

HARROW COUNCIL

Affordable Housing Planning Obligation - Pre-Application Guidance

June 2021

The Council's Affordable Housing policy applies to all development sites with a capacity to provide 10 or more homes (gross). The Council will seek the maximum reasonable level of affordable housing, having regard to the Mayor's strategic target of 50% affordable housing, the Council's borough-wide affordable housing target of 40%, and the Mayor's threshold approach (London Plan December 2020 Policy H5). Applicants are expected to use grant where available to increase affordable housing delivery beyond the level that would otherwise be provided.

Affordable housing should be provided on site in the proportion of 70% London Affordable Rent or Social Rent (depending on tenure stated in Homes for Londoners: Affordable Homes Programme Prospectus period 2021-2026 or 2016-2023) and 30% Intermediate units (London Living Rent or London Shared Ownership), unless otherwise agreed by the Council¹, as per London Plan Policy H6.

Other affordable housing products may be acceptable if, as well as meeting the broad definition of affordable housing, they also meet the London Plan definition of genuinely affordable housing and are considered by the council to be locally genuinely affordable. The council will accept Discounted Market Rent units as the affordable element of a Build to Rent scheme, in line with London Plan policy H11 - Build to Rent.

The percentage of affordable housing in a scheme should be measured by habitable rooms to ensure that a range of sizes of affordable homes can be delivered, including family sized homes, taking account of local mix policies and having regard to site specific circumstances.

Habitable rooms in affordable and market elements of the scheme should be of comparable size when averaged across the whole development. If this is not the case, then it may be more appropriate to measure the provision of affordable housing using habitable floor space. Applicants should present affordable housing figures as a percentage of total residential provision by habitable rooms, by units, and by floor space to enable comparison.

Affordable housing should be provided on site. Affordable housing will only be accepted as an off-site contribution in exceptional circumstances. If exceptional circumstances are accepted by the LPA, any such calculation would be in accordance with the Mayor's SPG approach. Cash in lieu contributions will only be considered in even more limited circumstances, and only where there is detailed evidence to demonstrate that on-site affordable housing delivery is not practical, off-site options have been explored but are not acceptable and that accepting a cash in lieu contribution will not be detrimental to the delivery of mixed and inclusive communities. In

¹ Note this tenure mix is reversed within the Wealdstone Central sub-area of the Harrow and Wealdstone Area Action Plan – See AAP Policy 13 (C).

each case, the approach must result in additional affordable homes, meaning the funding should not be used for affordable units that would otherwise have been delivered. It should also take account of the fact that all sites are expected to deliver at least the threshold level of affordable housing and any cash in lieu or off-site contribution should deliver units in addition to this.

Off-site provision or in lieu contributions will only be agreed where it is clearly shown that they provide no financial benefit to the applicant relative to on-site provision and will include review mechanisms in line with the Mayor's Viability Tested Route. The policy target for schemes delivering off-site affordable housing or in lieu contributions is 50 per cent affordable housing provided across the main site and any linked sites when considered as a whole.

Large-scale purpose-built shared living proposals will be subject to the policy requirements in London Plan policy H16, particularly in relation to the calculation methodology for the cash in lieu contribution.

Currently all intermediate rented products such as London Living Rent and Discounted Market Rent should be affordable to households on incomes of up to £60,000. Intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the definition of affordable housing), should be affordable to households on incomes of up to £90,000. Further information on the income caps and how they are applied can be found in the London Plan Annual Monitoring Report. Applicants should seek to ensure that intermediate provision provides for households with a range of incomes below the upper limit.

In addition to the above London-wide income caps set by the Mayor, the council has set initial local income caps for intermediate units, reflecting local housing need and local incomes relative to typical prices for new dwellings:

1 bed - £49,000

2 bed - £65,000

3 bed plus - £90,000

These income caps will automatically cascade out to the Mayor's London-wide eligibility criteria after three months to ensure that units are not left vacant.

It is important that proposed or assumed income requirements for Intermediate housing are discussed with the Council in order to ensure that these are acceptable locally.

LONDON AFFORDABLE / SOCIAL RENT TARGET BED SIZE MIX

The Council's overall priority is the provision of London Affordable Rent or Social Rent homes to meet the needs of homeless households. The priority need is for 2 and 3 bed London Affordable Rent/Social Rent housing and therefore the following target mix and occupancy levels will be applied to London Affordable Rent / Social Rent proposals:

Bed size and person occupancy	Target percentage mix
1b 2p	10%
2b 4p*	40%
3b 5p*	40%
4b 7p +	10%
TOTAL	100%

*Note: 2b 3p and 3b 4p units are not required.

