

Committee/Meeting: Cabinet	Date: 10 April 2013	Classification: Unrestricted	Report No: CAB 96/123
Report of: Corporate Director Development & Renewal		Title: Affordable Housing Supplementary Planning Document (draft for consultation)	
Originating officer(s) Owen Whalley – Head of Planning & Building Control Michael Bell – Strategic Planning Manger		Wards Affected: ALL	

Lead Member	Cllr Rabina Khan (Cabinet Member for Housing)
Community Plan Theme	A Great Place to Live, A Prosperous Community
Strategic Priority	Providing quality affordable housing

1. **SUMMARY**

- 1.1 Tower Hamlets consistently produces more affordable housing than any other London Borough. Our adopted Core Strategy sets an overall target for 50% of new homes to be affordable with a minimum requirement of 35% on individual development sites, subject to viability.
- 1.2 Due to changes in Government policy and a challenging economic climate, the Council has prepared a draft Affordable Housing Supplementary Planning Document (AHSPD) to ensure that the Council can continue to maximise affordable housing delivery and that the new homes built are genuinely affordable for those in housing need.
- 1.3 The draft AHSPD sets out the Council's approach to manage the new Affordable Rent product, confirms the Council's expectations around provision of new Social Rented homes and clarifies how long term affordability will be secured through S106 agreements. It will be a material consideration in the determination of planning applications and will provide greater certainty for developers, Registered Providers, our local community and other key stakeholders.
- 1.4 This report sets out the rationale for preparing the AHSPD, provides a summary of the draft document and seeks Cabinet approval to proceed to statutory consultation.

2. DECISIONS REQUIRED

Cabinet is recommended to:-

- 2.1 Approve the draft Affordable Housing Supplementary Planning Document (AHSPD) for statutory public consultation.
- 2.2 Authorise the Corporate Director of Development and Renewal to make any necessary factual or minor editing changes to the draft AHSPD prior to the start of statutory public consultation.

3. REASONS FOR THE DECISIONS

- 3.1 The Council's adopted Core Strategy provides an overall vision for the development of Tower Hamlets over the next 15 years and sets strategic borough wide planning policies, while the 'Managing Development' Development Plan Document (DPD) provides further detail to deliver the vision to ensure new development meets the needs of the borough.
- 3.2 The AHSPD will provide further guidance on the implementation of policy, specifically policy DM3 – Delivering Homes, and negotiation of the provision of affordable housing. It will be a material consideration in the determination of planning applications and will provide certainty and guidance to investors, developers and the community.
- 3.3 In this current economic climate, the situation of development viability suggests developers are likely to challenge Council requirements for affordable housing. In the absence of a formally adopted and detailed AHSPD, the Council would be in a weakened position to negotiate on the provision of affordable housing which meets identified housing needs.

4. ALTERNATIVE OPTIONS

- 4.1 An alternative option would be to rely on the 2011 London Plan, the 2010 adopted Core Strategy and the emerging Managing Development DPD. The London Plan provides strategic guidance for London, while the borough's Local Plan provides a vision and strategic development principles for the borough as a whole.
- 4.2 This option is considered inadequate as it would not provide sufficient detail to support meaningful negotiations on the provision of affordable housing. Without the additional guidance provided by the AHSPD, the DPDs do not in themselves provide the necessary level of detail to ensure a robust negotiating position for the Council.
- 4.3 The borough would not be able to respond to the challenges of recent changes in national and London planning policy, as well as emerging development pressures, to address specific issues affecting Tower Hamlets. Without a more detailed policy on affordable housing, there is a risk that the

new 'affordable rent' product will result in new homes that are not affordable for the Borough's residents.

5. BACKGROUND

5.1 Following the Examination in Public in September 2012 for the Managing Development DPD, the independent Inspector required a number of recommendations to Policy 'DM3 – Delivering Homes'. Most significantly, the Inspector supported the Mayor of London's objection to Policy DM3 and recommended that two parts of the policy be removed to ensure it is in conformity with the London Plan:

1. Prioritising Social Rent housing ahead of Affordable Rent housing; and
2. Using local evidence base to define the Tower Hamlets 'adjusted rents' to be used as a basis for negotiation in the development management process.

