

OPDC Local Plan

Issues Statement

Between

Old Oak and Park Royal Development Corporation

and

**London Borough of Brent, London Borough of Ealing and London Borough of
Hammersmith and Fulham**

26 February 2019

Issues Statement: Affordable Housing Tenure

1.0 Introduction

- 1.1 The production of this Issues Statement was agreed to be undertaken by OPDC and the three boroughs at OPDC Board on 28 September 2018. It sets out a joint statement from the London Boroughs of Brent, Ealing and Hammersmith & Fulham confirming their issues regarding OPDC's Local Plan affordable housing tenure policies, background information and OPDC's response to the boroughs' issues.
- 1.2 The London Boroughs of Brent, Ealing and Hammersmith & Fulham have raised objections about whether the proposed affordable housing tenure split of 30% social rent/London Affordable Rent and 70% Intermediate meets the objectively assessed need for market and affordable housing as required by the National Planning Policy Framework (NPPF).

2.0 Background

Summary of boroughs' responses to OPDC Reg 19 (1) and (2) consultation (June 2017 and July 2018).

Main Issue 1

- 2.1 **Affordable Housing tenure split.** Tenure split should give greater priority to need evidenced in OPDC's SHMA for Social Rent/London Affordable Rent;
- **LBB and LBHF** requested that the tenure split be amended to 60% Social Rent/LAR, 40% intermediate to meet local needs; and
 - **LBE** requested that the priority should always be to secure genuinely affordable housing based on local need.

OPDC response to boroughs' comments Reg 19(2) (July 2018)

- 2.2 Change proposed.
- OPDC's Affordable Housing Viability Assessment (AHVA) tested a number of development scenarios and affordable housing levels, including an overall target to deliver 35% and 50% affordable housing with a tenure split in each of 30%, 43% and 70% Social Rent/London Affordable Rent (LAR) housing, with the remainder provided as intermediate housing.
 - This showed that based on current existing use values, likely current/future (nongrown) sales values, construction costs and other costs, only a tenure split of 30% social rent/LAR and 70% intermediate would be viable if OPDC sought to achieve an overall affordable housing target of 50%.
 - OPDC cannot set a policy that does not take account of viability – this would risk the Local Plan being found unsound.
 - OPDC has however sought to make changes to the policy and supporting text to identify the 30% social rent/LAR target as a minimum target by seeking to optimise social rent/LAR through review mechanisms, public grant and seeking to exceed the 30% social rent/LAR target on schemes that do not meet the Mayor's threshold approach to viability.

- Supporting text has also been added to the policy identifying that OPDC will revisit Policy H2 and its associated viability evidence at the earliest opportunity to ensure that any increased development value can maximise the delivery of social rent/London Affordable Rent homes.


3.0 Remaining issues identified by the London Boroughs of Brent, Ealing and Hammersmith & Fulham


- 3.1 OPDC infrastructure viability work is not material to the assessment of housing need. The decision to prefer the 50% affordable housing requirement over a 60:40 tenure split is a policy decision that does not follow directly from the viability work and no reason has been offered for this approach.
- 3.2 Local Plan policies in the three host boroughs currently require a 50% provision of affordable housing, and Ealing and Hammersmith & Fulham a 60:40 tenure split in favour of social rent. Brent requires a 70:30 tenure split in favour of social rent.
- 3.3 The NPPF requires borough Local Plans to meet the objectively assessed need for market and affordable housing. Local Plans are to provide for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community.
- 3.4 The current London Plan (2016) sets the approach reflective of London's needs requiring 60% affordable housing provision to be for social and affordable rent and 40% to be for intermediate rent or sale. Similarly, the Draft New London Plan (2017) requires a 50% provision of affordable housing and a tenure split of 30% social rent, 30% intermediate, and 40% to be determined based upon identified local needs.
- 3.5 The OPDC's Strategic Housing Market Assessment (SHMA) shows an acute need for 86% social/affordable rent to 14% intermediate provision, but the proposed policy approach is almost exactly the opposite. The more recent West London SHMA (2018), which includes the three host Boroughs and OPDC, reaches similar conclusions about housing need. There is nothing in either document that suggests an evidential basis for preferring one affordable housing objective over the other.
- 3.6 Viability constraints on delivery are not peculiar to the OPDC area and the requirement for viability testing and negotiation on schemes that do not meet the plan requirements eliminates the risk of rendering development unviable.
- 3.7 Not only is the current approach unnecessary but it will by definition result in the provision of a great deal of housing which the SHMA evidence identifies will not be genuinely affordable to meet identified need within the local housing market area, potentially excluding the bulk of residents in the three host Boroughs.
- 3.8 The host boroughs are not satisfied with OPDC's proposed modifications to Policy H2. The modifications introduce ambiguity making it unclear to a decision-maker and applicant the tenure split which will be sought. This could potentially inflate landowner expectations on land values as the tenure split to be accounted for in the price paid for land is uncertain.
- 3.9 It is considered that the plan policies should derive from OPDC's own evidence of local housing need identified in the SHMA. This would mean either the current 60:40 tenure split of the host Boroughs of Ealing and Hammersmith & Fulham or the 70:30 social rent to intermediate split of Brent and suggested by the draft London Plan.


4.0 Confirmation of Agreement

4.1 The contents of this Issues Statement are agreed for the purposes of the OPDC Local Plan Examination.

Signed on behalf of the Old Oak and Park Royal Development Corporation		
Name and position	Signature	Date
Peter Farnham Interim Head of Planning Policy		26/02/2019

Signed on behalf of the London Borough of Brent		
Name and position	Signature	Date
Paul Lewin Planning Policy & Projects Manager		26/02/2019

Signed on behalf of the London Borough of Ealing		
Name and position	Signature	Date
Steve Barton Strategic Planning Manager		26/02/2019

Signed on behalf of the London Borough of Hammersmith and Fulham		
Name and position	Signature	Date
Matt Butler Strategic Head of Planning (acting)		18/02/2019