

**MAYOR OF LONDON**

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# **Homes for Londoners: Affordable Homes Programme 2021-2026**

**FUNDING GUIDANCE**

November 2020

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More London  
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enquiries 020 7983 4000  
minicom 020 7983 4458

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## Foreword

Despite significant progress over the last four years to build the homes our city needs, the reality is too many Londoners still can't afford a decent home to rent or buy. When I became Mayor, I was clear that one of my top priorities was to tackle the housing crisis, which blights people's lives and leaves too many living in overcrowded, expensive, or poor-quality accommodation.

Since 2016, City Hall has worked together with councils, housing associations and the development industry to improve the situation. And I'm pleased that we have hit every single one of the delivery targets in our current Affordable Homes Programme. Last year, we started the highest number of genuinely affordable homes since Greater London Authority records began in 2003. This included more new council homes than in any year since 1983.

What we mean by 'affordable' housing matters. That's why, in my time as Mayor, I've ditched the dodgy definition used by ministers elsewhere in the country, which defines so-called 'affordable rents' as being up to 80 per cent of the market rate. Instead, we have focused on building homes that are genuinely affordable to Londoners through the creation of London Affordable Rent.

However, there remains much more to do. So I'm pleased to be setting out the terms of my Affordable Homes Programme 2021-26. We have secured a further £4bn to support affordable homebuilding, and over the next five years, my team will be working with investment partners to start 82,000 new affordable homes across both the new and current programmes.

To be clear: the level of funding the Government has been willing to make available is simply not enough to deliver affordable homes at a scale that matches either the needs of Londoners or my ambitions for our city. However, I am determined to ensure that we use this funding not only to deliver homes, but to drive up standards in a number of key areas including design, sustainability, building safety, and equality, diversity and inclusion. These new standards will ensure that we are meeting our expectation on quality, as set out in planning policy, while also contributing to my vision of a more equal, more diverse and more inclusive city.

This programme will focus on homes that are genuinely affordable: for Social Rent, London Living Rent and Shared Ownership. I have long made the case that the most acute need in London is for low-cost homes to rent, so I am pleased to have agreed with the Government that more than half the programme will be for Social Rent.

The programme will also encourage council homebuilding. In 2018, I launched City Hall's first ever programme dedicated to council housing – the Building Council Homes for Londoners programme. With support from City Hall, councils are now beginning to build again and at a scale not seen for decades. This programme will provide funding to enable

councils to return to their role as major homebuilders in London, including new opportunities for councils to build homes for Social Rent.

I'm proud our programme will require investment partners to commit to improving equality, diversity and inclusion as a condition of their funding. I intend to make sure London is a place for all, where no community feels left behind or excluded, and where everyone can benefit from the opportunities that a good home makes possible. High quality affordable housing is critical to achieving this, and if we all pull together, I'm confident that we can build the homes that will make this a reality for many more Londoners.

The programme will also strengthen the safety of new homes. We have learned from the horrific fire at Grenfell Tower, in which 72 Londoners tragically lost their lives, how grave the consequences can be when building safety is not prioritised. So this programme will introduce stringent new fire safety requirements to make sure that residents can have confidence in the safety of their homes.

Furthermore, the programme will prioritise good quality design and will seek to improve the sustainability of new homes as we work towards making London a net-zero city. The COVID-19 pandemic has been a reminder of the urgency of providing safe and secure homes for all. Good quality design will improve the experience of those occupying new affordable homes, and sustainability requirements will ensure that we can build back from the pandemic without exacerbating the climate emergency.

There is a lot to be done, but I know that by working in partnership – and by seizing opportunities for innovation – we can provide Londoners with the good quality, highly sustainable and genuinely affordable homes they so desperately need and deserve.

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small number '2' written below the name.

**Sadiq Khan**  
Mayor of London



## Part one: Programme requirements

### Overview

1. The Mayor has secured £4 billion from Government to deliver affordable homes in London under the new Homes for Londoners: Affordable Homes Programme 2021-2026. This funding is expected to support starts on site between 2021 and 2026, with completions by 2028 for most projects and some strategic sites completing in 2029. The Mayor will use this programme to maximise the number of new homes in London and is eager to ensure funding results in net additionality.
2. The Mayor and Government have agreed that over half of these starts across the new programme will be at Social Rent – where we know there is the greatest need in London. The remainder will support households into home ownership, through the delivery of London Living Rent or Shared Ownership homes. The new programme also includes provision for supported and specialist housing.
3. The Mayor will continue to deliver his Homes for Londoners: Affordable Homes Programme 2016-2023 alongside this new funding settlement. Overall the GLA aims to support 82,000 affordable homes between April 2021 and March 2026. This will see investment partners in London make a significant contribution to the national target of 180,000 starts by 2026.
4. Bidding will remain open for the Affordable Homes Programme 2016-2023 and partners with existing allocations in the current programme will be expected to deliver those in full. The GLA encourages bids for large scale, deliverable programmes from investment partners through both the current and new programme.

### Affordable housing products

5. The Mayor is committed to delivering homes that are tailored to the different needs of Londoners. The Mayor will primarily allocate funding through the Affordable Homes Programme 2021-2026 for three affordable housing products, which are:
  - Social Rent
  - London Living Rent
  - Shared Ownership.
6. Investment partners are expected to deliver a mixture of homes for both Social Rent and home ownership (London Living Rent and Shared Ownership), subject to the detail on eligible bidders set out in paragraph 96 and additional products available for supported and specialist housing set out in paragraph 29.



### *Social Rent*

7. The overwhelming housing need in London is for low cost rented homes to help low income households, typically nominated by councils, who are unable to secure or sustain housing on the open market. The Mayor has long argued that the Government needs to provide adequate funding to deliver homes at Social Rent and welcomes the opportunity to do so at scale through this programme.
8. Social Rents are calculated using the formula and data set out in the Ministry of Housing, Communities and Local Government's [Policy Statement on Rents for Social Housing](#) from 1 April 2020 and in the Regulator of Social Housing's [Regulatory Framework for Social Housing](#) (including the Rent Standard 2020) for local authorities and private Registered Providers. For details on the calculation of the weekly rent, investment partners should refer to these documents. The landlord of these homes must be registered with the Regulator of Social Housing.

