

STRATEGIC PLANNING COMMITTEE

Report Title	MAXIMISING THE YIELD OF AFFORDABLE HOUSING FROM PRIVATE SECTOR DEVELOPMENT		
Key Decision	NO		Item No.
Ward	Borough-wide		
Contributors	Executive Director for Customer Services		
Class	Part 1	Date: 5 March 2019	

1. Purpose

- 1.1. To present an overview of existing adopted policy, emerging policy, and the priorities of the Mayor as set out in the 2018 Manifesto and in the emerging draft Corporate Strategy.
- 1.2. To consider what is meant by genuinely affordable housing in the context of the London Borough of Lewisham.
- 1.3. To consider the most effective means for achieving the Council's current aspirations for genuinely affordable housing while a new Local Plan is in preparation.

2. Recommendations

The Strategic Planning Committee is recommended:

To request the Mayor and Cabinet to;

- 2.1 Consider approving the preparation of a document setting out this Council's interim policy on the provision of genuinely affordable housing ahead of the new Local Plan.
- 2.2 Make available the necessary resources to undertake this work.
- 2.3 Note any financial and legal implications of producing an interim policy on the provision of genuinely affordable housing.

- 2.4 Note that genuinely affordable housing in the Lewisham context is social housing between local target rents and London Affordable Rent as set out in paragraph 6.13
- 2.5 Note the practical considerations which the Strategic Planning Committee and other committees will have to take into account when considering specific planning applications as set out in paragraphs 7.4 and 7.5 of this report.

3 Background

- 3.1 Like many other London boroughs, Lewisham has experienced rapid growth in its population in recent years. Over the period 2001 to 2011 the population grew by roughly 17,000 to a total of 275,900, or a 10% increase. In 2017 the borough had an estimated population of around 303,400 people, a further increase of 10% on the 2011 Census figures. Lewisham is the 14th largest London borough by population.
- 3.2 Lewisham has also experienced growth in the number of households in the borough with significant development activity in recent years, consistently exceeding its housing targets over a 10-year period. Since Lewisham's Local Plan was adopted a large number of sites across the borough have been granted planning consent and there is a significant development pipeline.
- 3.3 The extent of delivery in Lewisham over recent years is indicative of a strengthening market and growing developer confidence within the borough. Whilst median house prices in the borough are lower than those for the London region, since 2013 there has been an accelerated rate of house price growth, with median prices rising from £259,848 (2013) to £412,000 (2017). The rate of this growth in the borough has been significantly higher than that experienced across London as a whole and higher than many of the neighbouring local authority areas such as Southwark, Greenwich and Bromley.
- 3.4 Whilst Lewisham contains areas of relative affluence there are pockets of deprivation evident throughout the borough with notable concentrations in the north and south areas. Lewisham ranks amongst the most deprived local authority areas in the country. Whilst the borough has experienced improvements in this regard (moving from the 31st most deprived of the 326 English local authorities in 2010 to the 48th in 2015), it remains within the 20% most deprived in England. Within London, Lewisham ranks as the 10th most deprived borough. Lewisham has the highest proportion of children and young people (29.6%) and older people (25.7%) in economic deprivation in the country.

- 3.5 As a consequence of the above the gap between incomes and housing costs is rapidly widening. There are high levels of genuinely affordable housing need with a large number of households on the borough's waiting list due to issues such as overcrowding and homelessness.
- 3.6 For these reasons the council is committed to increasing the delivery of genuinely affordable housing as well as affordable housing for our residents who do not qualify for the housing waiting list, and is a key priority for Lewisham's new Mayor as set out in the Draft Corporate Strategy 2018-2022. This commitment includes the objective of ensuring that there are decent, suitable and genuinely affordable homes for all.
- 3.7 Given the pressing need to deliver genuinely affordable housing within the borough and the continued pressure of development activity within the changing policy landscape the council is considering the preparation of a document setting out this Council's interim policy on Affordable Housing prior to the adoption of the new Local Plan.
- 3.8 The production of this document must have regard to relevant requirements in national and regional planning policy and be supported by sufficiently robust evidence to withstand scrutiny at independent examination and/or challenge from developers during the development management process.

4. Policy Context

- 4.1 The following section provides a high-level summary of relevant adopted and emerging national, regional and local planning context for the provision of affordable housing. For a detailed policy review please see Appendix 1.

THE EXISTING STATUTORY PLANNING CONTEXT

National Planning Policy Framework

- 4.2 The Revised National Planning Policy Framework (NPPF 2019) was published in February 2019, following the Government's technical consultation on updates to the national planning policy and guidance (26 October 2018).
- 4.3 The NPPF 2019 sets out the Government's planning policies for England and how these are expected to be applied. Paragraph 11 of the NPPF states that plans and decisions should apply a 'presumption in favour of sustainable development'. As part of this, in relation to plan-making, it sets out that this means that 'strategic policies should, as a minimum, provide for objectively assessed needs for housing...'¹
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4.4 Paragraph 31 reflects the need for local planning policies to be based on robust evidence, as follows:

The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.

4.5 The NPPF 2019, paragraph 61 states that the size, type and tenure of housing need for different groups in the community should be assessed and reflected in planning policies. This is identified as including, but not limited to: those who require affordable housing; families with children; older people; students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.

4.6 In addition, the NPPF 2019, paragraph 62 sets out that,

'Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required...'²

London Plan (March 2016)

4.7 In the case of London Boroughs, the Greater London Authority (GLA) is the strategic regional authority, with powers over various functions including planning. The London Plan therefore forms part of the statutory development plan for the Borough of Lewisham. The GLA considers housing need across the whole of London and allocates targets to individual boroughs.

4.8 The current version of the London Plan was updated and adopted in 2016. The policies are used in the determination of planning applications.

To summarise, the existing London Plan policy on affordable housing requires:

- **Maximise affordable housing provision on all sites**
- **Tenure split of 60% social housing and affordable rent and 40% intermediate (rent or sale)**

4.9 London Plan Policy 8.2 states that when considering planning applications of strategic importance, the Mayor will take into account the economic viability of each development concerned, the existence and context of planning obligations and other issues.