5.2 The Inspector concluded that prioritising social rented housing would reduce the overall number of affordable homes produced. Similarly the Inspector interpreted the Tower Hamlets 'adjusted rents' to imply that maximum rents (or rent caps) were being set which would restrict the delivery of affordable housing.

5.3 The Council must accept the recommendations of the Inspector but is concerned that the final policy will create uncertainty for developers and Registered Providers and that the Council has no control on rents which can be 'up to 80% of market rent' and therefore beyond the reach of residents in housing need.

5.4 Having considered the Inspector's Report and the Mayor of London's objection, the Council has decided to prepare the AHSPD to provide the level of detail considered necessary to ensure the Council's affordable housing objectives can be met. The SPD must also be in general conformity with the London Plan, but the Council is confident its approach is sufficiently flexible to ensure an appropriate balance between maximising affordable housing numbers and ensuring the full range of housing needs are met, in particular those in need of affordable family homes.

6. BODY OF REPORT

Establishing the role of the SPD

6.1 Supplementary Planning Documents are used as a material consideration in determining planning applications. They are not part of the 'Local Plan' (as shown in figure 1 below), which is the new term for our Local Development Framework. The Local Plan is comprised of the Core Strategy and Managing Development DPD. However, the SPD will carry greater weight in the determination of planning applications than using the Council's Tenancy Strategy or other housing policy documents that fall outside of the planning policy framework.

