

OD11

Examination of Legacy Corporation Local Plan, Hearing Matter 5: LLDC response to London Borough of Tower Hamlets subsequent suggested change to Local Plan Paragraph 5.20:

The LLDC notes the changes proposed by LB Tower Hamlets to the text of paragraph 5.20 and that this text is linked to that within the Mayor London's Affordable Housing SPG (2016). It is noted that the approach set out within the Plan is based on the evidence within the LLDC Housing Requirements Study, 2018 (Examination Document LEB2), which sets out its relevant conclusions at paragraphs 8.9 – 8.11. It is agreed that the Mayor of London's guidance on, for example the value threshold for unrestricted market value of intermediate housing products is relevant when considering the acceptability of affordable housing offers within planning applications. However, over the lifetime of the Local Plan it is likely that these figures, and potentially the approach as a whole will vary or change more substantially. The following is therefore proposed as an alternative by the LLDC as a more flexible reference to the Mayor's guidance on these matters:

“The Mayor has set out appropriate income caps for his preferred intermediate tenures of London Living Rent and London Shared Ownership which will be applied. In relation to affordable housing allocations the Legacy Corporation will follow the approaches of the four boroughs. The Mayor's annual London Affordable Rent benchmarks shall be used ~~as the starting point for when setting appropriate rental rates, and other similar products should also demonstrate similar levels of affordability~~ To ensure that intermediate units remain genuinely affordable, the guidance within the Mayor of London's Affordable Housing Viability Supplementary Planning Guidance (August 2017), or any future equivalent guidance published by the Mayor should be used. The Mayor updates the income ranges eligible for intermediate products in his Annual Monitoring Report. Developers will be expected to demonstrate that they have engaged with a registered provider and secured a commitment for provision from the outset. Subject to the availability of appropriate funding, delivery of social rented accommodation within the area will be supported.”

If accepted by the inspector, this modification will be included within Document LD35 with modification reference M37

Appendix 1: London Borough of Tower Hamlets suggested changed text for Local Plan paragraph 5.20 (supporting Policy H.2 Delivery of Affordable Housing) (dated 25th September 2019)

H.2: Delivering affordable housing

Affordable housing will be sought on sites capable of providing ten units or more, or has an area of 0.5 hectares or more, based on the affordable housing thresholds set out within SP.2,

broken down as 60 per cent low cost rented, and 40 per cent intermediate¹². The Legacy Corporation will apply the Mayor's Fast Track and Viability Tested Routes and thresholds to maximise affordable housing delivery, including utilising viability re-appraisal where relevant. For self-contained residential schemes, affordable housing should be delivered on site in the first instance. Off-site provision will only be considered where it:

1. Provides equivalent number and type of affordable units across all sites related to the proposal;

2. Does not prejudice the delivery of affordable housing;
3. Is delivered at no financial advantage to developer;
4. Is linked to the completion of the market housing elements of the scheme;
5. Is located where able to provide for local housing needs; and
6. Would be beneficial to achieve and maintain mixed and balanced communities.

Financial contributions will only be acceptable when on-site provision and all potential off-site options have been fully explored and discounted, and linked to a particular site or proposal. Other specific policies of the Local Plan set out where contributions towards off-site provision of affordable housing are appropriate.

Cross-reference to policies: SP.2; H.1

London Plan policies: H5, H6, H7, H8, Affordable Housing and Viability SPG

Reasoned justification

5.19 Providing for housing needs including through different affordable tenures is crucial to achieving mixed and inclusive neighbourhoods. For this reason, a proportion of total housing delivery will be within affordable tenures. This has been set as a target of 35 per cent of affordable homes across the whole of the Legacy Corporation area and 50 per cent on public owned land and as set out within Policy H6 of the Draft New London Plan. Where residential is proposed within designated and non-designated industrial sites and there will be a net loss of industrial floorspace capacity, 50 per cent affordable housing is expected or the VTR will be utilised. This target and tenure mix has been determined according to evidence¹³ and subject to rigorous viability testing¹⁴ to determine viability across the whole of the area. In relation to the affordable housing tenure split requirements, the Draft New London Plan sets out that 30 per cent shall be provided as low cost rented homes and 30 per cent intermediate products, with the remainder to be determined by the local planning authority through the Development Plan process. As local and strategic evidence confirms a higher need for low cost rented accommodation, within the Legacy Corporation area the remaining 40 per cent shall normally be provided as 30/10 in favour of low cost rented. When determining the detailed affordable housing mix the intermediate offer should also meet the 10 per cent low cost home ownership requirement of the NPPF , where relevant¹⁵.

The Mayor has set out appropriate income caps for his preferred intermediate tenures of London Living Rent and London Shared Ownership which will be applied. In relation to affordable housing allocations the Legacy Corporation will follow the approaches of the four boroughs. The Mayor's annual London Affordable Rent benchmarks shall be used ~~as the starting point for to set~~ appropriate rental rates., ~~and other similar products should also demonstrate similar levels of affordability~~ To ensure that the intermediate units remain genuinely affordable, the total housing costs should not exceed 40% of net household income. Larger intermediate units (three or more bedrooms) should be prioritised as London Living Rent products, and generally, shared ownership will not be considered appropriate where unrestricted market values of a unit exceed £600,000 (as per the Affordable Housing and Viability Supplementary Planning Guidance [GLA, 2016]). Developers will be expected to demonstrate that they have engaged with a registered provider and secured a commitment for provision from the outset. Subject to the availability of appropriate funding, delivery of social rented accommodation within the area will be supported.

¹² The NPPF 10 per cent low cost home ownership should be included within this category
¹³ Housing Needs Review, 2013; Four Borough SHMAs; Housing Requirements Study, 2018

¹⁴ Affordable Housing Viability Testing, 2013; Combined Policy Viability Study, 2014; 2018 Affordable Housing Viability Testing

¹⁵ Exclusions for solely for Build to Rent schemes, specialist accommodation for a group of people with specific needs, by

people who wish to build or commission their own homes; or is exclusively for affordable housing.