

## Public Examination of the Development Management Local Plan

### London Borough of Lewisham response to Inspector's initial queries regarding DM7 Affordable rented housing

*Plainly this policy raises an issue of potential major concern to soundness since the Mayor states that the wording of DM7 (in relation to affordable rent) takes it out of conformity with the London Plan. Signet raises concern about the same matter. The Council states that a meeting is to be held with the Mayor. When is this planned to take place and is the matter likely to be resolved before the hearings?*

(Note a complete list of all the Inspector's initial questions are on the Examination website and can be accessed via the following link:

<http://www.lewisham.gov.uk/myservices/planning/policy/LDF/development-policies/Documents/DMLPInitialQueries.pdf>)

Planning Policy – 13 January 2014

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#### Council response

##### **1. Introduction**

- 1.1 Two organisations made representations on the proposed submission version of DM Policy 7 in October 2013:
  - The GLA (DMREP11.1) stated that it is not in general conformity with the London Plan as it restricts rent levels and impedes the maximisation of affordable housing delivery. They suggested that Clause 2 be deleted.
  - Signet Planning for Renewal Group (DMREP 13.3 and 13.4) objects that it is inconsistent with the NPPF, is not sufficiently flexible, should not stipulate that affordable rents cannot exceed 'target rents' for larger units and should have regard to development viability.
- 1.2 The Council recognises the importance of resolving these objections, and has sought to resolve this matter by meeting with the GLA on the 5<sup>th</sup> December 2013. We agreed to take another look at DM Policy 7, to see if any modifications could be made to it, that would result in a compromise and would be amenable to both parties.
- 1.3 Since the meeting with the GLA the Council has suggested modifications to DM Policy 7 by removing reference to the aspects of the policy that the GLA are most concerned about and strengthening the justification text. We circulated the suggested modifications both internally and to the GLA on 12<sup>th</sup> December 2013. Our suggested modifications (that take into account the responses received internally) are shown in section 2.1.

- 1.4 The GLA responded back on the 19<sup>th</sup> December 2013, stating that the suggested modifications would still be in conflict with the Revised Early Minor Alterations (REMA) to the London Plan because they:
- include a percentage for affordable rent, whilst paragraph 2.75 forms a starting point for rent level negotiations.
  - should not constrain affordable rent or prioritise social rent.
  - will be used as a hook to reduce rents and thereby prevent maximisation.
- 1.5 The GLA have suggested an alternative approach that removes paragraphs 2.75 and 2.75a and rewords DM Policy 7. The GLA's preferred wording is shown in section 2.2.
- 1.6 The Council has considered the GLA's preferred wording and finds it favourable to their initial objection, which sought the removal of Clause 2. However, at this stage, we do not agree with the GLA and maintain that our suggested modifications should be used instead.
- 1.7 During the subsequent weeks, the Council will continue to consider this issue and will discuss it further with Members. We are also hoping that the Council's discussions with the GLA will continue, with an aim of reaching an agreement, if at all possible, prior to the start of the Examination Hearings.

## 2. Suggested modifications

### Lewisham Council's suggested modifications

- 2.1 The Council now proposes the following modifications. Text additions are **underlined in bold** and deletions are ~~struckthrough~~.

#### **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 If providing affordable rented housing: a) the percentage of dwellings designated for this tenure shall be negotiated with the Council to ensure homes are genuinely affordable for households on low incomes, **particularly with regard to family homes (3 or more bedrooms)**.

~~b) rents should not exceed target rents for dwellings of 3 bedrooms or more and~~

~~c) such dwellings are to remain at 'target rent' levels in perpetuity.~~

2.75 **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. Policy DM7 does not prescribe rigid rent levels but rather provides a starting point for negotiation. Key considerations when negotiating and setting rent levels include:**

- **maximising affordable housing output, whilst taking into account other policies in the Core Strategy,**

- keeping rents as low as possible,
- meeting local and borough-wide housing need, based on current local incomes and house prices,
- meeting the need for family housing (3 or more bedrooms) to be at, or around, target rents,
- ensuring provisions are made to remain at an affordable price for future eligible households, for instance retaining rent levels in perpetuity,
- tailoring the scheme to take account of the location within the borough, the area's tenure mix and site characteristics, and
- ensuring financial viability of the scheme.

~~2.75a~~ Where the policy minimum requirement cannot be met, applicants Applicants are required to submit a an independent financial viability appraisal, the costs of which should be borne by the applicant, to demonstrate why provision cannot be delivered. It should address:

- the mix of social rent and affordable rent,
- the mix in dwelling sizes and types,
- the mix of affordable rent levels whilst also demonstrating how the housing scheme as a whole will remain affordable, and
- that the scheme has been properly costed and is deliverable.

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

GLA's preferred wording

2.2 The GLA proposes the following modifications. Text additions are underlined in bold and deletions are ~~struckthrough~~.

#### **DM Policy 7**

##### **Affordable rented housing**

Within the context of core strategy policy 1, when considering the affordable housing mix the Council will take account of a range of issues to ensure that the delivery of affordable housing is maximised and schemes remain viable. When providing affordable rented housing, priority will be given to delivering family housing (3 or more bedrooms) at or around target rent levels.

~~Remove paragraph 2.75 and 2.75a.~~