The Council's approach is to seek to achieve compatibility with this mix, or the principles of this mix, on every development site. The council may consider accepting an overall lower level of affordable housing on a site in order to maintain the 70% / 30% tenure split or the above target bed size mix.

Key Considerations

The Council will expect affordable housing negotiations to be concluded with Planning and Housing Services during the pre-application stage, in order to streamline the passage of the application through the formal planning process.

This is particularly important in relation to the level, type and mix of affordable housing to be provided, as agreement at the pre-application stage avoids delays, redesigns and costs to the applicant at the subsequent submission stage.

Applicants will be required to submit a Financial Viability Assessment (FVA) if required to do so under the Mayor's Threshold approach (see below 'Viability assessments').

Applicants should be prepared to change the level or mix of affordable housing proposed, should the result of the Council's review of the submitted FVA indicate that an alternative affordable housing scenario is achievable or more appropriate to meet housing need in Harrow.

Early engagement with Registered Provider (RPs)

The Council expects applicants and their agents to engage with RPs at an early stage in the planning and design process, in line with para 2.29 of the Mayor's Affordable Housing and Viability SPG 2017. This is especially important in terms of arriving at a realistic affordable housing value to be submitted as part of the FVA, and to fulfil the Mayor's expectations in the London Plan in relation to the input of grant into schemes to increase the level of affordable housing provision.

The partner RP should input into the design and configuration of the units/blocks to ensure they are acceptable in terms of management and service charges. It should also be confirmed with the RP, prior to submission, that the type, size, location, design etc. of the proposed units are satisfactory, in order to ensure that GLA funding criteria are met.

Design

Affordable housing should be designed in compliance with the London Plan Policy D6 Housing quality and standards and the minimum internal space standards for new dwellings set out in Policy D6 - Table 3.1.

Where affordable housing is provided there should be no difference in appearance between the various tenures on site. Applicants should avoid arbitrary 'pepper potting' of affordable units within other tenures and should provide an appropriate location and mix of tenures within blocks that is workable from a RP's point of view.

Ideally different tenures should benefit from individual cores. If this is not possible, London Affordable Rent / Social Rent units can be located on separate floors in a block containing shared ownership / London Living Rent, subject to any comments from the council and the preferred RP.

3 bedroom and larger homes

For family sized London Affordable Rent / Social Rent homes (2 bed+) a separate kitchen / dining and living room should be provided where possible to offer 2 separate family spaces and to separate the cooking function from the living area. A separate kitchen and living room should be provided in 1 bed units if possible.

Wheelchair homes

Development proposals should achieve the highest standards of accessible and inclusive design, taking into account Harrow's diverse population (London Plan Policy D5). 10% of all London Affordable Rent / Social Rent units (where the council will have nominations) should be designed and constructed for occupation by a wheelchair user immediately upon completion (i.e. not merely 'wheelchair adaptable', but 'wheelchair accessible') to meet Building Regulation requirement M4(3)(2)(b) - London Plan Policy D7 Accessible Housing.

Level access showers and adjustable height kitchen worktops are to be provided in all instances, unless otherwise instructed by the Council. Whilst there is continual demand over all wheelchair unit sizes, applicants should request guidance from Housing as to the most appropriate bed sizes for wheelchair housing provision on individual sites.

1:50 detailed working drawings of proposed London Affordable Rent / Social Rent wheelchair units should be issued to the Council for approval, to ensure that any required changes to design can be made at an appropriate point in the design process, rather than incurring cost to the applicant at a later stage.

Allocated car parking is mandatory for wheelchair homes and should be provided in line with London Plan Policy T6 – residential parking. Battery charging and space for mobility buggies should also be carefully considered at the design stage. Lifts servicing wheelchair homes must be capable of taking both a wheelchair user and a carer.

Access by wheelchair users to car parking and other amenities, both on site (e.g. bin stores) and locally, to be shown clearly on plans by dotting on routes likely to be taken.