Mayor's Affordable Housing and Viability SPG

- 4.10 The SPG was adopted in August 2017. It provides further guidance on London Plan policies and the Housing SPG.
- 4.11 It sets out the Mayor's preferred approach to affordable housing and viability, which is a threshold approach. The threshold approach is considered to provide a more consistent and transparent process and as such speed up the delivery of affordable housing via Section 106 contributions.
- 4.12 The threshold put forward in the SPG is 35% on private land or 50% on public land, both to be met without grant. The 35% threshold is informed by pan-London past completions and approvals.
- 4.13 The SPG sets out two routes:
- **Viability Tested Approach (VTA):** for applications that do not meet the 35% threshold, the applicant should submit viability evidence in line with the SPG guidance.
 - **'Fast Track' Threshold Approach:** If an application can prove it can meet or exceed the 35% affordable housing threshold it will be able to choose a fast track viability route.
- 4.14 The SPG strongly encourages Local Planning Authorities such as the Council to apply the affordable housing threshold approach and to take the SPG into account and consider this when developing future affordable housing policies.

Lewisham's adopted Development Plan

- 4.15 Lewisham's development plan consists of the London Plan (2016) and the Lewisham Core Strategy (2011), the Site Allocations Local Plan (2013), the Lewisham Town Centre Local Plan (2014) and the Development Management Local Plan (2014). Planning applications should be determined in accordance with Development Plan policies unless material considerations dictate otherwise.

Lewisham's Core Strategy (2011)

- 4.16 The Core Strategy sets out the spatial planning framework for the development of the Borough for the period of 2011 to 2026 . It is a strategic document that provides the broad strategy to enable Lewisham to plan for and manage change.

To summarise Lewisham's existing policy on affordable housing requires:

- **Strategic target of 50% subject to viability**
- **Tenure split of 70% social housing and 30% intermediate**

Lewisham's Development Management Local Plan (2014).

- 4.17 The Lewisham Development Management Local Plan (DMLP) sets out the Council's planning policies for managing development in the London Borough of Lewisham and is used to guide, assess and determine planning applications. The plan supports the implementation of the Lewisham Core Strategy and the London Plan.

Lewisham Planning Obligations: Supplementary Planning Document Adopted February 2015

- 4.18 The SPD provides additional information to implement the above policies in the development plan. It provides specific guidance on circumstances when obligations will be secured; the type of contributions for affordable housing and other mitigation measures that may be sought.

Lewisham Housing Strategy

- 4.19 Homes for Lewisham, Lewisham's Housing Strategy (2015-2020), includes the following priority outcomes that relate to the provision of new affordable homes:
- Key Objective 1 – Helping residents in times of severe and urgent housing need.
 - Key Objective 2 – Building the homes our residents need.
 - Key Objective 4 – Promoting health and wellbeing by improving our resident's homes.
- 4.20 Shaping the Future, the Council's Sustainable Community Strategy (2008-2020), includes the following priority outcomes that relate to the provision of new affordable homes:
- Ambitious and Achieving – where people are inspired and supported to fulfil their potential.
 - Empowered and Responsible – where people can be actively involved in their local area and contribute to supportive communities.
 - Clean, Green and Liveable – where people live in high quality housing and can care for and enjoy their environment
 - Dynamic and Prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond
- 4.21 Council developments should also be in line with the council's policy priority 'Decent Homes for All – investment in social and affordable housing to achieve the decent homes standard and tackle homelessness.'

EMERGING STATUTORY PLANNING CONTEXT

Draft new London Plan

- 4.22 The Draft London Plan's (currently at Examination in Public) position on affordable housing draws from the Affordable Housing and Viability Supplementary Planning Guidance (SPG) published in August 2017 – As outlined above. The draft London Plan policies currently has some limited weight and can only have full weight if adopted.

To summarise the Draft London Plan policies on affordable housing requires:

- **Strategic target of 50%**
- **Threshold Approach outlined above – minimum of 35% on private sites**
- **Min 50% on public sites**
- **Tenure split of 30% low cost rent, 30% intermediate and remaining 40% to be decided by each local authority.**

New Local Plan

- 4.23 Lewisham's new Local Plan is currently in the pre-production stages. The Council undertook a Regulation 18 (Issues and Options) consultation in autumn 2015. Following a slight delay to the programme work has recommenced with the expectation that the Council will undertake a further Regulation 18 (Preferred Approach) consultation in 2019.

5. A New Direction of Travel in respect of genuinely affordable housing

The Mayor's Manifesto

- 5.1 In response to growing concern from Lewisham residents surrounding the gap between incomes and housing costs the Mayor produced a manifesto commitment "to achieve 50% genuinely affordable homes in developer-led projects".

The Manifesto also states "In Lewisham, when we say affordable, we mean creating more social and genuinely affordable housing" and to ensure that "we not only build more homes, but that we build mixed communities, and a better place to live".

Draft Lewisham Corporate Strategy 2018-2022

5.2 These manifesto commitments are incorporated in a new Draft Corporate Strategy 2018-2022 that sets out the Council's strategic goals which includes:

- **Tackling the Housing Crisis** to ensure that everyone has a home that is secure and affordable.

5.3 The most significant commitments relating to affordable housing and the planning process include:

- Delivering 1,000 new social rented homes, the biggest social housing programme seen in decades.
- Building a new generation of council-owned homes for private rents providing long-term tenancies of up to 10 years, with rent controls.
- Setting a target to achieve 50% genuinely affordable homes in developer-led projects.
- Publishing viability assessments so developers have to account to the public for their proposals around affordable homes.

6. Defining Genuinely Affordable Housing in the Lewisham Context

Social Rents

6.1. The Council fully supports the delivery of housing that is genuinely affordable for Lewisham residents. For the majority of our residents in housing-need only housing a social rent levels meets this criteria.

6.2. Social rents are rents set based on a formula provided by central government, where rent levels are calculated based on the relative value of the property, relative local income levels, and the size of the property. An aim of this formula-based approach is to ensure that similar rents are charged for similar social rent properties. This type of social rent is also known as Formula Rent or Target Rent.

6.3. The relative local income level is set for Greater London as a whole, so the main determinants of different levels of social rent in Lewisham are the relative value of the property and the bedroom size of the property. Higher value homes and homes with more bedrooms have higher social rents.