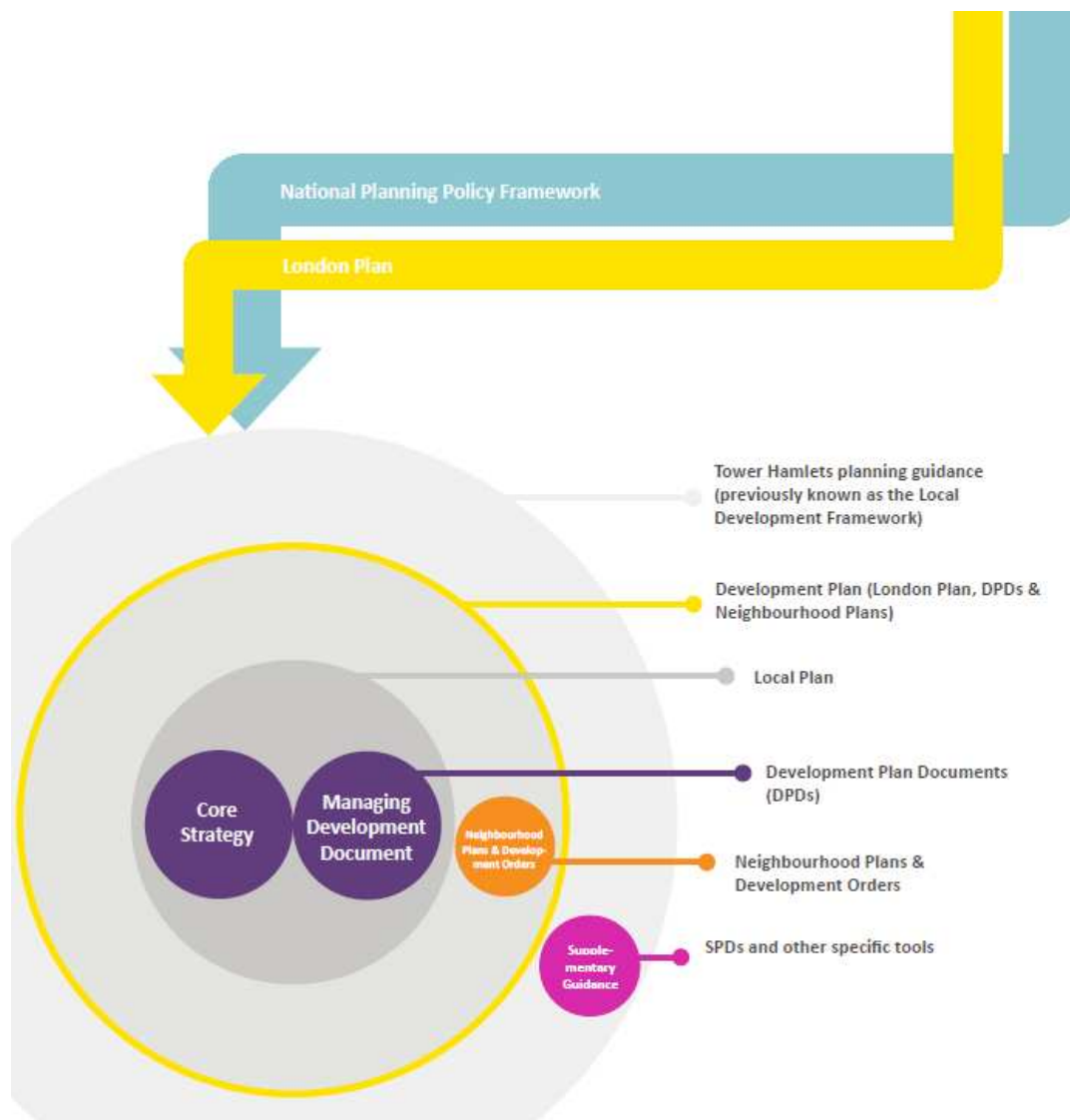


Figure 1 – new local planning policy structure

Content of the draft AHSPD

6.2 The draft SPD includes the following key areas of content:

- Summarises the relevant planning policy context, including elements of the Mayor of London’s Housing SPG, including confirmation of the London wide average investment target of rents for the affordable rent product being at 60% of market levels, with rents for family housing below this;
- Sets out the Tower Hamlets ‘adjusted rents’ for the Affordable Rent product based on the evidence undertaken for the Council by the POD Partnership;
- Confirms the Council’s expectations for the delivery of Social Rented homes; and

- Clarifies how long term affordability will be secured through S106 agreements.
- 6.3 These elements will help to enable the Council to deliver affordable housing and meet the aspirations set out within the Mayor's Priorities (Housing), the Community Plan theme 'A great place to live', One Tower Hamlets and the Core Strategy's 'Big Spatial Vision' of Reinventing the Hamlets.
- 6.4 The draft SPD is subject to an:
- Equalities Analysis scoping procedure; and
 - Strategic Environmental Assessment screening and Sustainability Appraisal Review.
- 6.5 Both these assessments are appended to this report.

Proposed consultation process for the SPD

- 6.6 SPDs undergo a simpler preparation process than DPDs and are not subject to scrutiny by an independent Inspector. However, they are subject to statutory preparation procedures under Regulations 11-14 of the Town and Country Planning (Local Planning) (England) Regulations 2012.
- 6.7 Subject to Cabinet approval of the draft consultation SPD, it is proposed public consultation will be carried out for a minimum of 6 weeks concluding in June 2013. The consultation will be in accordance with the requirements of the Council's Statement of Community Involvement and Regulation 13 of the above legislation.
- 6.8 The Council will ensure that the local community, developers, Registered Providers, statutory consultees and other key stakeholders are fully engaged during the consultation period.
- 6.9 In preparing the draft SPD the Council has used the extensive consultation already undertaken in preparation of the Managing Development DPD together with the technical evidence base prepared for that document.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 Following the Examination in Public of the Managing Development DPD in 2012 this report seeks approval of the Affordable Housing Supplementary Planning Document to ensure that the Council can continue to maximise affordable housing delivery and that the new homes built are affordable for those in housing need. This will support the delivery of the affordable homes targets within the Council's adopted Core Strategy.
- 7.2 As detailed in the 'Community Infrastructure Levy (CIL) Draft Charging Schedule' report elsewhere on this agenda, CIL will replace elements of the current Section 106 planning process although the Council will continue to negotiate site specific Section 106 agreements where the impact is not

covered through the CIL process. Affordable Housing provision is outside of the CIL process and so will remain within Section 106 arrangements.

