

Affordable Housing in New Developments – Brent Position Statement – Approved by Planning Committee 14th October 15

Purpose

The purpose of this position statement is to provide context and clarity on how Brent seeks to implement our own and London Plan affordable housing policies.

Affordable Housing Need

Brent has a significant need for affordable housing. This is due to the high proportion of its population on relatively low incomes compared to the house prices within the Borough. In 2013 lower quartile house prices (£239,950) were 11.85 times lower quartile wages (£20,248¹). In the 5 years to 2014 average rents for dwellings increased by 60% to £1,304 per month². In terms of property type this ranges from £1,030 for a 1 bed property to £2,197 for a four+ bed property.

Recent Housing Delivery

Notwithstanding recent national planning policy changes, it is Brent's corporate priority to deliver additional affordable housing through the Council's activities. Increasing housing supply is part of the solution and Brent has been very focussed on promoting new housing delivery through, for example, Growth Area and Housing Zone designations. The Council is committed to achieving at least the minimum housing targets for all tenures set in the London Plan. In 2014-15 it did this with 1556 net additional dwellings completed. Within Brent the dominant source of supply of affordable housing is that negotiated through planning (Section 106) obligations in association with new developments. Consequently the Council will seek to ensure that affordable housing is maximised through Section 106 obligations. In the period 2008-2014 3446 affordable dwelling starts (the 6th highest in London) and 3091 completions (the 8th highest in London) or approximately 48% of new homes were delivered in Brent. (GLA monitoring)

Policy Context

Brent's Core Strategy policy CP2 Population and Housing Growth identifies an overall affordable housing target of 50% of additional dwellings. Consistent with this policy, subject to viability, developments of 10 dwellings or more will be required to provide the maximum amount of affordable housing. Although delivery has been good, the amount of affordable housing negotiated as a proportion of market housing through S.106 in the period 2010-2014 was 34%. Against a background of increased buoyancy in the housing market, increasing demand and a rising gap in affordability, the Council is looking to maximise affordable housing delivery.

¹ DCLG Live Tables 576 and 583. The Annual Survey of Hours and Earnings (ASHE) is based on a 1 per cent sample of employee jobs. Information on earnings and hours is obtained in confidence from employers. It does not cover the self-employed nor does it cover employees not paid during the reference period. Information is as at April each year. The statistics used are workplace based gross earnings for full time employees. The "lower quartile" property price/income is determined by ranking all property prices/incomes in ascending order.

² Source Valuation Office Agency Private Market Rental Statistics – mean private sector rents in the year ending Quarter 1 for each of the years identified



The Mayor of London has issued more detailed guidance on how affordable housing should be delivered in new developments. This is adopted Housing Supplementary Planning Guidance November 2012. It is proposed to be replaced by Draft Interim Housing Supplementary Planning Guidance May 2015. The SPG is thorough and addresses issues such as the size and type of affordable housing in different locations; affordable housing design; mixed and balanced communities; offsite provision; funding affordable housing and development viability; and contingent obligations, review mechanisms and cascades. Brent will essentially determine planning applications in accordance with the contents of the most up to date policies in the Development Plan, robust elements of the SPG and other material considerations.

Notwithstanding the detailed advice provided in the Housing SPG, Brent places great significance on the following aspects in particular when determining planning applications related to housing. These are that the affordable housing proposed:

- a) meets priority borough needs
- b) is designed to a high standard and tenure blind
- c) is shown to be the maximum amount that can be achieved

a) *Meets priority borough needs*

Property prices across London are very high. It is recognised that across London a range of affordable housing products consistent with definitions of affordable housing in the National Planning Policy Framework will meet a range of needs. However, due to the relatively high level of low income households, the priority need in Brent is for affordable housing at rents well below market levels (social and affordable rented). Affordable home ownership and other forms of intermediate affordable housing such as discounted market rents is also a priority as part of a balanced housing offer. Nevertheless in Brent it is less of a priority than social/affordable rented properties. Consequently to best meet needs the Council seeks a 70/30 social or affordable rent/shared ownership or intermediate housing split.