6.4. The outputs from the social rent formula are limited by a set of rent caps that are published by the government. This means that if a rent level produced by the social rent formula is higher than the rent cap, it is reduced down to the rent cap level.

6.5. London Affordable Rent is a slightly different form of social rent introduced by the GLA to simplify rent setting across London. With London Affordable Rent, the rent levels are also set based on the social rent formula rent caps. The GLA define London Affordable Rent in Homes for London, Affordable Homes Programme 2016-21 Funding Guidance, as rents set at levels that "reflect the

formula rent cap figures for social rents uprated by CPI for September 2016 plus one per cent.” For this reason the Council along with the GLA considers that London Affordable Rent is a form of social rent.

- 6.6. The starting point for any new schemes is to achieve the lowest rent possible for Council tenants. However, this desire needs to be balanced against the need to provide as many homes as possible in order to house the families waiting on the Council’s housing register, whilst maintaining a financially viable position to avoid excessively high debt for the Council.
- 6.7. For schemes currently being considered for redevelopment, viability calculations suggest that schemes proposing London Affordable Rent as a social rent product may deliver more homes than would a scheme proposing Target Rent homes. For this reason, the Council’s Strategic Housing Development Delivery team consider London Affordable Rent to be a social rent product as it is based on the same formula used to derive the target rent figures.

Intermediate Housing

- 6.8. While the most pressing need is for new social homes with social rents the Council also sees the need to provide intermediate affordable housing, which is available for people who are unable to access social housing due to the high eligibility criteria. If intermediate affordable housing is not provided then many Lewisham residents who cannot access social housing, and are unable to afford market housing will be unable to continue to live in the borough.
- 6.9. Lewisham Council supports the use of London Living Rent as a type of intermediate affordable housing. London Living Rent is based on a formula created by the GLA that sets rents on a ward by ward basis. The rents produced mean that a two-bed property is rented at 1/3 of the ward level gross median household income. This is then varied by 10% for each additional bedroom, so that 1-bed property is 10% less than a 2-bed, and a 3-bed is 10% more.
- 6.10. The Council considers London Living Rent as an appropriate type of intermediate housing to deliver as by its nature it is affordable to households earning the Lewisham median household income.
- 6.11. Any Council led developments will prioritise the delivery of social rented housing. On larger developments the Council will seek to deliver affordable housing on a 70/30 split. With 70% being homes for social rent or London Affordable Rent, and 30% being London Living Rent or Shared Ownership. This split creates mixed and sustainable communities, while prioritising housing provision for those in housing-need.
- 6.12. Delivering a new programme of 1,000 Social Homes for social rent across Lewisham, as well as London Living Rent homes in addition, will help create the mixed communities and deliver on the manifesto commitments set out above.

6.13 Genuinely affordable housing in the Lewisham context pending the production of the new Local Plan is as follows:

- Social rent is between target rents and London Affordable Rent levels
- With life time tenancies (ideally in perpetuity).
- In private sector developments, we should aim for 50% affordable housing but with 35% as a minimum. With a 70%/30% split in favour of social rent – but with a minimum 50%/50% split.
- Anything else below market value is ‘intermediate’, which should not be conflated with affordable. Intermediate rented housing should come with long term tenancies.
- Affordable Housing also includes London Living Rent and shared ownership

7 Moving from Existing Policy to New Policy

7.1 The NPPF requires the council to review its Local Plan every 5-years. Officers are currently undertaking a review of the council’s adopted policies to inform preparation of a new Local Plan, for which a programme is set out in the Local Development Scheme (LDS), approved by Mayor and Cabinet in January 2018. It takes several years to prepare a local plan and bring it into force. This is owing to time required to commission and compile a technical evidence base (i.e. studies), draft policies and proposals, undertake multiple rounds of statutory public consultation and take the plan through independent examination.

7.2 Lewisham’s new Local Plan is currently in the pre-production stages. The Council undertook a preliminary Regulation 18 (Issues and Options) consultation in autumn 2015. Following a slight delay to the programme work has recommenced with the expectation that the Council will undertake a further Regulation 18 (Preferred Approach) consultation on a draft Local Plan in 2019. One of the main objectives of the Local Plan review will be to consider whether the current plan remains in line with national and regional policy, reflects current corporate priorities, and continues to set an appropriate basis for delivering the borough’s strategic housing delivery target and meeting local housing needs, including affordable housing, given the pressing need to deliver more genuinely affordable housing within the borough, and the continued pressure of development activity, it is imperative that the council is positioned to maximise delivery of affordable housing as schemes come forward. Affordable housing contributions will need to be negotiated on the basis of adopted development plan policies, along with supplementary guidance linked directly to those policies.

7.3 Notably, the draft London Plan proposes significant changes to the current regional planning framework. Its new affordable housing policies will be heavily scrutinised through the examination process, outcomes of which are not likely to be known until at least autumn 2019. Lewisham’s Local Plan review presents an opportunity to revisit the council’s approach to securing

affordable housing, having regard to emerging London Plan policies. However amendments cannot be made with immediate effect, given the requirements and timing of the local plan process.

- 7.4 The UK planning system is plan-led meaning that the decision-making authority is under a legal obligation to have primary regard to the provisions of the development plan when determining planning applications. The process of determining planning applications is prescribed not only by statute, but also by national guidance, the currently adopted statutory planning framework for an area and by the courts and case law. Accordingly officers have to weigh all the aspects of a proposed development in coming to a professional recommendation. This entails analysing and applying development plan policy, taking account of relevant material planning considerations and apportioning 'weight'. At committee members of the planning committee are required to have regard to the officer's recommendation, but are entitled not to follow the officer's recommendation.
- 7.5 Failure to have due regard to the development plan in the decision-making process can lead to the risk of a planning appeal being lodged against the Council. New planning policies and/or guidance are subject to a formal processes of adoption meaning that there is an inevitable time lag before new approaches to key planning issues such as affordable housing can become fully embedded in the decision making process for planning applications. New planning policy acquires greater weight in the determination process as it progresses through consultation to adoption stage. It must also be borne in mind that adopted policies will have differing weight depending on their nature. For example, policies which have gone through the process of an independent public examination, such as local plans, carry more weight than supplementary planning guidance documents, which are not subject to the same rigour.
- 7.6 In the context of a changing planning policy landscape and renewed emphasis on its corporate priorities, the council is considering options to provide more certainty, both to the public and industry stakeholders, as how it will expect developments to contribute to meeting genuinely affordable housing needs in the interim period until new planning policies take effect.