### *Right to Shared Ownership*

9. The Government requires Social Rent homes delivered through this programme to be eligible for the Right to Shared Ownership, with some specific exemptions. The following types of homes are exempt:
  - Council housing
  - Homes in designated protected areas and rural exception sites
  - Supported and specialist homes for older, disabled and vulnerable people
  - Almshouses
  - Homes where the landlord is a co-operative housing association
  - Homes where the landlord or freeholder is a Community Land Trust.
10. Further information about requirements and exemptions for the Right to Shared Ownership will be set out in more detail in the GLA's [Affordable Housing Capital Funding Guide](#), which will be released in due course. In the meantime, investment partners are advised to review the Government's [Right to Shared Ownership: Initial Guidance for Registered Providers](#) for further information. Investment partners submitting bids under London's Affordable Homes Programme 2021-26 are expected to self-certify circumstances where their programme includes homes that are exempt.

### *Lifetime tenancies*

11. The GLA expects all Social Rent homes delivered through this programme to be offered on lifetime tenancies. Probationary and introductory tenancies may be permitted if required.

### *London Living Rent*

12. The Mayor recognises that there are many Londoners who struggle to afford private rents and want to own their own home but find it difficult to save for a deposit. London Living Rent offers Londoners a below-market rent, supporting them to save for a deposit to enable them to move into home ownership.

### Setting rents

13. The GLA publishes ward-specific benchmark rent levels for London Living Rent homes on an annual basis. These rent levels are based on one-third of the estimated median gross household income for the local borough, varied by up to 20 per cent in line with ward-level house prices, and are capped to reflect the maximum amount a household eligible for London Living Rent could afford. The benchmark rents also vary based on the number of bedrooms within the home.

14. Investment partners accessing GLA grant funding for London Living Rent homes will have the flexibility to let homes at lower rents if they wish, however rent levels must not exceed the benchmarks. Rents should not be increased above the rate of CPI inflation and on re-let the rent should revert to the applicable London Living Rent level (or lower). The benchmark rents are inclusive of service charges. In contractual terms, London Living Rent will be defined as Rent to Buy grant funding within the Affordable Homes Programme 2021-2026. The landlord of these homes must be registered as a provider with the Regulator of Social Housing.

### London Living Rent eligibility

15. Eligibility for London Living Rent is restricted to those who live or work in London who either have a formal tenancy (e.g. in the private rented sector) or who are living in an informal arrangement with family or friends as a result of struggling with housing costs. These homes are available to Londoners who have a maximum gross household income of £60,000 (in accordance with the new London Plan and updated in the [London Plan Annual Monitoring Report](#)), do not currently own a home and do not have sufficient savings to purchase a home in the local area. Councils may set additional eligibility criteria (e.g. lower local income thresholds or other restrictions) for the first three months of marketing<sup>1</sup>. Any changes or updates to these criteria will be provided through the [London Plan Annual Monitoring Report](#) and/or other planning or funding guidance. London Living Rent homes should be advertised on the [Homes for Londoners property search tool](#).

### London Living Rent tenancy terms and route to home ownership

16. Investment partners are expected to use London Living Rent to actively support tenants into home ownership within ten years. This will include a requirement to assess

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<sup>1</sup> Paragraph 4.6.10 London Plan - Intend to Publish Version (2019) or any subsequent published version of the London Plan.

the ability and inclination of prospective tenants to save and offering tenants the opportunity to buy their London Living Rent home on a Shared Ownership basis during their tenancy and within ten years.

17. The GLA reserves the right to recover grant in line with rules published in the GLA's [Affordable Housing Capital Funding Guide](#), including where the sale of a London Living Rent home on a Shared Ownership basis may give rise to surplus subsidy.
18. Investment partners providing London Living Rent homes will have flexibility to manage the tenancies in the way they see fit, although the GLA generally expects London Living Rent homes to be available as rental properties for ten years and would not expect tenants to be required to move within the first three years.

### *Shared Ownership*

19. Shared Ownership allows a buyer to purchase a share in a new home, and pay a rent on the remaining, unsold share. The Government requires that the Mayor introduces the Government's new Shared Ownership model in this programme. The Government is still finalising the terms of the new Shared Ownership model and has launched a [technical consultation](#) to garner views on how best to implement it. Investment partners are strongly encouraged to review and respond to the technical consultation.
20. Under the Government's new model, Shared Ownership purchasers should have a household income that can support an initial purchase of between 10 per cent and 75 per cent of the value of a property, and usually a mortgage deposit of around 10 per cent of the share to be purchased. Rents for Shared Ownership properties can be no more than 2.75 per cent of the value of the unsold share and subsequent rent increases are limited. The Government's new model requires landlords to cover the cost of any repairs and maintenance for new Shared Ownership homes for an initial 10-year period.
21. All sales must be based on a form of lease containing certain fundamental clauses, which will be set out in the GLA Capital Funding Guide in due course. The GLA Capital Funding Guide will also set out more detail about the terms of the new Shared Ownership model, when available. In the meantime, investment partners are advised to review the [Government's response to its initial consultation on the new model](#) for further information about the proposed terms of the new model<sup>2</sup>.

### **Eligibility and access to Shared Ownership homes**

22. Shared Ownership homes are available to households with a maximum gross income of £90,000 (in accordance with the new London Plan and updated in the [London Plan](#)

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<sup>2</sup> The new model is subject to a further technical consultation which was not yet published at the time of publication of this Funding Guidance.

[Annual Monitoring Report](#)) who do not own their own home (other than existing shared owners) and who are unable to buy a property on the open market. Councils may set additional eligibility criteria (e.g. lower local income thresholds or other restrictions) for the first three months of marketing<sup>3</sup>. Any changes or updates to these criteria will be provided through the [London Plan Annual Monitoring Report](#) and/or other relevant planning and funding guidance.

23. Investment partners should advertise their available Shared Ownership homes on the [Homes for Londoners property search tool](#).

### Service charges and other fees in Shared Ownership homes

24. Where they have not already, investment partners are expected to sign up to the existing [Shared Ownership Charter for Service Charges](#) and to commit to working with the GLA to develop a new and improved Charter, reflecting the new Shared Ownership model. As part of this work, the GLA will work with investment partners to undertake research on service charge levels in London.

25. Additional fees and charges for Shared Ownership homes should be kept to a minimum and only reflect the costs to the landlord of undertaking particular tasks. Investment partners are required to publish on their website details of additional fees and charges (other than service charges) for Shared Ownership homes to ensure residents are sufficiently informed about any further costs.

