

GREATER LONDON AUTHORITY

Mayor's Office

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Our ref: LDF31LDD09/KT11
Date: 30 August 2012

Dear Mr. N. Payne,

**Planning and Compulsory Purchase Act 2004 (as amended);
Greater London Authority Acts 1999 and 2007; Town and Country Planning (Local
Development) (England) Regulations 2012.**

Re: Development Management Development Plan Document Consultation

I am writing to comment on the amended affordable housing policy (DM3) of the above document submitted on 22 August 2012 by Tower Hamlets Council as part of a suggested statement of common ground.

This letter should be read in conjunction with my earlier representation sent to the Council on 7 March 2012 which explained why the policy in the submission version of the document is not in general conformity with the London Plan.

Since March, GLA officers have been working with those of Tower Hamlets Council to explore how the policy might be amended to address strategic as well as local housing objectives. This joint working is appreciated, and it is therefore with regret that I find that the amended policy still does not overcome my previous concerns and is not in general conformity with the published London Plan.

I recognise that the Council now proposes to insert the words '*maximise affordable housing output*' in to the first line of policy DM3 in reference to London Plan policy 3.11. However, in the sense in which the Council proposes to use the term, it is contradicted by the rest of the policy which seeks to prioritise social rented housing at the expense of affordable rent. This negative approach to affordable rent will constrain the Council's ability to maximise overall provision of affordable housing. To achieve this latter objective requires a more balanced, positive and, in terms of available investment, realistic approach to enable affordable rent to play its full part in maximising output.

This gives rise to a more general concern that in not taking realistic account of available resources the plan will not be 'deliverable' in the sense the term is used in paragraph 173 of the NPPF and thus not sound, so potentially causing delay through the planning process and further constraining housing output.

In terms of the practicalities of application of the policy through the development control process, I am also concerned that the proposed policy approach of prioritising social rented housing before affordable rented housing would slow down the processing of planning applications and add undue burdens on developers. It is already well known that funds for social rent are very limited but are more readily available for affordable rent. Nevertheless, the Council's approach would require a developer and their associated registered provider are still required by the policy to demonstrate that it is unviable to build 70% social rent. They would also have to show that a proposal incorporating affordable rent will ensure an overall level of affordable housing which will be higher than if just social rent was involved - a requirement that is going to add to the cost of provision by adding a particular burden on delivery of one particular product. On top of this they have to show that *"the delivery of larger family homes is prioritised for social rent"*, which would be unlikely if as a result of meeting the first test the developer has shown social rent is unviable.

Whilst social rented housing is retained in the NPPF definition of affordable housing both national guidance and the early alterations to the London Plan reflecting it make it clear that affordable rent and social rent are intended to meet the same housing needs. The thrust of policy in the NPPF and the London Plan takes a pragmatic approach to deciding what is going to result in the maximum provision of affordable housing. There is no basis for preferring one over the other.