- 7.3 The Authority currently generates substantial resources via the Section 106 system. It is therefore important that both the CIL charges and Section 106 obligations are set at a realistic level that enable the generation of significant community resources in tandem with the delivery of viable developments.
- 7.4 The costs of the statutory consultation process will be met from within existing budgets.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The AHSPD will ultimately be adopted as a Supplementary Planning Document in accordance with Regulation 14 of the Town and Country Planning (Local Planning) (England) Regulations 2012 (“the 2012 Regs”). Before the draft AHSPD is formally adopted, the Council is required to carry out public consultation for a period of not less than 4 weeks in accordance with Regulations 12 & 13 of the 2012 Regs. Supplementary planning documents provide greater detail on the policies contained in the Council’s development plan documents.
- 8.2 Following the formal public consultation the Council will need to consider any representations made during the consultation period. The Council are then required to prepare a statement setting out a summary of the main issues raised in the representations and how these main issues have been addressed in the SPD that the Council intends to adopt. Following consultation and once any necessary amendments have been made the SPD can be adopted by resolution. Once the SPD is adopted it can be considered to be a material consideration to be taken into account in the development control process.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 An Equalities Analysis Scoping has been undertaken in support of the draft AHSPD. The EqA Scoping process reviews and assesses issues relating to the diversity of the borough and the 9 Equalities Groups. The EqA Scoping Report is attached as an appendix to the Cabinet Report and identifies that the SPD will positively benefit all 9 Equalities Groups.
- 9.2 It should also be noted that the SPD supports the delivery of the Council’s LDF Core Strategy, which was itself subject to an Equalities Impact Assessment (EqIA).

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 A detailed Sustainability Appraisal was completed for the Core Strategy. There is no longer a statutory requirement for the Council to produce an SA for Supplementary Planning Documents (SPD).
- 10.2 Although it is not a statutory requirement to prepare an SA for SPDs, in pursuing best practice the Council has undertaken an SA Review for the Affordable Housing SPD (shown in section 6). This SA review does not constitute an SA satisfying the EC Directive 2001/42/EC (or accompanying regulations). It enables the Council to ensure that the social, economic and environmental impacts of the Affordable Housing SPD have been considered. As such the SPD is considered to be a robust and coherent document that considers all aspects of sustainability. This document also provides an efficient method of determining if the SPD is compatible with the sustainability objectives established in the SA for the Core Strategy.
- 10.3 In accordance with the requirements of regulation 9(1) of the Environmental Assessment of Plans and Programmes Regulations 2004, the Council has determined that this SPD should not be subject to a Strategic Environmental Assessment (SEA) as the document provides information to supplement existing DPDs (Core Strategy and the Management Development DPD), and is therefore a minor modification of these documents.
- 10.4 The SA Review also fulfils the function of a statement of the Council's reasons for its determination that SEA is not required.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 An LDF Board was established in May 2010, chaired by the Corporate Director of Development & Renewal, to lead on the preparation of future planning documents. Risk Management and mitigation is a standard item at LDF Board meetings. As such, the AH SPD has been subject to this risk management process.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 The AH SPD does not directly impact on crime and disorder reduction. However, the delivery of affordable housing will contribute to the wider aspiration of sustainable communities thereby supporting community cohesion and engagement.

13. EFFICIENCY STATEMENT

- 13.1 The AHSPD has been prepared in the context of the Core Strategy, Managing Development Document and other relevant Council Strategies, such as the Housing Strategy and Tenancy Strategy. As such, the SPD closely reflects Council priorities and the Council's capital planning process and fully compliments the Core Strategy vision of ensuring the timely provision of necessary affordable housing to meet existing and future need of local people over the next 15 years.

13.2 The AH SPD will also ensure the Council has the appropriate guidance in place to deliver affordable housing and provide a more efficient basis for the determination of planning applications.

14. APPENDICES

Appendix 1 – draft Affordable Housing SPD

Appendix 2 – Equalities Assessment Scoping Report

Appendix 3 – Sustainability Appraisal Review (incorporating statement of the Council’s reasons for its determination that SEA is not required)

Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

Brief description of “background papers” Name and telephone number of holder and address where open to inspection.

None

N/A