### Early information for potential shared owners

26. Investment partners are required to provide a 'key features' document to potential purchasers at the start of the marketing and sales period for all Shared Ownership homes. In addition to the information already required in the key information document, as outlined in the current Shared Ownership model lease, this 'key features' document should also include detailed information on the tenure of a property and the length of any lease, as well as the full range of potential costs, including any expected service charges, permission fees and any other charges (including those relating to resales and lease extensions).

### Supported and specialist housing

27. The Mayor is committed to building more homes that meet the diverse needs of Londoners, including by maximising the delivery of supported and specialist housing.

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<sup>3</sup> Paragraph 4.6.10 London Plan - Intend to Publish Version (2019) or any subsequent published version of the London Plan.

28. Investment partners are therefore encouraged to bring forward specialist and supported housing schemes, including for:

- Older people
- Disabled people, including those with physical or sensory disabilities, learning disabilities, autism and mental health issues
- Homeless people, and those at risk of homelessness, including rough sleepers (or former rough sleepers) and victims of violence against women and girls (including those moving on from emergency accommodation such as refuges)
- Gypsies and Travellers
- Other groups, such as refugees, care leavers, young people at risk, offenders and people with substance misuse issues or complex and multiple needs.

29. Investment partners seeking GLA funding under this programme for supported and specialist housing schemes must ensure these homes meet the requirements set out in sections 5-26 above in relation to the three primary affordable housing products supported by the Mayor in this programme. While the Mayor's preferred rental product is Social Rent, to maximise supply the GLA will fund specialist and supported housing at Affordable Rent levels where this is essential for viability and if still genuinely affordable. Investment partners who provide supported and specialist homes for older, disabled and vulnerable people at Social Rent and Affordable Rent levels funded through the programme will be exempt from providing the Right to Shared Ownership to tenants.

30. Supported and specialist housing can be developed through new build, as well as through the repurposing or re-improvement of existing homes.

31. Further information about the types of supported and specialist housing the Mayor will fund under this programme is outlined in the supported and specialist housing further guidance, which is available on the GLA website [here](#).

32. The Mayor's current supported housing programmes will continue to operate alongside the new programme. Details of the current programmes are available on the GLA website and bidders are encouraged to use the existing routes where projects can start on site by 31 March 2023.



## Council homebuilding

33. While further funding and flexibilities from central Government are ultimately necessary to support the scale of new council homebuilding that London needs, the Mayor wants to work with councils to maximise existing powers and resources to deliver new homes in London. The Mayor has made substantial levels of new resources and funding available to councils through his [Building Council Homes for Londoners](#) programme, which was launched in 2018 and aims to support 10,000 new council housing starts by 2023. The GLA will continue to support councils to increase the number of homes they can build over the course of the programme.
34. The Mayor recognises that council housing delivery and planning teams face significant skills and capacity challenges. Housing associations and private developers bidding to the programme will be encouraged to share skills with council delivery teams through formalised collaboration and partnership. Partnerships are expected to focus on developing the skills and capacity of council delivery teams. Examples of formalised partnership arrangements could include engaging in two-way secondments or staff swaps between council staff and partner teams. Bids submitted by prospective investment partners will be considered favourably where they include an offer to share skills or provide capacity to council housing teams.
35. The Mayor's Right to Buy ringfence offer, which was introduced in 2018 under the Building Council Homes for Londoners programme, remains available as a source of grant funding to councils. Councils are encouraged to contact the GLA if they are interested in obtaining grant through this offer. These bids should be submitted through the existing routes.

## Estate regeneration

36. The Affordable Homes Programme 2021-2026 provides funding for estate regeneration projects where the grant is used for additional homes. Funding will not be available for units that replace homes that have been, or will be, demolished. Where homes have become obsolete the GLA will consider funding these replacement homes in exceptional circumstances, and only as part of a scheme that will increase the number of homes overall. Where councils are unable to fund replacement homes within their own resources, the GLA will look to provide alternative funding. Investment partners seeking to undertake estate regeneration are encouraged to submit bids under this programme for units that will increase overall supply and to discuss additional requirements with GLA officers where further funding is required to support the replacement of homes that have been demolished.
37. The Mayor has published [Better Homes for Local People: The Mayor's Good Practice Guide to Estate Regeneration](#), which sets out his expectations for how local authorities and housing associations should engage with residents as part of all estate

regeneration schemes, whether or not they include the demolition of homes. Investment partners who bid for grant to deliver estate regeneration will need to commit to these standards for their estate regeneration projects. In addition, providers will need to comply with the Resident Ballot Requirement as set out in [Chapter 8 of the Capital Funding Guide](#).

## Delivering quality homes for Londoners

38. The Mayor is determined to use his powers to ensure that new affordable homes built in London are safe, sustainable and well-designed. Investment partners seeking funding under this programme will need to meet new funding requirements that support the Mayor's vision for [Good Growth by Design](#) in the capital. The standards set out below reflect current minimum expectations that investment partners must meet to qualify for funding, although investment partners are encouraged to take a more ambitious approach in meeting the objectives of these requirements.

### *Building safety*

39. Following the tragic fire at Grenfell Tower in 2017, the Mayor wants to ensure London is at the forefront of best practice in fire safety – especially when delivering affordable homes. The fire; the subsequent discovery of widespread use of unsafe materials on high-rise buildings across the country; and the systemic failures set out in Dame Judith Hackitt's [Independent Review of Building Regulations and Fire Safety](#) have highlighted the urgent need for reform. Furthermore, several damaging fires in blocks below 18 metres have demonstrated the need to move away from arbitrary height thresholds as a way of managing safety risk.

40. Investment partners must meet five mandatory building safety standards to be eligible for grant funding through the Affordable Homes Programme 2021-2026. Investment partners will be required to self-certify compliance with these requirements in advance of receiving payments from the new programme. The GLA reserves the right to monitor compliance of these requirements through spot checks in the annual compliance audit process.



