

**Decision Maker:**      **Development Control Committee**

**Date:**                    **12<sup>th</sup> January 2012**

**Decision Type:**      Non-Urgent                    Non-Executive                    Non-Key

**Title:**                    **CHANGES TO PPS3 AND SUPPLEMENTARY PLANNING DOCUMENTS**

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**Chief Officer:**        Bob McQuillan

**Ward:**                    N/A

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1. Reason for report

This report advises Members of the Government's changes to Planning Policy Statement 3 Housing (June 2011) that updates the definition of affordable housing to include affordable rented housing. Consequently, an addendum to the Council's Adopted Supplementary Planning Documents (SPDs) on Affordable Housing and Planning Obligations has been produced to update the definition of affordable housing and forms Appendix 1.

Additionally, the report advises Members of the Early Minor Alterations to the London Plan related to housing.

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2. **RECOMMENDATION(S)**

**That Development Control Committee**

- 2.1 Agrees the addendum to the Council's Adopted SPDs on Affordable Housing (2008) and Planning Obligations (2010) updating the definition of affordable housing for the Borough to include affordable rent;
- 2.2 Note the implications for UDP Policy H2 and the potential changes to the housing section of the London Plan through the Early Minor Alterations;
- 2.3 Note the response to the Draft Supplementary Planning Guidance Note on Affordable Housing (GLA, November 2011) and agree that the formal response is agreed by the Chief Planner in consultation with the Committee Chairman for submission by the 3<sup>rd</sup> February 2012 deadline.

### Corporate Policy

1. Policy Status: Existing policy. (amended)
  2. BBB Priority: Quality Environment.
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### Financial

1. Cost of proposal: No cost
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Planning
  4. Total current budget for this head: £3.3m
  5. Source of funding: Existing Revenue Budgets
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### Staff

1. Number of staff (current and additional): 1
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory requirement. Existing Government Guidance
  2. Call-in: Call-in is not applicable.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Borough wide
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

Government Planning Policy Statement 3 (PPS3) Housing (June 2011) has been amended to include affordable rented housing within the definition of affordable housing. A copy of the document has been placed in the Members' room and can also be found on the Communities and Local Government website at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

Copies of the Early Minor Alterations to the London Plan (GLA, November 2011) and the Draft SPG Affordable Housing Note (GLA, November 2011) are also placed in the Members Room or can be found at:

<http://www.london.gov.uk/consultation/early-minor-alterations-london-plan>

<http://www.london.gov.uk/consultation/draft-spg-affordable-housing-note>

#### PPS3 Housing (June 2011)

#### 3.2 Annex B: Definitions of PPS3 have been amended as follows:

Paragraph 1 of Annex B "Affordable housing includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."

#### 3.3 A third paragraph has been inserted defining Affordable Rented housing as follows:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent."

(Footnotes specify: including service charges, where applicable and local market rents are calculated using the Royal Institute of Chartered Surveyors (RICS) approved valuation methods).

#### 3.4 The revisions also highlight that intermediate affordable housing does not include affordable rented housing. PPS3 explains that further guidance on Affordable Rent is set out in the Homes and Communities Agency 'Affordable Homes Rent Framework' document.

#### The London Plan

#### 3.5 The London Plan (July 2011) defines affordable housing in Policy 3.10 in line with PPS3 prior to the above amendments being introduced.

#### 3.6 Following PPS3 changes the GLA have produced **Early minor alterations to the London Plan (Greater London Authority, GLA) (November 2011)** that include changes relating to affordable rented housing. Policy 3.8 Housing Choice (paragraph 3.44) makes reference to affordable rent addressing the same need as social-rented housing and Policy 3.10 Definition of Affordable Housing and paragraph 3.61 includes affordable rent in the London Plan definition in

line with PPS3. Paragraph 3.61 also specifies that the rent required will vary for each scheme with levels set by agreement between developers, providers, the Homes and Communities Agency and in dealing with individual planning applications, the London boroughs.

- 3.7 **A Draft SPG Affordable Housing note (GLA)** was also published in November 2011. Paragraph 2.1 highlights that the note is supplementary guidance to the London Plan and consistent with national policy. Although not having formal development plan status it will be a relevant consideration in taking planning decisions.
- 3.8 The note sets out two key changes since the London Plan Examination in Public in December 2010, the Government's introduction of affordable rented housing and changes to the way affordable housing can be funded. Boroughs are recommended to include affordable rent alongside social rent, for example where a policy specifies 70% social rented and 30% intermediate housing for affordable purposes, with the affordable rented housing being within the 70% social rented.
- 3.9 Boroughs are advised not to constrain affordable housing delivery through definitions and targets (i.e. be confining the sub-market rent proportion to social-rented housing) and to note that most funding for new affordable housing (2011-15) will be targeted towards affordable rented and not social-rented housing.
- 3.10 With regard to the above SPG note it is noted that Boroughs are advised not to constrain affordable housing delivery through definitions and targets. Generally, it is considered that the SPG note also needs to provide further clarification on the following issues; how boroughs require developers to agree a contract prior to a scheme progressing, funding considerations and financial viability issues.

#### **Bromley's Adopted Supplementary Planning Documents Affordable Housing (March 2008) and Planning Obligations (December 2010)**

- 3.11 Bromley's Affordable Housing SPD provides guidance on the implementation of the Council's Unitary Development Plan Policy H2 Affordable Housing. Paragraph 3.6 and Appendix 4 of the SPD define affordable housing for the Borough in line with Policy H2 of the UDP.
- 3.12 The Planning Obligations SPD provides guidance on the Council's general approach to planning obligations and supplements policies of the UDP, including H2 Affordable Housing. Reference is made to the Council's definition of affordable housing in Section 3 Affordable Housing, Appendix 1 Summary of Planning Obligations and Costs, Appendix 9 Affordable Housing Definitions and Interpretations, and Affordable Housing Schedule and Appendix 10 Glossary.
- 3.13 In light of the amendments to PPS3 an addendum is required to both of the Council's adopted SPDs referring to affordable rent within the definition of affordable housing. This should be taken into consideration in the determination of relevant planning applications. Appendix 1 to this report comprises the proposed addendum.
- 3.14 Policy H2 of the UDP can only be revised through the statutory plan process. Importantly though, early minor alterations to the London Plan on affordable rented housing will be a material consideration in assessing planning applications.

#### 4. POLICY IMPLICATIONS

- 4.1 The updated definition of affordable housing will be taken into consideration in the development of forthcoming policy documents including the Core Strategy / Local Plan, any replacement SPDs and the assessment of relevant planning applications.
- 4.2 The affordable housing policy (currently Policy H2) will be statutorily updated through the Core Strategy / Local Plan process.
- 4.3 It should be noted that Table All.1 'Financial contributions payable by the developer' (Appendix 2, Affordable Housing SPD) will need to be updated in the near future because the figures included relate to social-rented housing units.

#### 5. LEGAL IMPLICATIONS

- 5.1 The updated definition of affordable housing will need to be applied to future Section 106, Bi-Lateral and Unilateral Agreements where applicable.

<b>Non-Applicable Sections:</b>	Financial, Personnel
<b>Background Papers</b>	PPS3 Housing (June 2011) London Plan (July 2011) Early minor alterations to the London Plan (Greater London Authority, GLA (November 2011) Draft SPG Affordable Housing note, GLA (November 2011) Adopted Supplementary Planning Document Affordable Housing (March 2008) Adopted Supplementary Planning Document Planning Obligations (December 2010) Adopted Unitary Development Plan (2006)