A way forward

- 7.7 The status of the document has yet to be confirmed but two options have been considered, an:
- Update to the existing Planning Obligations SPD adopted 2015.
 - Interim Policy Statement (Direction of Travel Document).
- 7.8 It is important to note that the production of either option must have regard to relevant requirements in national and regional planning policy and be supported by sufficiently robust evidence to withstand scrutiny at independent examination and/or challenge from developers during the development management process.

Update to SPD

- 7.9 Lewisham Planning Obligations SPD was adopted in 2015 and provides additional information to implement the adopted policies in the development plan documents. It provides specific guidance on circumstances when obligations will be secured; the type of contributions for affordable housing and other mitigation measures that may be sought.
- 7.10 It is important to note that the role of an SPD is to provide further details on the policies and proposals contained in higher order policies. They can be used to provide further guidance for development on specific sites, or on particular issues, such as planning obligations and affordable homes. Supplementary planning documents are a material consideration in planning decisions but are not part of the development plan.
- 7.11 Due to the detailed nature of Lewisham's higher level policies on affordable housing within the adopted development plan and the requirements for SPDs to be in conformity to higher order policies officers consider an updated SPD is unlikely to be a viable option.

Interim Policy Position

- 7.12 Given the lengthy timescale of preparing a new Local Plan (Current programme – adoption 2021) an interim policy could set out the Council's Direction of Travel on affordable housing policies prior to the Local Plan adoption.
- 7.13 The document would set a clear and concise marker for developers and landowners on the council's expectations and future policy position on affordable housing.
- 7.14 Whilst the document would not be adopted planning policy, as a direction of travel for future Local Plan Policies and a key document for negotiating with developers through the development management process it would require sufficiently robust evidence to stand up to scrutiny and challenge. Even so, the weight that could be afforded to this document when determining planning applications would be limited and would depend upon its alignment with currently adopted planning policy.
- 7.15 The National Planning Policy Framework (NPPF), paragraph 31, requires that the preparation and review of all policies should be underpinned by relevant and up-to-date evidence. Paragraph 34 also requires that plans should set out the contributions expected from development including the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). It also states that such policies should not undermine the deliverability of the plan.

7.16 It should also be noted that the current Mayors manifesto commitment does not strictly conform to the emerging Draft London Plan Policies. The Mayor's manifesto carries no planning weight as political manifestos are not material considerations for the purposes of determining planning applications.

7.17 Process

- **Initiation**
- **Prepare evidence base** including commissioning of Viability Study and more detailed work on affordability through the Local SHMA
- **Prepare Draft Interim Policy Position** with regard to evidence base
- **Consultation with GLA and other key stakeholders**
- **Finalise Interim Policy Statement**
- **Approval process**

7.18 Timescale - It is anticipated that this process would take approximately 9-12 months from initiation.

8. Financial Implications

8.1 As this report gives rise to a recommendation for Mayor and Cabinet to consider the preparation of a document setting out this Council's interim policy on Affordable Housing there are no financial considerations at this stage. Any financial considerations arising will be assessed in a future report to Mayor and Cabinet

9. Legal Implications

9.1 Strategic Planning Committee by its terms of reference as detailed in the council's Constitution is entitled to consider and take decisions on matters of strategic importance "which will have a significant impact of the borough". It is therefore, within the remit of Strategic Planning Committee to be involved in the preparation of a document seeking to set out the direction of travel in terms of affordable housing provision.

9.2 As correctly recognised in this report, the adoption of such a document is a matter for Mayor and Cabinet having taken into account the comments and recommendations of Strategic Planning Committee.

9.3 The report also recognises that if the document is unable to be a SPD, then once adopted it will not have the status of being planning policy and so can only be afforded very little weight in the determination of planning applications.

9.4 The status of the document will become clear as the work on establishing the evidence base and the exact wording of the document is produced. This process will also enable the Council to determine its significance in planning terms.

10. Crime and Disorder Implications

10.1 There are no direct implications relating to crime and disorder issues.

11. Equalities Implications

11.1 The Equality Act 2010 (the Act) brings together all previous equality legislation in England, Scotland and Wales. The Act includes a public sector equality duty which covers the following nine protected characteristics: age; disability; gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

11.2 The Council must in the exercise of its functions, have regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

11.3 The Council's Comprehensive Equality Scheme for 2016-20 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010.

11.4 Genuinely affordable housing are most frequently occupied by people on lower incomes who are unable to afford the cost of market housing, and sometimes vulnerable people. The provision of a document setting out this Council's interim policy on genuinely affordable housing will enable the Council to more quickly deliver higher amounts of social housing and genuinely affordable rental levels. If approved by Mayor and Cabinet it will assist in delivering better quality housing for local residents.

12. Environmental Implications

12.1 Adopted development plan policies have been subject to sustainability appraisal, which includes consideration of potential environmental impacts. Environmental implications of any supplementary planning guidance, which helps give effect to adopted policies, would be covered accordingly by higher level plan appraisals.

13. Conclusion

13.1 This report recommends Strategic Planning Committee to advise the Mayor and Cabinet to;

- 13.2 Approve the urgent preparation and adoption of a document setting out this Council's interim policy on the provision of genuinely affordable housing, and make available the necessary resources to enable this to be done.
- 13.3 Note the financial and legal implications of producing this document.

Contact details for the report author

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Supporting documents

Appendix 1: Policy Context

Appendix 2: Existing definitions of Affordable Housing currently in operation

Appendix 3: Notes from visit to Islington LB

Appendix 4: The experience of the Greater London Authority

THE EXISTING STATUTORY PLANNING CONTEXT

National Planning Policy Framework

1.1 The Revised National Planning Policy Framework (NPPF) was published in July 2018, following the Government's consideration of the consultation on the Draft Revised NPPF (March 2018).

1.2 The NPPF 2018 sets out the Government's planning policies for England and how these are expected to be applied. Paragraph 11 of the NPPF states that plans and decisions should apply a 'presumption in favour of sustainable development'. As part of this, in relation to plan-making, it sets out that this means that 'strategic policies should, as a minimum, provide for objectively assessed needs for housing...'3

1.3 Paragraph 31 reflects the need for local planning policies to be based on robust evidence, as follows:

The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.