<b>Building safety standards</b>	
1	The following buildings must include Automatic Fire Suppression Systems, including (but not limited to) sprinklers: <ul style="list-style-type: none"> <li>• All purpose-built blocks of flats (including conversions) of any height</li> <li>• All supported and specialist accommodation.</li> </ul>
2	No combustible materials may be used in the external walls of all homes and buildings, regardless of their height <sup>4</sup> .
3	All homes must include access to water supplies for firefighting in accordance with <a href="#">Water UK's national guidance document</a> .
4	For all homes, investment partners must register any in-built electrical products, such as white goods, with the manufacturers' registration service. Investment partners must also encourage residents to register white goods with manufacturers for every product where it is possible to do so.
5	For all homes, investment partners must ensure that information about product registration, product recalls and electrical safety is made available to residents.

### *Design*

41. The Mayor wants to ensure affordable homes exhibit high-quality design that is socially and economically inclusive and environmentally sustainable, which support Good Growth principles. The new London Plan and the Good Quality Homes for all Londoners London Plan Guidance set out clear policies and guidance on achieving high quality design and standards in housing, which partners are expected to adhere to when building new homes.

42. In line with new London Plan requirements, the GLA is including nine design standards that set minimum standards for new affordable homes in London. To qualify for funding, proposed schemes are expected to meet, or exceed, all the specified design standards set out below. The GLA reserves the right to assess that the standards have been followed through compliance audit.

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<sup>4</sup> This will only allow materials that are Class A2-s1 rated and above under the European classification system, as set out in the standard BS EN 13501-1 and as reflected in UK Building Regulations.

<b>Design standards</b>	
1	All homes must meet minimum floor space standards, including storage, as outlined in Appendix 1.
2	All homes must have a minimum floor-to-ceiling height of 2.5 metres between finished floor level and finished ceiling level.
3	All homes must provide a minimum of 5 sqm of private outdoor space for one-to-two person dwellings and must provide an extra 1 sqm for each additional occupant.
4	Where 10 or more children or young people are expected to live in the affordable dwellings, there must be at least 10m <sup>2</sup> of play space per child.
5	The number of homes accessed from a single core must not exceed 8 homes per floor.
6	All homes with three bedrooms or more must be dual aspect. Any single aspect one-bedroom or two-bedroom dwellings must not be north-facing.
7	All homes must provide for direct sunlight to enter at least one habitable room for part of the day.
8	For developments with 10+ homes, at least 10 per cent of dwellings should meet Building Regulation M4(3) requirements for wheelchair user dwellings. All other new build dwellings within the development should meet Building Regulation M4(2) requirement for accessible and adaptable dwellings. <sup>5</sup>
9	All developments of 50+ residential dwellings must be subject to an independent design review as part of the planning process.

43. Only in exceptional circumstances, where agreed by the GLA, will exemptions be made.

44. The Mayor recognises the importance of residents' experiences when considering the success of new developments and communities. Post-occupancy evaluation is a critical tool for assessing resident satisfaction and the Mayor cannot be assured that GLA funding is driving continuous improvement without such a 'real-world' evaluation. The Mayor also recognises the importance of design management to the delivery of Good Growth. Design management plans will support partners to bolster their processes, standards and culture, and ensure good design practices are embedded throughout the

<sup>5</sup> As set out in the London Plan – Intend to Publish Version (2019) or any subsequent published version of the London Plan).

life of a project, from scoping and community participation, to procurement, design development and delivery.

45. To meet these aims, the GLA will initially pilot the use of post-occupancy evaluation and design management plans, with the potential for these to become a contractual requirement for all projects within the programme period. Further information about the Mayor's expectations in relation to design quality for affordable housing, including new pilots for post-occupancy evaluation and design management plans, will be made available on the GLA website, [here](#), in due course.

### *Sustainability and net zero-carbon homes*

46. The Mayor is committed to ensuring the capital leads the way in tackling climate change by making London a net zero-carbon city by 2030. To support this goal the GLA will expect that new homes are environmentally sustainable and meet zero-carbon targets.
47. Investment partners are required to adhere to six new sustainability standards as a condition of funding. These reflect new London Plan requirements and will already be familiar to partners committed to sustainability. Adherence to these standards will mean new affordable homes funded by the Mayor go beyond building regulation requirements and will ensure sustainability is at the heart of the new affordable homes in London. By monitoring the environmental performance of completed homes, the Mayor can recognise and promote best practice within the housebuilding industry.

<b>Sustainability standards</b>	
1	All developments of 10+ homes must be net zero-carbon. This must include at least a 35 per cent reduction in on-site carbon dioxide emissions against Part L 2013 of the Building Regulations, of which there must be at least a 10 per cent reduction from energy efficiency measures. Any shortfall in emissions must be paid into the borough's carbon offset fund.
2	All referable development proposals <sup>6</sup> must calculate whole life-cycle carbon emissions through a nationally recognised Whole Life-Cycle Carbon Assessment and demonstrate actions taken to reduce life-cycle carbon emissions.
3	All developments of 10+ homes must submit data to the GLA's <a href="#">'Be Seen'</a> monitoring portal in accordance with relevant guidance.
4	All developments of 10+ homes must be at least Air Quality Neutral.

<sup>6</sup> Referable developments include those that meet the criteria set out in the Mayor of London Order (2008). This definition includes developments of 150 residential units or more; developments over 30 metres in height (outside of the City of London) and developments on Green Belt or Metropolitan Open Land.

5	All developments of 10+ homes must meet relevant borough Urban Greening Factor target scores or, where none exist, the interim score of 0.4. <sup>7</sup>
6	All developments of 10+ homes must demonstrate through an Energy Strategy how they will reduce the potential for internal overheating in accordance with the cooling hierarchy. <sup>8</sup>

48. Only in exceptional circumstances, where agreed by the GLA, will exemptions be made. Further information about the Mayor's expectations in relation to sustainability standards will be made available on the GLA website, [here](#), in due course.

49. Investment partners are reminded that the Mayor has launched London Power, a green energy company available exclusively to Londoners. Investment partners are encouraged to consider offering this service within their projects.

#### *Modern Methods of Construction*

50. The Mayor is committed to modernising London's construction sector and ensuring a more resilient, more sustainable and more innovative approach to homebuilding by encouraging greater uptake of Modern Methods of Construction (MMC). The Mayor expects investment partners to maximise their use of MMC systems when seeking funding under the Affordable Homes Programme 2021-2026.

51. The Mayor adopts the Government's MMC Definitions Framework when referring to MMC systems<sup>9</sup>, as summarised below. Further guidance about the MMC Definitions Framework is available on the GLA website.

