

## Policy H5 Threshold approach to applications

- A The threshold approach applies to major development proposals which trigger affordable housing requirements (see paragraph [4.5.15](#) for scheme types with bespoke approaches).
- B The threshold level of affordable housing on gross residential development is initially set at:
- 1) a minimum of 35 per cent; or
  - 2) 50 per cent for public sector land where there is no portfolio agreement with the Mayor; or
  - 3) 50 per cent for Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Industrial Sites appropriate for residential uses in accordance with [Policy E7 Industrial intensification, co-location and substitution](#) where the scheme would result in a net loss of industrial capacity.
- C To follow the Fast Track Route of the threshold approach, applications must meet all the following criteria:
- 1) meet or exceed the relevant threshold level of affordable housing on site without public subsidy
  - 2) be consistent with the relevant tenure split (see [Policy H6 Affordable housing tenure](#))
  - 3) meet other relevant policy requirements and obligations to the satisfaction of the borough and the Mayor where relevant
  - 4) demonstrate that they have taken account of the strategic 50 per cent target in [Policy H4 Delivering affordable housing](#) and have sought grant to increase the level of affordable housing.
- D Developments which provide 75 per cent or more affordable housing may follow the Fast Track Route where the tenure mix is acceptable to the borough or the Mayor where relevant.
- E Fast tracked applications are not required to provide a viability assessment at application stage. To ensure an applicant fully intends to build out the permission, the requirement for 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 a period agreed by the borough).

- F Where an application does not meet the requirements set out in Part C it must follow the Viability Tested Route. This requires detailed supporting viability evidence to be submitted in a standardised and accessible format as part of the application:
- 1) the borough, and where relevant the Mayor, should scrutinise the viability information to ascertain the maximum level of affordable housing using the methodology and assumptions set out in this Plan and the Affordable Housing and Viability SPG
  - 2) viability tested schemes will be subject to:
    - a) an Early Stage Viability Review if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough)
    - b) a Late Stage Viability Review which is triggered when 75 per cent of the units in a scheme are sold or let (or a period agreed by the borough)
    - c) Mid Term Reviews prior to implementation of phases for larger phased schemes.
- G Where a viability assessment is required to ascertain the maximum level of affordable housing deliverable on a scheme, the assessment should be treated transparently and undertaken in line with the Mayor's Affordable Housing and Viability SPG.

### **Scheme amendments – Section 73 applications and deeds of variations**

- H For schemes that were approved under the Fast Track Route, and schemes determined before the threshold approach that would have qualified for the Fast Track Route, any subsequent applications to vary the consent will not be required to submit viability information, providing the resultant development continues to meet the relevant threshold and the criteria in Part C.
- I For schemes where the original permission did not meet the threshold or required tenure split, including schemes determined before the threshold approach that would not have qualified for the Fast Track Route, viability information will be required where an application is submitted to vary the consent, and the borough or the Mayor where relevant, consider this would materially alter the economic circumstances of the scheme. Such cases will be assessed under the Viability Tested Route.

- J Any proposed amendments that result in a reduction in affordable housing, affordability or other obligations or requirements of the original permission should be rigorously assessed under the Viability Tested Route. In such instances, a full viability review should be undertaken that reconsiders the value, costs, profit requirements and land value of the scheme.
- K The Mayor should be consulted on any proposed amendments on referable schemes that change the level of affordable housing from that which was secured through the original planning
- 4.5.1 Applicants are strongly encouraged to take the **Fast Track Route** by providing the threshold level of affordable housing and meeting other Development Plan requirements to the satisfaction of the borough.
- 4.5.2 The **Viability Tested Route** will assess the maximum level of affordable housing that a scheme can deliver in cases where the threshold level of affordable housing cannot be met and where fixed or minimum affordable housing requirements are not in place. It is possible that, via the viability assessment using the detailed methodology in the SPG, a greater affordable housing contribution than the threshold level will be found to be viable and thus will be required.
- 4.5.3 The percentage of affordable housing on a scheme should be measured in **habitable rooms**<sup>57</sup> to ensure that a range of sizes of affordable homes can be delivered, including family-sized homes. Habitable rooms in affordable and market elements of the scheme should be of comparable size when averaged across the whole development. If this is not the case, it may be more appropriate to measure the provision of affordable housing using **habitable floorspace**.<sup>58</sup> Applicants should present affordable housing figures as a percentage of total residential provision in habitable rooms, units and floorspace to enable comparison.
- 4.5.4 The thresholds set out in this policy have been informed by viability testing. This approach seeks to **embed affordable housing requirements into land values** and create consistency and certainty across London. The 35 per cent threshold level will be monitored and reviewed in 2021 to determine whether this threshold should be increased. Any changes to the threshold will be consulted on as part of an updated Affordable Housing and Viability SPG or through a focused review of the London Plan.

<sup>57</sup> [Habitable room](#) is defined in the [Glossary](#)

<sup>58</sup> [Habitable floorspace](#) is defined in the [Glossary](#)