

Summary of GLA Planning and Housing Practice Note December 2024



James Brierley  
Partner  
Tel. +44 778 6791 900  
[JBrierley@geraldev.com](mailto:JBrierley@geraldev.com)



Alexander Vaughan-Jones  
Partner  
Tel. +44 792 025 1003  
[Avaughan-Jones@geraldev.com](mailto:Avaughan-Jones@geraldev.com)



Alex Brown  
Partner  
Tel. +44 798 333 3510  
[ABrown@geraldev.com](mailto:ABrown@geraldev.com)

The Greater London Authority (GLA) issued a Practice Note on 'Accelerating Housing Delivery' on 19th December 2024. The Practice Note's objective is to support housing delivery, particularly the delivery of affordable housing, in the short-term (circa 3 years) considering the notable barriers to housing delivery in the capital in recent years. The GLA consider this Practice Note as just one of several measures it intends to employ to accelerate housing delivery in London. The Practice Note focuses on adding flexibility to some measures to encourage developers to follow the Fast Track Route. The GLA viability team have also stated they intend to publish revised London Plan Viability Guidance (following consultation in 2023) shortly, which will build on the Practice Note and more specifically guide the viability testing process.

**Context**

The Practice Note suggests that net affordable housing completions are currently at their highest level since 2011/12, which points to recent progress in this area. Admirably, whilst the proportion of affordable within schemes may have increased, unfortunately, in real terms the industry has seen a significant drop in both new housing and affordable housing starts in London over the past two years. In essence the Practice Note is silent on this, indicating a potential major challenge in sustaining housing growth as it focuses on schemes which follow the threshold route.

However, in terms of status, the Practice Note will be a material consideration for the purposes of determining planning applications and LPAs and applicants are strongly encouraged to implement the measures set out within it. We expect there to be a mixed response to adopting the measures by LPAs, but it is positive that the issues are recognised by the GLA to provide context for those conversations.

**Measures**

**Incentivising the Fast Track Route**

Noting that there are instances where Boroughs have affordable housing targets at levels higher than the Fast Track threshold, LPAs are encouraged to allow applicants to use the Fast Track Route where the GLA's minimum thresholds are met. For example, where the LPA affordable housing policy target is 50% and the Fast Track threshold is 35%, if an applicant offers 35% affordable in line with the threshold, the LPA should not require a Financial Viability Assessment to be submitted, and the application should follow the Fast Track route.

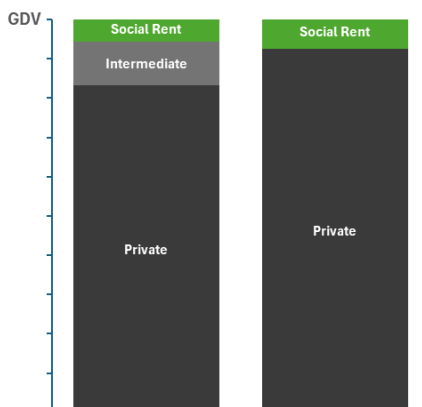
**Increasing Social Rent Delivery**

In response to the strategic need for social rent affordable housing in the capital and presumably the lack of appetite for shared ownership from RPs, the GLA is introducing a key measure to promote the delivery of social rent in lieu of Shared Ownership.

Funding will be made available for the conversion of existing and planned affordable homes to more affordable tenures, including switching from Shared Ownership to social rents. The Practice Note allows applicants to provide 100% social rent in schemes at a reduced Fast Track threshold level, provided it is demonstrated that financial equivalence with the relevant conventional Fast Track threshold (usually 35% or 50%) is maintained on a policy compliant tenure split basis.

Whilst this is a positive step, given that 100% social rent schemes must demonstrate financial equivalent to policy 35%/50% affordable housing in many cases it may still not offer a commercially viable option for applicants to follow the Fast Track Route. In conversations with the GLA, GE understands that the method can be applied to non-Fast Track schemes, but the benefits of review removal will not be available to the scheme.

**Financial Equivalence**



### **Existing affordable housing /estate regeneration**

The Practice Note introduces flexibility on estate regeneration schemes, which previously must always follow the Viability Tested Route, albeit there were examples of it starting to be acceptable in practice.

Providing that estate regeneration schemes include 50% of the additional housing as affordable, the note indicates that they can now follow the Fast Track route.

Given the financial challenges involved in delivering estate regeneration schemes, which in our experience can often struggle to deliver any additional affordable housing over and above the replacement units, it remains to be seen whether this will have a fundamental impact on delivery. It might speed up signing of S106 agreements.

### **Supporting Intermediate Rent delivery**

The Practice Note promotes the GLA's preferred intermediate rent product as Discount Market Rent (DMR) set at London Living Rent (LLR) levels and indicates that residential development, including BTR, will be supported by the GLA increasing the maximum monthly household costs threshold and income thresholds for LLR at some point in 2025.