Category	Definition
1	Pre-Manufacturing: 3D primary structural systems.
2	Pre-Manufacturing: 2D primary structural systems.
3	Pre-Manufactured components: Non-systemised primary structure.
4	Additive Manufacturing: Structural and non-structural.
5	Pre-Manufacturing: Non-structural assemblies and sub-assemblies.
6	Traditional building product led site labour reduction/productivity improvements.

<sup>7</sup> As set out in the London Plan - Intend to Publish Version (2019) or any subsequent published version of the London Plan.

<sup>8</sup> Ibid.

<sup>9</sup> Each of the seven categories within the MMC Definition Framework fall within the GLA's definition of MMC.

7	Site process led labour reduction/productivity/assurance improvements.
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52. Investment partners will be required to identify the types of MMC systems used on projects submitted for funding in the Affordable Homes Programme 2021-2026. The GLA may also request updates at other stages of the development process.

53. The Mayor recognises that MMC represents a new method of construction, and a new way of working, for many investment partners. The GLA is committed to working with investment partners to address these challenges and encourages investment partners to discuss specific requests for GLA support where these can demonstrate increased levels of MMC across a scheme or programme. The GLA particularly welcomes bids from investment partners that aim to aggregate demand for MMC systems, including those that can demonstrate a clear delivery pipeline. The GLA also welcomes bids where it can be evidenced that MMC has been used to support the circular economy, including design for disassembly and promotion of re-use and recycling of materials.

### **Equality, diversity and inclusion**

54. The Mayor is committed to creating a fairer, more equal and more integrated city where all people feel welcome and able to fulfil their potential. [Inclusive London](#), the Mayor's equality, diversity and inclusion strategy, sets out how he will help address the inequalities, barriers and discrimination experienced by different groups of people in London.

55. One important way to reduce inequality is by taking action to tackle the housing crisis. The disproportionate impacts of homelessness, overcrowding and poor-quality housing that affect particular groups of Londoners, notably those from Black, Asian and Minority Ethnic backgrounds, can be tackled by building more affordable homes.



*Equality, diversity and inclusion action planning*

57. The Mayor is committed to supporting increased diversity in the built environment sector and expects partners to contribute to his vision of a more equal, diverse and inclusive London by meaningfully enhancing their organisational practices, procurement methods and engagement with communities.
58. All investment partners will be contractually required to meet minimum standards outlined in the table below within one year of their grant allocation being approved by the GLA. These standards seek to implement the [Mayor's Good Work Standard](#) 'diversity and recruitment' pillar and are being introduced to reflect the Mayor's commitment to ensuring London is a more equal, diverse and inclusive city for all.
59. The Mayor recognises that some organisations are already working hard to promote equality, diversity and inclusion, and hopes that the funding requirement will enhance existing initiatives, as well as embed minimum standards across the sector.

<b>Equality, diversity and inclusion standards</b>	
1	All investment partners must offer diversity and inclusion training for all employees.
2	All investment partners must implement a zero-tolerance approach to all forms of discrimination, harassment and bullying.
3	All investment partners must broaden recruitment channels and encourage applications from diverse and under-represented groups.
4	All investment partners must collect and monitor workforce data to benchmark the diversity of their workforce against the local area of the organisation. <sup>10</sup>
5	All investment partners must publish their gender and ethnicity pay gaps. <sup>11</sup>

60. In addition, the Mayor encourages all investment partners in larger organisations to work towards achieving accreditation through his [Good Work Standard](#), which brings together best employment practice and links to resources and support from across London to help employers improve their organisations.
61. All investment partners are expected to develop, publish and implement an Equality, Diversity and Inclusion Action Plan for their organisation within a year of their grant allocation being approved by the GLA and must provide annual updates on

<sup>10</sup> Smaller organisations may be exempt from this requirement if this would risk breaching the privacy of individual employees.

<sup>11</sup> Ibid.

implementation. This will ensure all providers build on their current achievements, and will include at least one action from each of the following three themes:

- Theme 1: Organisational equality, diversity and fairness
- Theme 2: Sustainable and diverse supply chains
- Theme 3: Working together with Londoners.

62. The GLA will produce full guidance on the type of actions that would be considered appropriate under each theme, which will be published on the GLA website in due course to assist partners when developing their action plans. Prior to the full guidance being published, an indicative overview of the three themes and examples of actions will also be provided. Partners will be able to tailor actions to their organisational needs and are encouraged to explore ambitious actions that result in meaningful change. Further information on the Mayor's approach to supporting diversity in employment can be found in the [Supporting Diversity Handbook](#) and the [Good Work Standard Employer Guidance](#).

#### *London Living Wage*

63. Investment partners receiving grant through this programme will be expected to ensure that their employees and workers are paid the London Living Wage and should endeavour to ensure that consultants, contractors and sub-contractor employees similarly meet this requirement. This will be a contractual obligation of funding.

#### *Naming developments*

64. London has a diverse cultural history, and the city's streets, estates and wider developments should reflect this wherever possible. The Mayor expects investment partners to have regard to the diversity of London when naming new streets, estates and wider developments funded through this programme.

#### *Equality Impact Assessment*

65. The GLA has undertaken an Equality Impact Assessment for the Affordable Homes Programme 2021-2026. The Equality Impact Assessment is an information gathering tool used to assess the potential impacts of policies on people with the characteristics that are protected by the Equality Act 2010; and to consider how the GLA can eliminate discrimination, advance equality of opportunity, and foster good relations between different people. The Equality Impact Assessment addresses the Mayor's legal duties to carry out a comprehensive assessment of the programme and its proposed policies. The Equality Impact Assessment has helped shape the preparation of the new programme, ensuring that these key issues have been taken into account throughout the programme development process. The GLA will use the Equality Impact Assessment as the basis for applying the Mayor of London's public sector equality duty



to deployment of funding available through the Affordable Homes Programme 2021-2026.

66. The Homes for Londoners: Affordable Homes Programme 2021-2026 Equality Impact Assessment has been published alongside this funding guidance and is available on the GLA website [here](#).

## Additional supporting objectives

### *Government strategic priorities*

67. The Mayor is working with Government to deliver the Affordable Homes Programme 2021-2026, and in addition to his own priorities, has agreed with Government that the programme will promote the following four strategic objectives. Investment partners seeking funding through the Affordable Homes Programme 2021-2026 should demonstrate how their activities support these objectives. This should be set out in a supporting statement accompanying the bid submission and will form part of the assessment process.