1.4 Paragraph 59 provides an important context to the policy for housing delivery, as follows:

'To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.'

1.5 It goes on to state (paragraph 60) that:

'To determine the minimum number of homes needed, strategic plans should be informed by upon a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.'

- 1.6 The NPPF 2018 (paragraph 65) requires that strategic policy-making authorities should establish a housing requirement figure for their area which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. It also states that, within this overall requirement, strategic policies should set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations.
- 1.7 The NPPF 2018, paragraph 61 states that the size, type and tenure of housing need for different groups in the community should be assessed and reflected in planning policies. This is identified as including, but not limited to: those who require affordable housing; families with children; older people; students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.
- 1.8 In addition, the NPPF 2018, paragraph 62 sets out that,
*'Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required...'*⁴

National Planning Policy Framework - Affordable Housing Definitions

- 1.9 Definitions relating to affordable housing have been updated in NPPF 2018. These can be found in Appendix 2 of this report.

London Plan (March 2016)

- 1.10 In the case of London Boroughs, the Greater London Authority (GLA) is the strategic regional authority, with powers over various functions including planning. The London Plan therefore forms part of the statutory development plan for the Borough of Lewisham. The GLA considers housing need across the whole of London and allocates targets to individual boroughs.
- 1.11 The current version of the London Plan was updated and adopted in 2016. The policies are used in the determination of planning applications.
- 1.12 To summarise the existing London Plan policy on affordable housing requires:**
- **Maximise affordable housing provision**
 - **Tenure split of 60% social housing and affordable rent and 40% intermediate (rent or sale)**
- 1.13 Policy 3.11 'Affordable housing target' states that the Mayor and Boroughs should seek to maximise affordable housing provision and ensure an average
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of at least 17,000 more affordable homes per year over the London Plan period. Policy 3.11 suggests a tenure split of 60% for social and affordable rent and 40% for intermediate rent or sale. Affordable family housing provision is a priority.

- 1.14 The London Plan policy 3.11 also states that Boroughs should set an overall affordable housing target and provide separate targets for social, affordable rented and intermediate housing. It states that Boroughs should make the best use of available resources to maximise affordable housing output.
- 1.15 The London Plan policy 3.12 states that the maximum reasonable amount of affordable housing should be sought when negotiating individual private residential and mixed-use schemes. This maximum reasonable amount is the largest number considered to; not hinder the delivery of residential development, to promote mixed and balanced communities, and to take account of the size and type of affordable housing need, specific site circumstances and funding available to maximise affordable housing output.
- 1.16 Policy 3.13 'Affordable housing thresholds' states that contributions for affordable housing should normally be required on a site which has the capacity to provide 10 or more homes.
- 1.17 London Plan Policy 8.2 states that when considering planning applications of strategic importance, the Mayor will take into account the economic viability of each development concerned, the existence and context of planning obligations and other issues. Policy 8.2 also sets out the Mayor's priorities for planning obligations, placing the highest strategic priority on contributions to affordable housing and transport infrastructure.

Mayor's Affordable Housing and Viability SPG

- 1.18 The SPG was adopted in August 2017. It provides further guidance on London Plan policies and the Housing SPG.
- 1.19 It sets out the Mayor's preferred approach to affordable housing and viability, which is a threshold approach. The threshold approach is considered to provide a more consistent and transparent process and as such speed up the delivery of affordable housing via Section 106 contributions. The threshold put forward in the SPG is 35% on private land or 50% on public land, both to be met without grant. The 35% threshold is informed by pan-London past completions and approvals.
- 1.20 The SPG sets out two routes:
 - **Viability Tested Approach (VTA):** for applications that do not meet the 35% threshold, the applicant should submit viability evidence in line with

the SPG guidance. The Mayor states that all applicants under this route should explore the use of grant and other public subsidy to increase the level of affordable housing. If approved, based on evidence there will be an early stage review and a late stage review applied via the Section 106.

- Early stage review will be triggered if an agreed level of progress on implementation has not been made within two years of the permission being granted or as agreed by the LPA. If the viability has improved since planning permission was granted, there will be a requirement to provide more affordable housing.
 - Late stage review will be required on all developments which follow the VTA route at the point at which 75 per cent of units are sold or let. It is possible that this could result in a financial contribution for additional affordable housing provision if the viability has improved since application stage.
 - The SPG states that for phased schemes, it may be appropriate to have a mid-term review prior to the implementation of the later phases, and/or an updated early stage review in the event that the a scheme stalls for a period of 12 or more months following an early stage review.
- **‘Fast Track’ Threshold Approach:** If an application can prove it can meet or exceed the 35% affordable housing threshold it will be able to choose a fast track viability route. To take this route there are conditions the applicant has to meet:
- proving that they are providing 35% affordable housing without public subsidy;
 - being consistent with the relevant tenure split as set by the Mayor and meet other obligations and requirements to the satisfaction of the LPA and the Mayor where relevant; and
 - having sought to increase the level of affordable housing beyond 35 per cent by accessing grant.

1.21 If an applicant meets the above they are not required to provide viability information. To ensure an applicant fully intends to build the permission, an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted or as agreed with the LPA. At this stage, there may be a requirement to share viability information to see changes in values and build costs.

1.22 Land in public ownership or public use that is used for housing development will be expected to deliver at least 50 per cent affordable housing without grant to benefit from the Fast Track Route.

- 1.23 The SPG strongly encourages Local Planning Authorities such as the Council to apply the affordable housing threshold and to take the SPG into account and consider this when developing future affordable housing policies.

Lewisham's adopted Development Plan

- 1.24 Lewisham's development plan consists of the London Plan (2016) and the Lewisham Core Strategy (2011), the Site Allocations Local Plan (2013), the Lewisham Town Centre Local Plan (2014) and the Development Management Local Plan (2014).

Lewisham's Core Strategy (2011)

- 1.25 The Core Strategy sets out the spatial planning framework for the development of the Borough for the period of 2011 to 2026 . It is a strategic document that provides the broad strategy to enable Lewisham to plan for and manage change.

