key milestones and requirements) to deliver the scheme and account may be had of the market situation at time of review;
- A near end of development review which will be applied once 75% of the market units within the development are sold or at a date agreed by the Council at a point when market rents have stabilised. Where a surplus profit is identified, in line with the Mayor's Affordable Housing and Viability SPG, the split will be 60/40 between the Council and the developer with 60% of the surplus profit used for additional affordable housing. The outcome of this review will typically be a financial contribution towards off-site affordable housing provision.

9.19 BTR viability reviews will normally be based on changes in the value of the development and build costs between the point of planning permission and the point of the review. It is expected that in most cases any uplift in viability will be accommodated on-site. The Council's preference is for any surplus to contribute towards additional affordable homes in the development. Where this is not achieved the surplus should allow for deeper discounts on the secured affordable housing provision. A cash in lieu payment will only be acceptable in exceptional circumstances.

9.20 The review mechanism should be capped so that the on-site affordable housing and financial contribution are, when taken together, equivalent to 50% affordable housing. Although additional affordable housing up to 50% will generally be a priority, the review mechanism may also be used to contribute to other policy contributions which may not have been viable according to the initial assessment.

9.21 Details of the reviews will be set out in the section 106 agreement which shall be drafted in accordance with the Council's standard wording.

Monitoring and Review

9.22 The Council recognises that this is a rapidly evolving type of housing provision and will seek to keep up with national and regional policy, as well as, agreed industry standards in relation to assessing viability and affordable housing contributions from BTR schemes.

Glossary

Glossary

Disclaimer: The Glossary is neither a statement of law nor an interpretation of the law, and is only an introductory guide to planning issues. It should not be used as source of statutory definitions or interpreted as legal advice.

Term	Definition
Affordable Housing	Includes social rented, affordable rent and intermediate housing, provided to eligible households whose needs are not met by the market.
Affordable Rented Housing	Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable rent is not subject to national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of local market rents.
Built to Rent (BTR)	Purpose built residential dwellings (house or flats) for private rent. They are professionally managed and should have longer tenancies than the conventionally private rented sector.
Community Infrastructure Levy (CIL)	The CIL regulations enable local authorities to apply a charge on new developments in their areas to finance the provision of infrastructure.
Core Strategy	A key Development Plan Document which sets out a long term spatial vision for Waltham Forest through strategic policies.
Development Management Policies	A set of criteria-based policies in accordance with the Core Strategy, against which planning applications for the development and use of land and buildings will be considered. Also known as Site Development Policies.
Greater London Authority (GLA)	The GLA is the strategic citywide government for London. It is made up of a directly elected Mayor (the Mayor of London) and a separately elected Assembly (the London Assembly).
Intermediate Affordable Housing	Housing at prices and rents above those of social rent, but below market price or rents.
The London Plan	The Mayor of London is responsible for producing a planning strategy for the capital. The London Plan is the name given to the Mayor's spatial development strategy.
Planning obligation/financial contribution	Requirements made of a developer to make planning permission acceptable. This could include matters such as the provision of affordable housing as part of the scheme, or a financial contribution towards off site works such as highway improvements.

Term	Definition
Section 106 agreement	A legal agreement under section 106 of the Town & Country Planning Act 1990. Section 106 agreements are legal agreements between a planning authority and a developer, or undertakings offered unilaterally by a developer, that secure planning obligations.
Social Rented Housing	Rented housing owned and managed by local authorities and Registered social landlords, for which guideline targets rents are determined through the national rent regime.
Supplementary Planning Documents (SPDs)	A Supplementary Planning Document is a Local Development Document that may cover a range of issues, thematic or site specific, and provides further detail of policies and proposals in a 'parent' Development Plan Document.
Viability Appraisal	An assessment of economics of a particular development. It can be used to determine what planning contributions the applicant could provide to the Council in relation to the site, such as affordable housing, that would not hinder the delivery of the development.