- **Seeking to deliver homes to a realistic balance of development on Brownfield land (or remediation) sites.** Due to the profile of land in London, it is anticipated that most projects will be on previously developed land. Any unusual programmes or concerns from investment partners in relation to this requirement should be outlined to the GLA in a supporting statement accompanying the bid.
- **Actively engaging with local and small and medium sized enterprises (SMEs) in delivering new homes.** Diversifying the types of organisations that build new homes in London is a priority set out in the Mayor's London Housing Strategy and is shared by Government. Investment partners are asked to describe how they will focus their development programmes to support development by SMEs, for example, on small sites. For the purposes of assessing compliance with this objective, councils are considered a local enterprise or SME.
- **Working with smaller housing associations.** There are over 100 small or medium sized housing associations in London. For the purposes of assessing compliance with this strategic objective, the GLA defines a smaller or medium sized housing association as one that owns fewer than 7,500 homes in London and fewer than 25,000 homes nationally. For the purposes of assessment, an investment partner working with a London borough will be considered to be working with a smaller housing association. The GLA particularly encourages bids that demonstrate partnership working with Black, Asian and Minority Ethnic housing associations in development, service delivery or staff development.

- **Support skills and partnership working, particularly between housing associations and councils.** Investment partners bidding to the programme will be encouraged to partner with councils to upskill council delivery teams and support capacity building through formalised collaboration and partnership. Examples of formalised partnership arrangements could include engaging in two-way secondments or staff swaps between council staff and partner teams. Councils can demonstrate their activities will support this strategic objective by demonstrating a willingness to participate in formalised partnership arrangements such as two-way secondments.

#### *Pet friendly homes*

68. Londoners who live in the homes delivered through this programme are expected to benefit from flexible policies on pet ownership. The Mayor expects investment partners to manage all homes delivered through this programme in line with a presumption in favour of pet ownership for their residents.



## Part two: Funding information

### Sources of funding

69. The overall funding for the Affordable Homes Programme 2021-2026 is £4 billion and the GLA expects the funding in this programme to be used as capital grant to support affordable housing delivery. The programme is sub-divided into two key funding sources and the GLA will choose which fund best applies to bids that are taken forward to allocations stage.

Funding sources and delivery timeframes	
1	The Long-Term Strategic settlement consisting of £1bn funding for projects with starts on site from 1 April 2022 to 31 March 2026 and completions to 31 March 2029.
2	The General London Affordable Housing 2021-2026 settlement of £3bn funding for projects with starts on site from 1 April 2021 to 31 March 2026 and completions to 31 March 2028.

70. Projects funded from the Long-Term Strategic settlement will be subject to additional approvals from central Government, which the GLA will undertake with the Ministry of Housing, Communities and Local Government.

### Negotiated grant rates

71. The GLA is introducing negotiated grant rates for all projects under this programme. Fixed grant rates will still be available to investment partners bidding and delivering homes under the Affordable Homes Programme 2016-2023.

### Named sites and indicative proposals

72. The new programme is open to bids for named, known sites, as well as indicative bids for proposed sites that will be identified and acquired throughout the course of the programme. The GLA encourages bidders to submit proposals for deliverable, larger scale programmes and to use the indicative route to secure funding for longer-term pipeline development plans. Organisations that are not registered (unregistered bodies) with the Regulator of Social Housing are not eligible to apply for an indicative allocation.

73. Indicative bids will be assessed on the basis of average funding per unit levels requested of homes for each tenure within the bid. Successful bidders will be expected

to deliver homes approved under the indicative route at the average funding levels agreed for an indicative allocation.

74. The GLA will allow drawdown of funding from indicative allocations in the Affordable Homes Programme 2021-2026 where current contracts with the GLA have been fully profiled to named sites and programme delivery is on track. Investment partners with indicative proposals approved in the new programme will be eligible to drawdown funding for the purposes of land acquisition, subject to evidence that there is an agreement in place for the sale or lease of a site. This will be subject to GLA approval for drawdown.
75. Successful bids for named sites will be allocated and paid at the specific funding levels approved for each project.

### **Strategic partnerships**

76. The Affordable Homes Programme 2021-2026 will include strategic partnerships, defined as organisations offering large scale delivery within the programme parameters. Larger programmes will be determined by the GLA based on a combination of bids submitted for named sites and bids for indicative proposals. Bidders are not required to specify in the bid whether they are seeking strategic partnership status, as this will be considered and offered by the GLA based on the volume of programme that is taken forward to approval.

### **Concurrent delivery with the Homes for Londoners: Affordable Homes Programme 2016-2023**

77. The new Affordable Homes Programme 2021-2026 will operate alongside the existing Affordable Homes Programme 2016-2023. Overall, across the two programmes the GLA will work with partners to build 82,000 affordable homes. The Affordable Homes Programme 2016-2023 is open for continued bidding and further details setting out the policy requirements and bidding process are available within the [Funding Guide](#).
78. Investment partners are encouraged to submit bids for the current programme where projects start on site by 31 March 2023. In some instances, the GLA may request partners to consider transferring bids proposed for the Affordable Homes Programme 2021-2026 to the Affordable Homes Programme 2016-2023, where starts on site can be achieved early.
79. Projects proposed to be funded via retained Right to Buy receipts, or nil grant projects, should be submitted via the existing Affordable Homes Programme 2016-2023 route.

80. Investment partners with existing contracts with the GLA under the Affordable Homes Programme 2016-2023 will be expected to deliver those in full to 31 March 2023 and partners will not be permitted to rebid for existing allocations in the new programme.

### **Start on site**

81. The Affordable Homes Programme 2021-2026 will include projects that deliver affordable homes in London which start on site between 1 April 2021 and 31 March 2026. A full definition of start on site is available in the GLA's [Affordable Housing Capital Funding Guide](#).

### **Recycled Capital Grant Funding**

82. The use of the term 'grant' in this funding guidance includes Recycled Capital Grant Funding. Where Recycled Capital Grant Funding has previously been applied to a project, bidders will need to specify how much of this grant applies. Value for money assessments will be made on the basis of both Recycled Capital Grant Funding and new programme grant applied for on each project. Investment partners seeking to use significant levels of Recycled Capital Grant Funding on bids in the new programme should discuss these proposals with their GLA lead officer in advance of submitting bids for this programme.

