

2.7 Affordable rented housing

What is the aim of this policy?

- 2.42** The aim of this policy is to provide policy requirements relating to the 'affordable rented housing' tenure. Affordable rented housing is a form of affordable housing introduced by the government and included within the NPPF. The government defines affordable rented housing as a form of social housing. To ensure the housing needs of existing and future residents can be met, the Council feels it is appropriate to specify when affordable rented housing will be considered.

DM Policy 7

Affordable rented housing

1. The Council will require new residential development to provide on site affordable housing in accordance with Core Strategy Policy 1.
2. When considering the affordable housing mix, the Council will maximise affordable housing output on a case by case basis by making the best use of available resources and taking account of other relevant factors including viability, the need to address strategic as well as local need and ensuring that homes remain affordable for people on low incomes.
3. When providing affordable rented housing, priority will be given to delivering family homes (3 or more bedrooms).

Justification

- 2.43** Core Strategy Policy 1 (CSP1) sets out a clear policy on affordable housing for the borough over the plan period. CSP1 requires housing development on qualifying sites (10 or more dwellings) to provide as much affordable housing as is financially viable. The starting point for negotiations is a contribution of 50%. The Core Strategy defines two types of affordable housing: social rented and intermediate housing. The required tenure mix is 70% social rented and 30% intermediate housing.
- 2.44** The Council carried out a number of studies to support its approach and the Core Strategy requirements are based on a balance between meeting the need for more affordable housing and ensuring schemes are viable and can be delivered. Evidence underpinning the Core Strategy looked at housing need and viability, specifically the Lewisham Housing Market Assessment and the Affordable Housing Viability Study. The studies highlight the need for more affordable housing in Lewisham, particularly more social rented housing and also highlight the low average incomes of those in housing need.
- 2.45** Since the Core Strategy was adopted in June 2011 the government has made changes to the definition and delivery of affordable housing. This has now been reflected through the NPPF and these changes have also been included in recent amendments to the London Plan.
- 2.46** A category tenure called 'affordable rented housing' is now included within the NPPF definition of affordable housing. This new tenure is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable rent

is subject to rent controls that require a rent of no more than 80% of the local market rent.⁽⁹⁾ Tenancy can range from two years to a lifetime, and will be offered by registered providers of social housing through the usual letting and nomination process to new tenants. The introduction of this new tenure was driven by reductions in the availability of capital grant funding and not by the ability of local households to afford the new rent levels.

2.47 Affordable rent levels wholly set at 80% of market rent would be unaffordable for many of the borough's residents in need of social housing, given their low average incomes. In reality individual affordable rent schemes usually contain homes at a range of rents, including at or around target rent level, so DM Policy 7 does not prescribe rigid rent levels, as these should be set on a case by case basis. Key considerations include:

- addressing the requirement to maximise affordable housing output, whilst taking into account other policies in the Core Strategy,
- meeting the full objectively assessed affordable housing needs,
- ensuring housing provision remains affordable for future eligible households, and
- taking account of the location within the borough, the area's tenure mix and site characteristics.

2.48 Applicants are required to submit an independent financial viability appraisal, the costs of which should be borne by the applicant. It should address:

- the mix of units available for social rent, affordable rent and intermediate housing,
- the mix of dwelling sizes and types,
- the mix of affordable rent levels,
- how the housing scheme as a whole will remain affordable, and
- that the scheme has been properly costed and is deliverable.

2.49 The Council will assess the financial viability appraisal and the proposed scheme on a case by case basis.

2.50 In seeking to maximise affordable housing output, the Council will work with the Mayor of London to make best use of its own resources and those available from his housing investment programme; and take into consideration the Council's housing investment strategy for other schemes that fall outside of the Mayor of London's housing investment programme.