

## Local Plan Independent Examination

### OPDC Response to Hearing Actions (Matter 9- Affordable Housing)

#### Clarification about the relationship between Social Rent and London Affordable Rent tenure

- 1.1. At the hearing session on Matter 9 (Affordable Housing) there was a discussion about the meaning of London Affordable Rent and how this relates to social housing rents (i.e.: Social Rent). OPDC officers agreed to take this away and consider whether there are any modifications required to clarify the position of London Affordable Rent and its relationship with Social Rent and ensure general conformity with the draft new London Plan.
- 1.2 The post submission modifications proposed to the draft new London Plan requires that affordable housing tenure policies in Local Plans include a minimum of 30 per cent low cost rented homes, as *either* London Affordable Rent *or* Social Rent, allocated according to housing need and for households on low incomes.
- 1.3 The table below compares Social Rent and London Affordable Rent. They are both based on target rents which are set by the government in accordance the Social Housing Regulator’s Rent Standard Guidance. They are also both allocated by local authorities according to need and in accordance with the Housing Act 1996. Rents are significantly less than 80 per cent of market rents, which is the maximum level for Affordable Rent permitted in the National Planning Policy Framework.

	<b>Social Rent</b>	<b>London Affordable Rent</b>
Rent level and change over time	<p>Rent levels vary widely depending on several historic factors including property age, location and landlord type.</p> <p>The government sets ‘target rents’, a level towards which councils and housing associations are expected to increase their rents, and maximum rents (‘rent caps’).</p> <p>The Welfare Reform and Work Act requires that social housing rents are reduced by at least 1% a year (from the previous 12</p>	<p>Greater London Authority publishes benchmark rents each year based on social rent ‘target rent’ levels (see opposite).</p> <p>The benchmark rent levels are increased each year by the increase in CPI for the previous September plus 1%.</p> <p>Within tenancies, rents are reduced by at least 1% a year (from the previous 12 months) for four years to 2020, as required by the Welfare Reform and Work Act.</p>

	months) for four years to 2020. After that point, rents will be allowed to increase within tenancies by the change in the Consumer Price Index (CPI) plus 1%. The maximum rent ('rent caps') for new social housing dwellings will be allowed to increase by CPI plus 1.5%.	
Allocation	Allocations are made by local authorities and housing associations (often via local authority nominations) according to the legal framework contained in Part 6 of the Housing Act 1996 (as amended)	Allocations are made by local authorities and housing associations (often via local authority nominations) according to the legal framework contained in Part 6 of the Housing Act 1996 (as amended)

- 1.4 In order to be in general conformity with the draft new London Plan (including post submission modifications) and its requirement for 30 per cent of affordable housing to be provided as *either* London Affordable Rent or Social Rent, the following **purple** minor modifications are proposed to the OPDC Local Plan Submission Proposed Minor Modifications (October 2018).
- 1.5 As in the OPDC Local Plan Submission Proposed Minor Modifications (October 2018) document KD4, **red** tracked-changes resulted from the Second Regulation 19 consultation. **Green** tracked changes resulted from discussions with stakeholders following the close of the Second Regulation 19 consultation. These changes may amend previous tracked changes to the First Regulation 19 Local Plan. Where this occurs, these previous tracked-changes are shown in **blue**. The black text is that of the original First Regulation 19 Local Plan (June 2017).

Policy/ para	Modification
H2 b) & c)	All residential developments... will be required to provide affordable housing..., by: b) including early, <b>mid</b> , and advanced stage review mechanisms in line with Mayoral guidance, to maximise the delivery of affordable housing <b>and in particular, social rent level housing (including or London Affordable Rent)</b> , where development viability improves; c) providing <b>a minimum of 30%</b> of affordable housing as <b>either social rent level housing (including or London Affordable Rent)</b> and <b>the remainder 70%</b> as a range of <b>social rent level housing (including or London Affordable Rent)</b> , intermediate housing, including London Living Rent and London Shared Ownership (except for Build to Rent, see Policy H6) <b>and;</b> <b>x) including ensuring intermediate units homes that</b> are affordable to households on <b>median average</b> incomes in the host local authorities;
Table 8.2	Title of first column: <b>Social rent level housing or (Including London Affordable Rent)</b>
8.21	OPDC's SHMA has identified that there is an 86% need for <b>social rent level housing or (including London Affordable Rent or equivalent) housing</b> as part of affordable housing need in the area <b>as a consequence of the high cost of private renting or buying a home in the area. These households would additionally need to. This does not necessarily mean that these households would</b> qualify for <b>social rent level or</b> London Affordable Rent housing

	through their council <u>and this is determined under a number of factors under the Housing Act 1996 and other relevant homelessness legislation. but is a consequence of the high cost of private renting or buying a home in the area.</u>
8.22	The AHVA has assessed the viability of delivering different levels and types of affordable housing. <u>As recognised above, the scale of regeneration on what is a complex brownfield site presents significant challenges in terms of viability. The AHVA demonstrates</u> that delivering <u>social rent level housing or (including London Affordable Rent housing)</u> has the greatest impact on viability given the high cost of delivering housing at this level of discount on the market value. <u>Further evidence on tenure, housing need and development viability is available in the supporting Housing Evidence Statement</u>
8.23	<u>Given the viability constraints identified above, the threshold level of affordable housing that developments must achieve to follow the Fast Track Route in OPDC should comprise: In order to create inclusive new communities at Old Oak and Park Royal that are mixed and balanced by housing tenure and household income, OPDC's target ration for affordable housing is</u> a) <u>at least a minimum of 30% either social rent level housing or (including London Affordable Rent);</u> b) <u>the remainder a range of combination of either social rent level housing or (including London Affordable Rent), 70% mix of intermediate housing including London Shared Ownership and London Living Rent.</u>
New paragraphs after 8.23	<u>xxx. Given OPDC's and London's need for social rent level housing, OPDC will seek to maximise the level of social rent housing by:</u> <ul style="list-style-type: none"> <li>- <u>prioritising the delivery of either social rent level housing or (including London Affordable Rent) where early, mid and or late stage review mechanisms secured in Section 106 agreements identify that there is a surplus;</u></li> <li>- <u>seeking to exceed 30% either social rent level housing or (including London Affordable Rent) on schemes that do not meet the Mayor's threshold approach to viability; and</u></li> <li>- <u>prioritising the provision of the social rent or London Affordable Rent homes through housing grant.</u></li> </ul> <u>xxx. Following adoption of the Local Plan, OPDC will also revisit this policy and its associated viability evidence at the earliest opportunity to ensure that any increased development value can maximise the delivery of social rent or London Affordable Rent homes.</u>
H3 b)	New residential development should deliver a balanced mix of housing types... taking into account the following considerations: b) providing <u>either social rent level housing or (including London Affordable Rent homes)</u> in a mix of sizes that accords with OPDC's most up-to date Strategic Housing Market Assessment.
8.34	To help meet needs, applicants will be expected to deliver 25% of all homes as units providing 3 or more bedrooms. The overall housing mix should include delivering the size mix for <u>social rent level housing or (including London Affordable Rent)</u> that is set out in the latest SHMA.