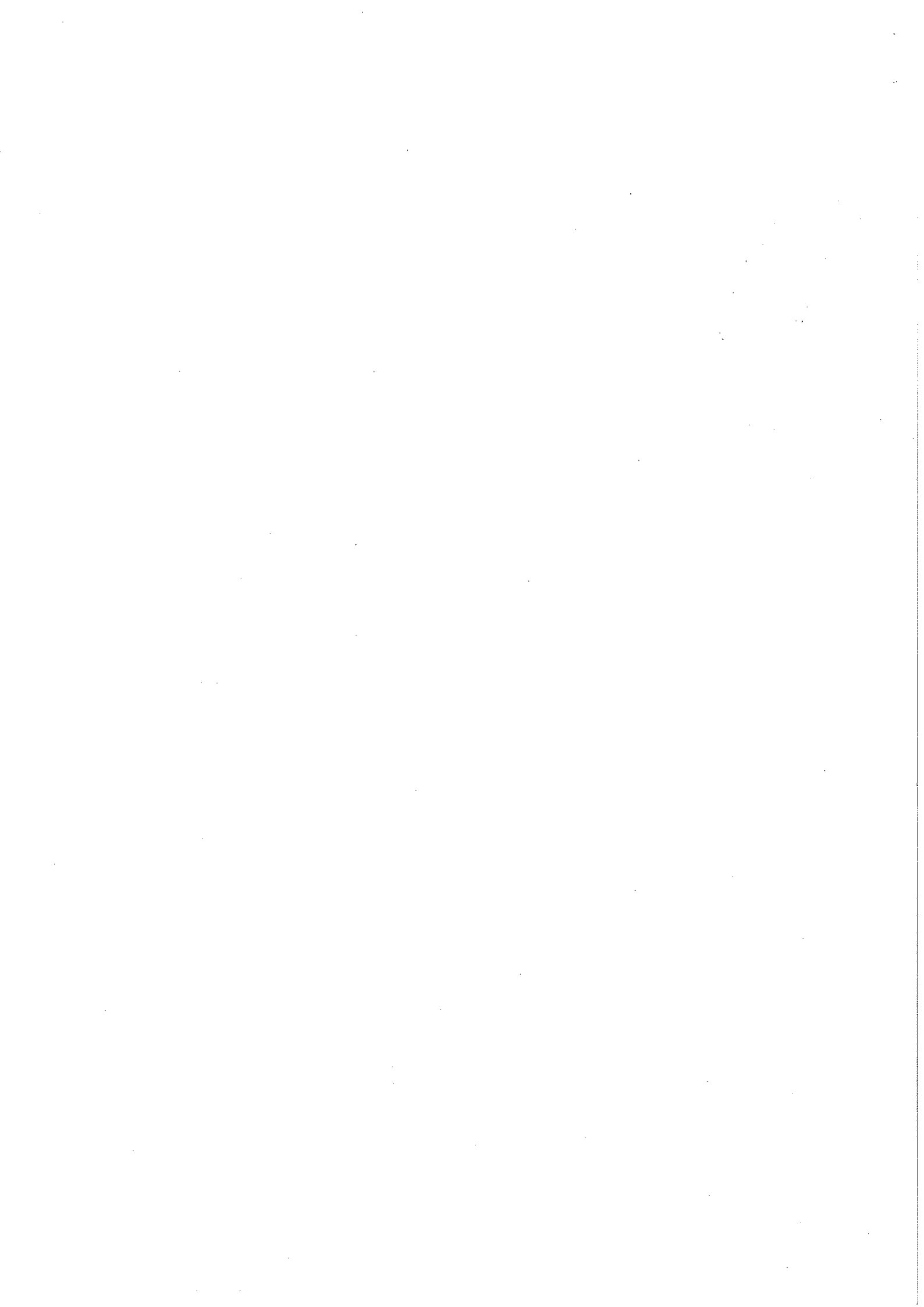
The setting of rent levels in paragraph 3.3 would also inhibit delivery of affordable housing and is contrary to the ministerial advice I received in a letter from Grant Shapps of the DCLG on 2 August 2012 (copy attached for ease of reference) which states that *"the reintroducing of rent controls 'via the back door' of planning policy is likely to hinder the supply of affordable and private rented accommodation, reducing choice for tenants and simply meaning less housing is available to rent. This will not be in the public interest for Londoners"*. As such it would prevent the Council from meeting the full range of housing need in accordance with London Plan policy 3.11.

I am therefore regrettably unable to agree to the proposed statement of common ground suggested by Tower Hamlets Council.

To achieve our common objective of maximising affordable housing output to address the spectrum of Londoners' housing needs, the DPD should be recast to take a more positive and, in investment terms, realistic approach to realising the potential contribution towards this of the affordable rent product.

At a minimum, Policy 1 should be amended by:-

- Adding the word 'affordable' after the word 'social' on the second and fifth line of policy DM3.
- Deleting the sentence beginning *"Affordable Rent will be acceptable where"* and related its points a, b and c.