London Plan Policy D5 Inclusive Design requires developments to incorporate safe and dignified emergency evacuation for all building users by as independent means as possible. In all developments where lifts are installed, Policy D5 Inclusive Design requires as a minimum at least one lift per core (or more subject to capacity assessments) should be a suitably sized fire evacuation lift suitable to be used to evacuate people who require level access from the building. See also London Plan Policy D12 Fire safety. In particular, developments should incorporate appropriate fire safety solutions and represent best practice in fire safety planning in both design and management.

Financial Viability Assessments

The requirements for submission of viability assessments are as per the London Plan Policy H5 Threshold approach to applications and the guidance in the Mayor's Affordable Housing and Viability SPG (see further below).

One of the aims of the pre application process is to ensure that the affordable housing content of a scheme is agreed, including a viability assessment if required by policy, prior to submission of the planning application. It is therefore expected that all negotiations on the provision of affordable housing will be completed at pre application stage. Where this is not done the application may be delayed or refused due to lack of information. Additionally, the need to engage external independent assessors and complete the viability review may result in protracted discussions and further delay to the application process.

To provide greater certainty, speed up the planning process and increase affordable housing delivery, the Mayor has adopted a threshold approach to viability. This means that schemes meeting or exceeding the threshold without public subsidy, and consistent with the requirements in Part C of London Plan Policy H5 Threshold approach to applications, are not required to submit viability information.

Schemes that do not meet this threshold, or require public subsidy to do so, will be required to submit detailed viability information, undertaken in line with the Mayor's Affordable Housing and Viability SPG, which will be scrutinised and treated transparently. The submitted FVA will be published in full / unredacted on the Council's website, alongside other material submitted by the applicant. Should an applicant consider that the full FVA should not be published, the onus is on the applicant to demonstrate why this is the case. Further details are available within the Council's Planning Application Requirements (PAR).²

Schemes are expected to deliver at least the threshold level of affordable housing without grant or public subsidy and to increase this proportion through the use of grant and other subsidy, where available. Only where there are clear barriers to delivery and it is fully justified through detailed viability evidence, in line with the methodology and assumptions set out in London Plan Policy H5 Threshold approach to applications and the Mayor's Affordable Housing and Viability SPG, will a lower level of affordable housing be considered

Where a viability assessment is required, the onus is on the applicant to provide robust and appropriately evidenced information regarding the financial viability of the individual scheme. The Council expects strict adherence to the requirement for open book appraisals. Assumptions will need to be clearly shown in any model used, so the Council can understand how the assumptions have been made.

The council will arrange for the FVA to be reviewed on the council's behalf by an independent assessor (and a cost consultant where necessary). The full cost of independent review / cost consultants will be met by the applicant and paid directly to the consultants. Applicants should allow flexibility in initial design to allow for changes to the affordable housing level or mix, subject to the result of the FVA.

² http://www.harrow.gov.uk/info/200074/planning/656/apply_for_planning_permission/4

In the event that the FVA review supports the provision of additional affordable housing, this will be provided on site or, in exceptional circumstances and if agreed by the Council, in the form of an affordable housing contribution.

Comprehensive Early and Late Stage review mechanisms will be applied to schemes as relevant, in line with London Plan Policy H5, in order to ensure that affordable housing schemes are delivered within reasonable timescales and that contributions are increased if viability improves over time.

Please note:

In line with the Mayor of London and GLA guidance, the Council will take an Existing Use Value Plus approach to benchmark land value for viability purposes in order to achieve the policy objectives of the planning system. A financial viability appraisal will be rejected if using any other benchmark land value, unless evidence is provided to justify such an approach. Applicants are expected to take affordable housing policy into account in land purchase negotiations, noting also that Harrow's CIL has been deliberately set at a level that seeks to ensure that affordable housing will continue to be viably delivered.

Information submitted by non-qualified consultants will be rejected.

Market value research is expected to be on a block by block, floor by floor basis and supported by evidenced transactions from comparable schemes.

Construction costs are expected to differentiate between the cost of constructing private, London Affordable / Social Rent and London Shared Ownership etc homes.

Applicants should provide clear evidence of the preferred RP's affordable housing offer. A clear brief must be issued where more than one RP is asked to bid so that like for like comparisons of offers can be made for viability purposes.

Income derived from Affordable Housing is a key component of the FVA. Therefore, where no engagement is taking place with an RP, clear reasons must be given, as this may result in the application being refused or delayed.

S106 considerations:

The council uses the Mayor's standard s106 template clauses as a basis when drafting individual s106 agreements.

Applicants will be expected to ensure a Nomination Agreement is entered into.

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