



SOCIAL HOUSING GRANT AND SECTION 106 AGREEMENTS

GLA/HOUSING CORPORATION JOINT STATEMENT

1. The Mayor's objective is to achieve 50% of additional provision in London to be affordable housing. His policy is to maximise the potential contribution from residential development value and to ensure the most effective use of social housing grant.

2. The Housing Corporation's objective is to achieve the most effective use of Housing Corporation social housing grant across a range of schemes, including, for example, by investing grant in developments where the affordable housing target cannot be funded solely from residential development value.

3. Both the Mayor and the Housing Corporation seek mixed tenure developments, which will contribute to creating mixed and balanced communities and avoid creation of mono-tenure mono-class neighbourhoods.

4. The Mayor, as strategic planning authority, has set out his strategic policies for the planning of housing provision in the London Plan. The Mayor is responsible for ensuring borough policies are consistent with the Plan. The Mayor also has the power to direct refusal of planning applications for strategic schemes. This power is used to ensure that the affordable housing proportion of residential schemes is maximised.

5. The Housing Corporation has the responsibility for determining which projects are funded and the proportion of development costs which are funded. Decisions are made following consultation with boroughs and sub-regional borough groups.

6. The Mayor and the Housing Corporation co-operated with other agencies through the London Housing Board and Housing Forum for London to set the framework for London housing investment in the London Housing Strategy 2003.

7. The Housing Corporation's criteria for assessing bids and reaching investment decisions are set out in the London Regional Investment Guidance, issued annually with the bids documentation.

8. It is agreed that where a proposal also includes the development of housing for market sale or rent, the decision as to whether a housing association proposal for social rented housing, intermediate rented housing or shared ownership housing should receive social housing grant, the proposal should take into account the extent to which the private residential development value can make a contribution to meeting the cost of the affordable housing element. The GLA and the Housing Corporation have developed and promoted the affordable housing development control toolkit to assist this financial viability appraisal. Local authorities, housing associations and private developers are encouraged to

undertake a financial appraisal of any residential proposal to support their planning application and to support any bid for social housing grant.

9. Both parties agree that a financial appraisal is essential to ensuring grant is used effectively, and that the maximum affordable housing output from a development is achieved, consistent with the objective of achieving a mixed and balanced community, which enables the overall development to be financially viable.

10. Applicants for planning permission are encouraged to put forward financial appraisals as part of their planning application. In bidding to the Housing Corporation for funds it is important that applicant housing associations demonstrate that a financial appraisal has been undertaken. Both developers and housing associations are encouraged to have discussions with both the local authority (planning and housing departments) and with the Housing Corporation at an early stage and in advance of submitting a planning application or bid. It is advisable for such discussions to be project specific and involve all parties on the basis of sharing site-specific information and financial appraisals.

11. Such discussions and pre application/bid agreement should be undertaken for all schemes on private residential or mixed-use sites for which social housing grant is sought. Where a planning application is referred to the Mayor in relation to his strategic planning powers, the GLA would expect the financial appraisal to be included in the referral documentation. This should be undertaken at the stage 1 referral stage. If this is not provided, the Mayor's planning decisions officers will request either that the appraisal be submitted or that the required information be provided so that the GLA can itself undertake the assessment. Local authorities with limited staff resources may wish to prioritise significant schemes where social housing grant may be required for full financial appraisals, rather than carry out full appraisals on all projects below the strategic referrals threshold.

12. Where the information is not made available, any recommendation to the Mayor will be conditional on the provision of such an appraisal or information before the stage 2 report which will determine whether the Mayor directs refusal of the planning application. If necessary, the GLA will contact the Housing Corporation and the borough housing and planning departments to check whether the Housing Corporation can provide written confirmation of the availability of grant and the timescale in which the grant is to be made available.

13. It is recognised that in projects being developed in phases, it may be necessary to reach separate agreements on grant and affordable housing output on different phases. It may be appropriate that each phase should be subject to a separate planning application. In the case of a single planning application for a phased scheme, where the availability of grant is not guaranteed for all phases of the development, any decision by the Mayor will be conditional on agreed affordable housing targets for the whole project being achieved.