To summarise Lewisham's existing policy on affordable housing requires:

- **Strategic target of 50% subject to viability**
- **Tenure split of 70% social housing and 30% intermediate**

- 1.26 With regard to affordable housing Core Strategy Policy 1 - Housing provision, mix and affordability states:

3. *The Council will seek the maximum provision of affordable housing with a strategic target for 50% affordable housing from all sources. This would equate to approximately 9,082 net new dwellings between 2010/11 and 2025/26.(106)*
4. *Contributions to affordable housing will be sought on sites capable of providing 10 or more dwellings. The starting point for negotiations will be a contribution of 50% affordable housing on qualifying sites across the borough. This would be subject to a financial viability assessment.*
5. *To ensure a mixed tenure and promote mixed and balanced communities, the affordable housing component is to be provided as 70% social rented and 30% intermediate housing.*
-
9. *For affordable housing, the Council will seek a mix of 42% as family dwellings (3+ bedrooms) and will have regard to the criteria listed above.*
10. *Where a site falls within an area which has existing high concentrations of social rented housing, the Council will seek for any affordable housing contribution to be provided in a way which assists in securing a more balanced social mix. This may include a higher percentage of intermediate housing or other arrangements as considered appropriate.*

Lewisham's Development Management Local Plan (2014).

- 1.27 The Lewisham Development Management Local Plan (DMLP) sets out the Council's planning policies for managing development in the London Borough of Lewisham and is used to guide, assess and determine planning applications. The plan supports the implementation of the Lewisham Core Strategy and the London Plan.
- 1.28 With regard to affordable housing DM Policy 7 Affordable rented housing states:
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).*

Lewisham Planning Obligations: Supplementary Planning Document
Adopted February 2015

- 1.29 The SPD provides additional information to implement the above policies in the development plan. It provides specific guidance on circumstances when obligations will be secured; the type of contributions for affordable housing and other mitigation measures that may be sought.

EMERGING STATUTORY PLANNING CONTEXT

Draft new London Plan

- 1.30 The Draft London Plan's (currently at Examination in Public) position on affordable housing draws from the Affordable Housing and Viability Supplementary Planning Guidance (SPG) published in August 2017 – As outlined above.

To summarise the Draft London Plan policies on affordable housing requires:

- **Strategic target of 50%**
 - **Threshold Approach – min 35% on private sites 50% on public sites**
 - **Tenure split of 30% low cost rent, 30% intermediate and remaining 40% to be decided by each local authority.**
- 1.31 Policy H5 Delivering affordable housing states:
A The strategic target is for 50 per cent of all new homes delivered across London to be affordable. Specific measures to achieve this aim include:

- 1) *requiring residential and mixed-use developments to provide affordable housing through the threshold approach (Policy H6 Threshold approach to applications)*
 - 2) *using grant to increase affordable housing delivery beyond the level that would otherwise be provided*
 - 3) *affordable housing providers with agreements with the Mayor delivering at least 50 per cent affordable housing across their portfolio*
 - 4) *public sector land delivering at least 50 per cent affordable housing across its portfolio*
 - 5) *strategic partners with agreements with the Mayor aiming to deliver at least 60 per cent affordable housing across their portfolio.*
- B Affordable housing should be provided on site in order to deliver communities which are inclusive and mixed by tenure and household income, providing choice to a range of Londoners. Affordable housing must only be provided off-site or as a cash in lieu contribution in exceptional circumstances.*

1.32 Policy H6 confirms the threshold approach to applications as per the Affordable Housing and Viability SPG as above.

1.33 In terms of tenure Policy H7 Affordable housing tenure follows the SPG stating the following split of affordable products should be applied to development:

- 1) *a minimum of 30 per cent low cost rented homes, allocated according to need and for Londoners on low incomes (Social Rent/ London Affordable Rent)*
- 2) *a minimum of 30 per cent intermediate products which meet the definition of affordable housing, including London Living Rent and London Shared ownership*
- 3) *40 per cent to be determined by the relevant borough based on identified need, provided they are consistent with the definition of affordable housing.*

New Local Plan

1.34 Lewisham's new Local Plan is currently in the pre-production stages. The Council undertook a Regulation 18 (Issues and Options) consultation in autumn 2015. Following a slight delay to the programme work has recommenced with the expectation that the Council will undertake a further Regulation 18 (Preferred Approach) consultation in 2019.

NPPF (National Planning Policy Framework) 2018	
Affordable housing for rent	<p>Meets all of the following conditions:</p> <p>(a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable);</p> <p>(b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and</p> <p>(c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.</p> <p>For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).</p>
Starter homes	<p>Is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections.</p> <p>The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making.</p> <p>Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.</p>
Discounted market sales housing	<p>Is that sold at a discount of at least 20% below local market value.</p> <p>Eligibility is determined with regard to local incomes and local house prices.</p> <p>Provisions should be in place to ensure housing remains at a discount for future eligible households</p>
Other affordable routes to home ownership	<p>Is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market.</p> <p>It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).</p> <p>Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement</p>