### **Grant payments**

83. For named sites, Registered Providers will be eligible to drawdown grant allocations of 40 per cent at land acquisition, 35 per cent at start on site and the remaining 25 per cent at completion. These payment proportions may be varied on some projects, subject to GLA agreement.

84. Unregistered bodies seeking grant for Shared Ownership projects will only be able to drawdown 100 per cent of the grant allocation on a project at completion stage.

85. Investment partners with indicative bids approved in the programme will be eligible for early drawdown of funds for site acquisitions agreed with the GLA.



Homes delivered without grant

86. The Affordable Homes Programme 2021-2026 will only include projects that are directly supported by grant funding. Investment partners delivering homes in a wider development programme using their own resources and without GLA grant will not be required to submit bids for those projects in the new programme but should continue to submit details of nil-grant projects in the Affordable Homes Programme 2016-2023.
87. Councils are not required to submit bids in the Affordable Homes Programme 2021-2026 for projects that will be funded via retained Right to Buy receipts. Details of homes built through retained Right to Buy receipts should be submitted through the current Affordable Homes Programme 2016-2023.
88. From April 2023 onwards, the GLA will require investment partners to submit information about starts on site and completions from projects delivered outside GLA programmes. This will be required on a quarterly basis and will feed into MHCLG's national statistics for affordable housing delivery.

### **Recoverable grant**

89. The GLA is keen to explore opportunities for making recoverable grant investment available to bidders where these maximise affordable housing delivery, including proposals on mixed tenure projects or programmes to mitigate potential sales risks. Investment partners are encouraged to contact the GLA in instances where they would like to apply for recoverable grant on a project and these requests will be considered on a case-by-case basis.

### **Developer-led route**

90. The Mayor introduced the developer-led route through the Homes for Londoners: Affordable Homes Programme 2016-2023. This provided an incentive to increase the level of affordable housing beyond that which is viable without subsidy on developer-led sites. Funding for this route is not permitted in the new programme. However, the Mayor is keen to continue to maximise affordable housing on new developments and the route will remain available on the terms outlined in the [Affordable Homes Programme 2016-2023 Funding Guidance](#) until March 2023.

### **Acquisitions**

91. The Mayor will use the Affordable Homes Programme 2021-2026 to maximise the number of new homes in London and is eager to ensure funding results in net additionality. For this reason, the GLA will only fund a limited number of acquisitions of existing homes through this programme.

### **Major repairs**



92. Works to ensure existing homes are habitable are not generally eligible for funding in this programme. Only supported and specialist housing bids will be eligible for funding to support repurposing or re-improving existing homes. The GLA may award funding in exceptional circumstances, in the case of almshouses for example, where the charity is unable to cover the cost of works itself.

## **Branding**

93. In line with previous programmes, investment partners who receive GLA grant funding will be obliged to adhere to the Mayor's communications and branding requirements. These requirements include displaying Mayor of London and/or Homes for Londoners hoardings as specified by the GLA and relevant Government branding on all development sites funded by this programme.



## Part three: How to bid

### Submitting bids

94. All organisations proposing to submit bids for the Affordable Homes Programme 2021-2026 are requested to register their interest to the GLA by emailing:

[AffordableHomes@london.gov.uk](mailto:AffordableHomes@london.gov.uk)

95. The GLA will assign a lead GLA officer to each organisation and provide further details about the bidding process. When sending an email to register, bidders should provide the following information:

- The bidding organisation's name and address
- Current Registered Provider code (if you have one)
- Current GLA Open Project System (OPS) organisation code (if you have one)
- Name, email address and telephone number of your organisation's lead contact person to receive information regarding the Affordable Homes Programme 2021-2026 bidding process.

96. Bids for the Affordable Homes Programme 2021-2026 are expected to be submitted through GLA OPS. Bidders will be provided with further information about specific GLA OPS requirements when the system is open for bidding and, in advance of this, information will be made available to assist with assembling bidding information for project proposals.

97. Organisations not currently registered to use GLA OPS are advised to request access using the details provided at the following link:

<https://ops.london.gov.uk/#/home>.

### Eligible organisations

98. The programme is open for bids from organisations seeking funding to develop affordable homes in London, including housing associations, local authorities, for-profit organisations, community-led organisations, developers and others. Organisations can bid either independently or as part of a consortium and will need to own the completed affordable homes in order to be eligible for grant. The landlord of all properties funded as Social Rent, London Living Rent or Affordable Rent must be registered with the Regulator of Social Housing.

## Investment partner status

99. Organisations with projects approved for funding in the new programme must qualify as a GLA investment partner before they can receive grant. Organisations who are not existing GLA investment partners will need to apply for qualification. Further information about the GLA investment partner qualification process can be found on the GLA's website [here](#). Bidders that are not registered providers seeking to offer Shared Ownership will be required to undertake further due diligence in addition to the investment partner qualification process.

## Timetable for bidding

100. The timetable for bidding under the Affordable Homes Programme 2021-2026 is set out as follows:

- Bidding programme launched: 24 November 2020
- GLA Open Project System open for bids: early February 2021
- Deadline for bid submission: close on 9 April 2021
- Allocations announced: June 2021.

## Bids assessment

101. The GLA will consider the following criteria when assessing bids under the new programme. The assessment criteria will apply to bids for named sites and indicative proposals.

- Value for money
- Deliverability
- Strategic fit

102. Further information about each of these criteria is set out below.

### *(a) Value for Money*

103. Bids for the new programme will be assessed on a case-by-case basis to consider the grant requirement for each proposal and value for money for the public purse. Bids will be considered based on costs associated with the project; contributions towards those costs; and the gap that requires grant to make the scheme viable for the project as a whole and for the grant levels requested for each tenure. The assessment process will prioritise projects that offer the best value for money in grant terms against the costs associated with the proposal, alongside meeting requirements for deliverability and ensuring that strategic priorities are maximised.

104. Bidders will be expected to demonstrate that they have maximised the use of other sources of funding and cross-subsidy applied towards the overall costs of the

projects, and that the levels of grant sought are justified for the size and complexity of the proposal. The GLA will ask bidders to submit details of total scheme costs and a breakdown of contributions towards those costs.

105. Total scheme costs will include the following and further details of these are set out in the GLA's [Affordable Housing Capital Funding Guide](#):

- Acquisition or land costs
- Development costs
- On-costs.