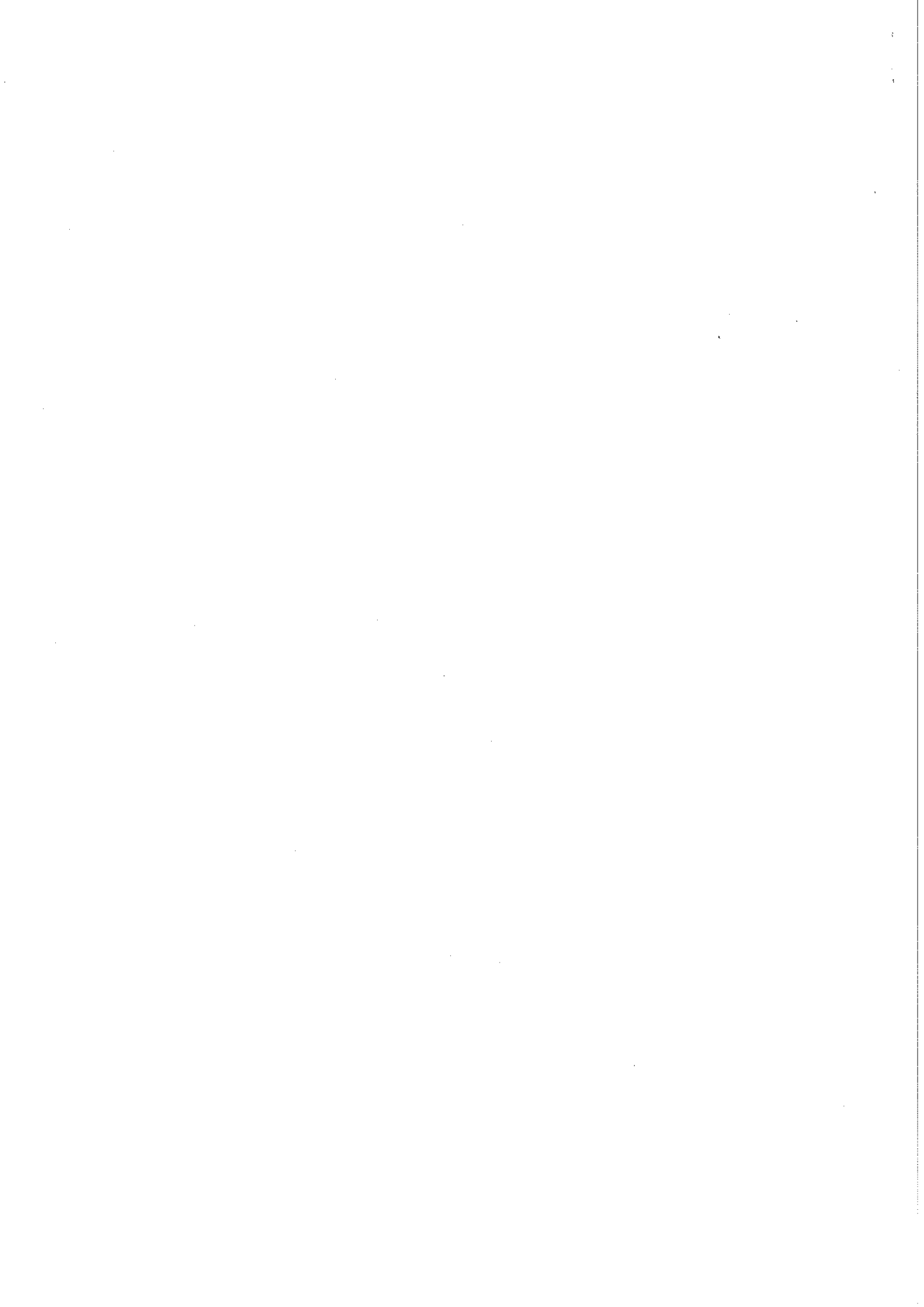
- Deleting paragraphs 3.3 and 3.4 of the reasoned justification including the table of proposed rent levels.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Boris Johnson', with a long horizontal line extending to the right.

Boris Johnson
Mayor of London

cc John Biggs, London Assembly Constituency Member
Jenny Jones, Chair of London Assembly Planning and Housing Committee
Ian McNally & John Pierce, DCLG
Colin Lovell, TfL
Michael Bell, Tower Hamlets Council, Town Hall, Mulberry Place – Anchorage House, 5
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**Department for
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02 AUG 2012

Dear Boris,

London Plan: Supporting affordable housing in London

Thank you for your letter of 20 June to the Secretary of State inviting comments on the revised early minor alterations to the London Plan. As Housing Minister, I thought it would be beneficial to respond in relation to your position on affordable rent levels, given the broader implications for housing policy.

The approach you have set out in the revised minor alterations of the London Plan is aligned to the Department's objective of increasing the delivery of affordable housing.

I am aware that some local authorities' intention to intervene and set arbitrary rent caps is likely to have a detrimental effect on the delivery of the Affordable Rent homes by housing associations. Indeed, I note that the Affordable Rent model was recently praised by the National Audit Office as the most viable way of delivering new affordable housing given the requirements of the Government's deficit reduction programme.

More broadly, it is clear that unreasonable Section 106 agreements, planning conditions or affordable housing quotas do not result in more affordable housing; rather, they make new developments economically unviable, resulting in no development, no regeneration and no community benefits.

We should also recognise that reintroducing rent controls 'via the back door' of planning policy is likely to hinder the supply of affordable and private rented accommodation, reducing choice for tenants and simply meaning less housing is available to rent. This will not be in the public interest for Londoners.

Thank you for offering this Department an opportunity to participate in your consultation.

GRANT SHAPPS MP