There is a need for one and two bedroom affordable properties. However, those who require larger properties (3 or more bedrooms) often have to wait significantly longer for such properties to be available. This has a disproportionate adverse effect on larger households. Therefore at least 25% of affordable dwellings should be 3 bed dwellings or larger.

b) *Is designed to a high standard and 'tenure blind'*

The Council is keen to ensure that the living environment of the affordable dwellings is of the same high quality as would also be the case for market dwellings. It is keen to ensure costs associated with the long term maintenance of affordable dwellings are kept to a minimum, for example through robust design principles and the use of high quality materials at the outset. It is also keen to ensure that there is no obvious differentiation between the affordable and market dwellings that would result in social stigmatisation, e.g. significant and obvious concentrations in one area or what have been termed 'poor door' entrances.

Applicants also have a duty to maximise affordable housing. They should address the issue of affordable housing and show how they are consistent with development plan policy and

the Housing SPG within the Design and Access and Planning statements submitted within applications. These should give clear rationale/justification to the amount, size, design, location and tenure of the affordable housing proposed, along with, where applicable, the Registered Provider that is likely to be owning/managing the affordable dwellings.

c) Is shown to be the maximum amount that can be achieved

Developments proposing less than 50% affordable housing will need to be accompanied by an affordable housing viability assessment when seeking to register a planning application. Attempts to artificially reduce development capacity below 10 dwellings will be contested.

Brent offer a pre-application service and it is recommended that this is used to provide clarity on what is likely to be acceptable in a proposed development. It will also assist in speeding up the formal application determination process. Ideally it will result in the submitted application being in a form which the Council feels it can approve. Applicants are advised at the pre-application stage to discuss the appropriate methodology and inputs to be applied within the viability modelling based on the specific development. The Council will seek to agree content and layout of the viability assessment prior to its submission in association with an application. Ideally a viability assessment will also be submitted at pre-application stage. However, while this may follow once the fundamental elements of a proposed development have been discussed, it is expected that a statement on affordable housing will be provided to indicate how the need to maximise affordable housing will be pursued.

Transparency

In the interests of transparency of decision making, the Council will seek to ensure that as much of any assessment submitted should be available for wider scrutiny by the public. If an applicant believes that elements of their assessment should remain confidential then they should provide full justification. The Council will consider such requests having regard to 'adverse impact' and 'overriding interest' as set out in relevant regulations and associated case law. In the event that the Council agrees with the developer that it is the case that some information is treated as confidential, the assessment should however be formatted so that as much information as possible can be made available to the public. An electronic copy of the viability modelling should also be provided to the Council to assist with testing of assumptions that it contains.

An executive summary should outline the main findings in an easily understandable way to make the information more understandable to the general public and decision makers.

Modelling and Land Value

In terms of modelling, consistent with the London Housing SPG, the Council supports the Residual Land Value valuation model to identify the viability of a development. It considers in most cases that the minimum acceptable land value for a site will be the Existing Use Value + incentive to sell (EUV+). The EUV+ will reflect the existing allocation of the site or its current use, taking account of a full policy compliant redevelopment/reuse for that purpose. The type of model used will reflect the complexity of the site. For smaller sites the GLA Affordable Housing Toolkit is appropriate, whilst for larger more complicated (phased) developments industry standard models such as ARGUS developer are preferred.



Assumptions about inputs into the model will need to be robustly justified and as indicated, ideally agreed with the Council as part of the pre-application process. For more complicated assessments the Council will expect the developer's support in appointing external viability consultants to assist with the modelling review.

Review mechanism and phasing

Changes to the housing market and other factors can change the viability of developments. This impacts on their potential to support the delivery of affordable housing. As shown with the housing market, large changes can happen in a relatively short time. The Council will require the opportunity to revisit viability through review mechanisms where it accepts lower levels of affordable housing at the time of permission. This will include large developments, likely to be phased/delivered over a number of years. It could also apply to smaller developments which do not start within a specified period after consent.