London Plan	
<p>London Housing Strategy May 2018</p> <p>POLICY 4.1: GENUINELY AFFORDABLE HOMES</p>	<p>POLICY 4.1: GENUINELY AFFORDABLE HOMES</p> <p>Supported by a series of clear affordability tests, new affordable homes should be genuinely affordable to Londoners.</p> <p>Proposals</p> <p>A</p> <p>The Mayor will support homes based on social rent levels, allocated according to need to Londoners on low incomes. This will include:</p> <ul style="list-style-type: none"> i. using his funding and planning powers to deliver homes based on social rent levels (which includes those for ‘London Affordable Rent’); ii. investing in councils that choose to deliver new council homes for rent; and iii. refusing to authorise any further conversions of social rented homes to higher rents. <p>B</p> <p>The Mayor will support intermediate rented homes for Londoners on middle incomes who do not have enough savings to access mainstream or affordable home ownership. This will include:</p> <ul style="list-style-type: none"> i. using his funding and planning powers to deliver new London Living Rent homes to help private renters save for a deposit to buy a home; and ii. supporting a range of other types of intermediate rented homes as long as they are genuinely affordable to Londoners, generally meaning that they should be accessible by those whose household incomes fall under £60,000. <p>C</p> <p>Building primarily on the successful shared ownership model, the Mayor will support affordable home ownership aimed at Londoners who cannot afford to buy on the open market. This will include:</p> <ul style="list-style-type: none"> i. using his funding and planning powers to deliver London Shared Ownership homes; ii. introducing a ‘London Charter’ to standardise approaches to service charges in shared ownership homes; and iii. supporting other types of affordable home ownership through his funding and planning powers, as long as the homes are genuinely affordable to Londoners whose household incomes fall under £90,000.
<p>Draft London Plan</p> <p>Policy H7 Affordable housing tenure</p>	<p>Policy H7 Affordable housing tenure</p> <p>A The Mayor is committed to delivering genuinely affordable housing. The following split of affordable products should be applied to development:</p> <ul style="list-style-type: none"> 1) a minimum of 30 per cent low cost rented homes, allocated according to need and for Londoners on low incomes (Social Rent/ London Affordable Rent) 2) a minimum of 30 per cent intermediate products which meet the definition of affordable housing, including London Living Rent and London Shared ownership 3) 40 per cent to be determined by the relevant borough based on identified need, provided they are consistent with the definition of affordable housing. <p>These minimums will be reviewed in 2021, and if necessary, updated through Supplementary Planning Guidance.</p> <p>B Only schemes delivering the threshold level of affordable housing with a tenure split that meets the requirements set out in part A can follow the Fast Track Route for viability.</p>
<p>London Living Rent</p>	<p>London Living Rent offers Londoners on average incomes a lower rent, enabling them to save for a deposit. The Mayor is introducing LLR as an intermediate affordable housing product with low rents that vary by ward across London. Where funded by the Greater London Authority, LLR will be a Rent to Buy product, with sub-market rents on time-limited tenancies, which will help households on average income levels to save for a deposit. As London Living Rent can be a step to homeownership, it can be considered as an affordable homeownership product</p>

		Across London as a whole the average monthly rent for a 2-bedroom London Living Rent home is around £1,000 a month. That is 67% of the median monthly market rent in London
	London Affordable Rent	<p>London Affordable Rent</p> <p>Is rent for households on low income with the rent level based on social rent levels. The NPPF defines affordable rent as up to 80 per cent of market rent, however, to ensure rents in London are genuinely affordable, the Mayor expects rents charged for homes let for London Affordable Rent to be set at benchmarks substantially below this level, based on traditional social rents. More detail is contained within the Mayor’s Homes for Londoners Affordable Homes Programme 2016-21 funding guidance. These homes will be allocated in accordance with need (based on the borough’s allocations policy).</p>
	London Shared Ownership	<p>Is an intermediate ownership product which allows London households who would struggle to buy on the open market, to purchase a share in a new home and pay a low rent on the remaining, unsold, share.</p> <p>Shared ownership buyers need household incomes that let them afford to pay between 25% and 75% of the full market value of the property. They’re also expected to have a 10% mortgage deposit for the share to be purchased. Mortgage amount and repayments are then lower than buying a property on the open market.</p> <p>The rent on the unsold share is capped at 2.75% of its value when the first share is sold. You can buy more shares in the property when you can afford to until you own the property outright. This is known as ‘staircasing’. Additional shares are based on the market value of your property at the time of staircasing.</p> <p>Shared ownership charter link:</p> <p>https://www.london.gov.uk/sites/default/files/so_charter_for_service_charges_-_final_.pdf</p>
LB Lewisham		
	Genuinely affordable housing in the Lewisham context	<ul style="list-style-type: none"> • Social rent is between target rents and London Affordable Rent levels • With life time tenancies (ideally in perpetuity). • In private sector developments, we should aim for 50% affordable housing but with 35% as a minimum. With a 70%/30% split in favour of social rent – but with a minimum 50%/50% split. • Anything else below market value is ‘intermediate’, which should not be conflated with affordable. Intermediate rented housing should come with long term tenancies. • Affordable Housing also includes London Living Rent and shared ownership

Islington LB

- 1.1 Islington council is regarded for its unique planning policy and development management approaches that have assisted it in securing affordable housing. Officers visited Islington's Planning Service on 10 January 2019, to discuss their approach to affordable housing and viability assessment and current policy position.
- 1.2 Not all viability work is produced in house, and Islington continue to make use of external viability consultants. This is common across other London Boroughs.
- 1.3 Additionally, Planning Applications that are accompanied by Financial Viability Assessments must be submitted with a Statutory Declaration from the author confirming that the inputs, assessment and overall conclusion are a true and fair representation and are not altered in any way to influence the viability position. Surveyors and other professional consultants are currently bound by a professional code of Conduct by the RICS and RTPI although the Statutory Declaration is seen as a further guarantee which is visible publically.
- 1.4 Islington currently require small sites (i.e. less than 10 units minor development) to make financial contributions towards affordable housing where this cannot be delivered on site. Having been viability tested by the Council using evidence for land values and sales values, development must provide a contribution of £50,000 per additional unit, rising to £60,000 in the Pentonville Road policy area. When this policy was initially introduced, the Council has to defend their position a number of times at appeal and in court. Having lost many, and continuing to defend a robust position, they are now successfully winning appeals. It is noted that continual appeal defence has significant resource implications on the planning service, both financially and in officer time. A robust and defensible evidence base is also required.
- 1.5 Officers have been sent on formal training at University College London, however retention of these Officers has been an issue for the Council.

Islington's Existing Policies

Core Strategy, Development Plan Document, Adopted Feb 2011

- 1.6 **To summarise Islington's existing policy on affordable housing requires:**
 - **Strategic target of 50%**
 - **It is expected that many sites will deliver at least 50% subject to viability**
 - **Tenure split of 70% social housing and 30% intermediate**

Planning Obligations (Section 106) SPD adopted July 2016

- 1.7 Provides more detail on the policies above

Islington's Emerging Local Plan

- 1.8 Islington are currently consulting on the next Local Plan that sets out a new and updated policy position on affordable homes. Their Draft Regulation 18 Local Plan (Preferred Option) document has now been out to consultation (November 2018 to January 2019) and therefore is more advanced than the emerging Local Plan for Lewisham.