### **CIL Instalments and Payment in Kind Policies**

LPAs are encouraged to introduce CIL instalment and 'payment in kind' policies.

Whilst this will benefit applicants from a cashflow perspective, this is not a new measure, given that many LPAs already have such policies in place; and so is unlikely to be a significant driver of further delivery.

### **Encouraging early delivery and build out through review mechanisms**

The note acknowledges that the GLA's review mechanism formulas do not need to be applied in S106 agreements in every case. Instead, full re-appraisal based reviews will be permitted in reasonable circumstances (such as more complex schemes).

In our experience this has been the case already, subject to negotiation, so this is not a new measure. However, the Practice Note helpfully crystallizes this. This is potentially helpful for developers due to fact that the GLA's formula only considers development value and base build costs. Full reappraisal-based reviews offer a greater degree of cost capture and allowance for programme delays, and in our experience are more appropriate.

### **Early Stage Reviews**

Gerald Eve understands that the GLA are willing to be more flexible than has historically been the case on the time period before, and trigger of, early stage reviews to help encourage schemes to come forward.

### **Late Stage Reviews**

The note introduces a potential change to late stage reviews, where "the GLA will consider" allowing developers to retain 70% of any surplus identified at late stage review, albeit providing that practical completion is reached within three years from the date the Practice Note was published and schemes must include 25% affordable housing by habitable room where the threshold is 35%, or alternatively 35% where the threshold is 50%.

For larger, phased schemes that include at least 25% affordable, the same applies, albeit if the initial or subsequent phase reaches practical completion within three years of the date the note was published. In such cases, the relevant phase must include at least 100 residential units.

Whilst in theory this could be a helpful benefit to developers from a viability perspective, we suspect that the three year time limit will be problematic for many schemes, potentially limiting its overall impact.

### **Supporting Affordable Housing Delivery through Grant Funding and other measures**

Noting the difficulties in the RP market at present, the GLA reminds applicants of the Accelerated Funding Route, which it says provides a simpler and more certain methodology to help calculate how much grant could be applied to qualifying projects.

The Practice Note also explains that a new grant offer will be introduced in response to sector concerns over Shared Ownership in consented schemes, to facilitate switching from this tenure to social rent or intermediate rent. Funding will also be provided to convert homes from shared ownership to LLR and/or from Affordable Rent to social rent.

Additional Affordable Grant will be available for properties Additionally, 20% affordable if they deliver 40% affordable at the following rates:

- 170k for Social rented units
- 80k for London Living Rents (intermediate rent); and
- 55k for Share ownership units.

Additionally, two types of intermediate rent is introduced, as follows:

- £110,000 per home – homes for rent in perpetuity where rents and service charges do not exceed LLR benchmark rents;
- £90,000 per home early-stage equity where initial rents and service charges exceed LLR benchmark rents but that meet the criteria for intermediate rent housing as set out above.

### Housing Design Guidance

The GLA also acknowledge that the GLA's Housing Design Standards London Plan Guidance (2023) is not to be used as an inhibitor the housing delivery – notably the expectation for dual aspect windows. The note introduces an acknowledgement of flexibility to the application of design standards to ensure housing delivery is not compromised.

### Conclusion

The GLA Practice Note focuses on short term flexibility to delivery housing, particularly affordable housing predominately following the FastTrack approach in reaction to market conditions.

The GLA have made it clear **additional guidance in the form of an Updated London Plan Viability Guidance (LPG) will be published in the first quarter 2025** following the 2023 consultation. This Practice Note (Dec 2024) should be seen as a fast way of expressing flexibility into affordable housing delivery with limited need for consultation.

In our view, whilst the objectives are commendable and welcomed, the note simply qualifies a lot of practices already in train. The London residential development market has been grappling with increased build and finance costs, stagnant values and new regulatory requirements for several years now, so the GLA's stimulus could arguably not go far enough to have the desired effect on housing delivery.

Due to financial equivalency, whilst the flexibility may encourage register providers it is unlikely to focus on the heart of the delivery issues, notably the viability of schemes containing 35% (or equivalent) affordable homes. Granted the Practice Note is focused on Fast Track schemes, but the measures are unlikely to increase the amount of viable fast track schemes in the way, say reducing the threshold to circa 20% would likely have done. GE appreciate however, guidance cannot trump policy and so may be this is as far as flexibility could be taken at this time.

Please do not hesitate to get in touch with the following experts at Gerald Eve to discuss the GLA Practice Note further or if you would like guidance on how to we can support the delivery of your scheme, including calculating an affordable equivalent position.

### Disclaimer & Copyright

Gerald Eve's Planning Update is a short summary and is not intended to be definitive advice. No responsibility can be accepted for loss or damage caused by any reliance on it.

© All rights reserved. The reproduction of the whole or part of this publication is strictly prohibited without permission from Gerald Eve LLP.