106. Contributions will include information related to:

- Other public subsidy
- Income from rents
- Income from shared ownership first sales
- Income from private sales
- Provider contributions
- Any other income contributing towards the total scheme costs.

107. Bidders submitting proposals for indicative allocations will be required to estimate costs and contributions for the proposed development programme and grant requirements by tenure. These will be assessed for value for money and - for successful indicative bids - monitored through the course of the programme as sites are acquired and profiled to named projects.

108. To maintain a strong focus on the management of costs throughout the programme period, providers are required to work with the GLA on an open book basis, sharing cost data on specific projects and, on a confidential basis, viability assessments for projects where those are required to clarify grant levels requested on specific bids.

#### *(b) Deliverability*

109. Only bids for projects that start on site between 1 April 2021 and 31 March 2026, and complete by 31 March 2029 will be considered under this programme. The GLA will assess certainty of delivery against forecast milestones submitted as part of the bid. This will take into account pre-development, planning status, land ownership status, start on site and completion dates in line with the size and complexity of the project.

110. The assessment process will take into consideration a provider's affordable housing delivery track record and the volume of remaining programme still due to be achieved under existing contracts with the GLA. Providers with existing allocations with the GLA are expected to prioritise delivery of those projects to the agreed milestones.

111. Information submitted by providers will be made available to the Regulator of Social Housing. The Regulator will provide advice to the GLA on whether any proposal to award grant to a registered provider will have an adverse impact on the Regulator's published judgement on the organisation's Governance and Financial Viability rating. Registered providers may be asked to provide additional information to the Regulator to inform the assessment as necessary.
112. By bidding for grant through this programme, providers are confirming their consent for all appropriate information to be shared with relevant boroughs, the Regulator of Social Housing and the Ministry of Housing, Communities and Local Government.

*(c) Strategic fit*

113. Part One of this prospectus sets out the key strategic priorities and requirements for the programme. Bids will be assessed on the basis of best fit with those priorities. All bids will be assessed on an individual basis including consideration of the following areas:
- The balance of programme for rent and home ownership with an expectation that, where possible, partners' programme of bids will reflect around half for home ownership
  - A programme of bids that include, where possible, some provision of specialist and supported housing
  - The use of Modern Methods of Constructions on proposed bids
  - Compliance with the Mayor's design criteria on proposed bids
  - How the following national objectives are demonstrated by bidders:
    - Seeking to deliver homes to a realistic balance of development on Brownfield land (or remediation) sites
    - Actively engaging with local and small and medium sized enterprises (SMEs) in delivering new homes
    - Working with smaller housing associations
    - Supporting skills and partnerships working, particularly between housing associations and councils.
114. Finally, the GLA will require that all bidders meet the additional programme requirements set out in Part One of this document.

## Part four: Contract and funding agreements

### Contracts and programme management

115. Investment partners will need to enter into a standard form contract with the GLA to secure grant through this programme. Contracts may vary slightly depending on the investment partner and products being funded, but ultimately all funding agreements will retain the key provisions of the standard form contract. Template contracts for standard delivery agreements will be published on the GLA website in due course.
116. Completed contracts will include the agreed delivery milestones for the projects that the GLA has committed to fund. The GLA will monitor performance of investment partners against these delivery milestones on an ongoing basis. The GLA will be flexible when issues with programme delivery are flagged at an early stage, but will reserve the right to review a provider's grant allocation where a partner cannot deliver a project or replace it with an equivalent project where indicative allocations are no longer achievable.

### State Aid compliance

117. In this prospectus 'State Aid' and 'State Aid rules' mean both state aid which applies before 11:00PM on 31st December 2020 and any amended or replacement rules concerning public funding or subsidies which may be introduced after the end of the Brexit transition period.
118. Investment partners need to be aware that new rules may not refer to 'State Aid' or deal with matters or laws concerning public sector fiduciary duties, proportionate subsidies or otherwise regulate how the GLA is permitted to provide public support for this programme.
119. While the GLA has designed this programme to comply with the State Aid rules, which apply in 2020 investment partners also have a responsibility to ensure they are not over-compensated from the point of view of the State Aid rules.
120. As it is highly likely that the State Aid rules will change, the GLA reserves the right to amend the programme (including funding requirements and reporting) to ensure that it will continue to remain legally compliant.
121. While the GLA will seek to notify investment partners of relevant changes, investment partners will also be required to keep themselves updated to ensure they remain compliant.

122. The GLA will require investment partners to make returns about the actual costs incurred for both public accountability and State Aid compliance. The GLA is designing a process that will minimise costs to it and providers. This process will include the submission (and certification) of actual costs incurred, and a process to ensure a more detailed review of costs for each grant recipient at least once during the programme. More information will be supplied about the details of this process once it has been finalised.
123. If any providers are found to have been over-compensated, they will be required to repay any over-compensation to the GLA.

### **Grant recovery**

124. The GLA reserves the right to recover grant in line with rules published in the Recovery of Capital Grant Determination model in the GLA's [Affordable Housing Capital Funding Guide](#).

### **Compliance audit**

125. All investment partners will be subject to the GLA's compliance audit process, which ensures that the GLA's policies, funding conditions and procedures are followed. Projects not in receipt of GLA grant, inclusive of Recycled Capital Grant Funding, will not be subject to compliance audit.





**Appendix 1: Design standards – Minimum space standards for new dwellings**

Number of bedrooms	Number of bed spaces	Minimum GIA (m <sup>2</sup> )			Built-in storage (m <sup>2</sup> )
		1 storey dwellings	2 storey dwellings	3 storey dwellings	
1b	1p	39 (37)*			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0

- \* Where a one-person dwelling has a shower room instead of a bathroom, the floor area may be reduced from 39m<sup>2</sup> to 37m<sup>2</sup>, as shown bracketed.
- The Gross Internal Area of a dwelling is defined as the total floor space measured between the internal faces of perimeter walls<sup>[1]</sup> that enclose a dwelling. This includes partitions, structural elements, cupboards, ducts, flights of stairs and voids above stairs. GIA should be measured and denoted in square metres (m<sup>2</sup>).

## **Other formats and languages**

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

Greater London Authority  
City Hall  
The Queen's Walk  
More London  
London SE1 2AA

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**[www.london.gov.uk](http://www.london.gov.uk)**

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