Strategic Policies

- 1.9 **To summarise Islington's emerging policy on affordable housing requires:**

- **Strategic target of 50%**
- **At least 45% on all sites – including those in private ownership**
- **At least 50% on council owned sites**
- **Tenure split of 70% social housing and 30% intermediate – Majority of intermediate should be London Living Rent**

- 1.10 Policy H3 Genuinely Affordable Housing States:

- A. *A minimum of 50% of total net additional conventional housing built in the borough over the plan period must be genuinely affordable. Affordable housing tenures which are not considered to be genuinely affordable will be resisted and will not be counted towards the level of affordable housing provision on individual schemes.*
- B. *All sites (except for those which are currently or have been in full or partial public sector ownership) which are capable of delivering 10 or more conventional units (gross) and/or which propose 1,000sqm (GIA) residential floorspace or more must:*
- (i) *provide at least 45% on-site affordable housing (by net additional unit) without public subsidy; and*
 - (ii) *exhaust all potential options for maximising the delivery of on-site affordable housing to reach and exceed the strategic 50% target, particularly through securing public subsidy.*
- C. *Where a site triggers Part B, and proposes a level of on-site affordable housing less than 50% (regardless of whether public subsidy is provided or not), the proposal will be subject to detailed review mechanisms throughout the period up to full completion of the development, including an advanced stage review mechanism. Any sites which trigger Part B and provide at least 50% on-site affordable housing (by net additional unit) will not be subject to an advanced stage review mechanism but will be subject to review mechanism which will be triggered if an agreed level of progress on implementation is not made within a certain period following grant of*

- planning permission; and, in the case of large phased schemes, triggered prior to the implementation of later phases of the development.*
- D. All sites which are capable of delivering 10 or more conventional units (gross) and/or which propose 1,000sqm (GIA) residential floorspace or more, and which are currently or have been in public sector ownership (either part or full public ownership) must:*
- (i) provide at least 50% on-site affordable housing (by net additional unit) without public subsidy; and*
 - (ii) exhaust all potential options for maximising the delivery of on-site affordable housing in excess of 50%, particularly through securing relevant public subsidy.*
- E. Where a site triggers Part D, and additional on-site affordable housing does not demonstrate ‘additionality’ to the council’s satisfaction, the proposal will be subject to detailed review mechanisms throughout the period up to full completion of the development, including an advanced stage review mechanism.*
- F. Any proposal which does not provide the minimum required level of affordable housing set out in Part B or D will be refused.*
- G. Site-specific viability information will only be accepted in exceptional cases, determined by the council. Any proposals where site-specific viability evidence is accepted must provide the maximum amount of affordable housing, informed by detailed viability evidence consistent with the Development Viability SPD. Such proposals will be subject to detailed review mechanisms throughout the period up to full completion of the development, including an advanced stage review mechanism.*
- H. Where affordable housing is provided on-site, the council will require an affordable housing tenure split of 70% social rented housing and 30% intermediate housing. The majority of intermediate units should be London Living Rent, and regard will be had to the priorities set out in the council’s Housing Strategy and other agreed evidence of housing need.*
- I. Sites delivering fewer than 10 residential units (gross) and/or which propose less than 1,000sqm (GIA) residential floorspace are required to provide a financial contribution to fund the development of affordable housing off-site. The level of contribution required will be £50,000 per net additional unit, except for the area south of Pentonville Road/ /City Road where the contribution required will be £60,000 per net additional unit.*

1.11 It is important to note that the production of Islington’s Local Plan policies on Affordable Housing is supported by a robust evidence base including:

- Draft Local Plan Viability Study (Dec 2018) that rigorously tests the ability of developments in Islington to accommodate the emerging policies in the Draft Local Plan alongside amounts of Community Infrastructure Levy (‘CIL’) in the Council’s adopted Charging Schedule.**
- Islington Strategic Housing Market Assessment SHMA June 2017 that identifies the acute need of genuinely affordable homes (Social rent and London Living rent) within Islington and demonstrate that all other rented options were unaffordable to the majority of residents.**

1.12 It is also important to note that these emerging policies are not yet adopted and will be subject to scrutiny through the Examination In Public stage of the Local Plan process and challenged by developers.

1.13 There are a number of key differences between the way that Islington and Lewisham currently manage the application process. The first being that officers internally produce high level viability assessments of a limited number of key development sites (i.e. Holloway Prison) in order to demonstrate a residential land value. This is then available to prospective developers. The effect of this is that land values are not artificially inflated and reflect genuine Existing Use Value (as promote by the NPPF) and developers do not overpay for a site which is then in turn used to defend an unviable position. Islington continue to produce capacity and site viability studies for other key sites however, this is resource intensive, both financially and officer time.

The Experience of the Greater London Authority (GLA)

- 1.1 The current London Plan dates from 2016. The new Draft London Plan, currently going through Examination is due to complete in summer 2019 and be adopted in 2020. This sets out the Mayor of London's new policy direction.
- 1.2 Previous to the drafting of the New London Plan, Supplementary Planning Guidance was published, setting out the Mayor of London's approach to viability in planning applications, including publication of Financial Viability Assessments and also review mechanisms. In order to be effective the new SPG was produced as an expansion of existing London Plan policy which had been written sufficiently broadly to avoid conflict with existing adopted policy.
- 1.3 A number of items within that document are now standard practice for Lewisham. All Financial Viability Assessments are published upon validation and therefore publically available. To date Officers have not accepted a single request for privacy for commercial reasons. Review mechanisms for planning applications (within s106 agreements) all follow the GLA templates for Early and Late Stage reviews.
- 1.4 A key difference in terms of resource is that the GLA have created an in-house viability team to scrutinise application viability at pre-application and application stages. Currently Lewisham Planning Service, as common with many other boroughs makes use of external viability consultants.
- 1.5 The Council is currently in 1 year contract with GL Hearn (due to expire Autumn 2019) to scrutinise all Financial Viability Appraisals submitted in support of planning applications in order to determine the maximum level of affordable housing that can be achieved. GL Hearn work with an independent Quantity Surveyor to assess build costs which are a major part of viability appraisals.
- 1.6 Lewisham planning service has no detailed in-house expertise in appraising land values and build costs in respect of planning applications and is therefore reliant upon external advice. Following completion of the current contract a review will be undertaken as to how resources will be managed in the future.