



**Report for:
ACTION**

Item Number: 7

Contains Confidential or Exempt Information	Yes: Appendices 2, 3, 4 and 55 are exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972
Title	Delivery Strategy for 2,500 Genuinely Affordable Homes
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Portfolio(s)	Cllr Mason, Housing
For Consideration By	Cabinet
Date to be Considered	16th October 2018
Implementation Date if Not Called In	29 th October 2018
Affected Wards	All
Keywords/Index	Affordable housing, social housing, development

Purpose of Report:

Ealing is looking to substantially increase the delivery of homes to deliver a minimum of 2500 genuinely affordable homes over the next four years, as well as meet government and GLA housing targets. This report sets out the options and seeks agreement on a strategy, plans and work streams to deliver these ambitions. The report also provides details regarding a funding bid made to the GLA for grant and additional HRA borrowing to support these plans.

1. Recommendations

- 1.1 To approve the strategic approach and delivery plans for 2,500 genuinely affordable homes set out in s.6 onwards of this report.
- 1.2 To note that a bid has been submitted to the GLA to secure GLA affordable housing grant as part of the Mayor's Affordable Homes Programme.
- 1.3 To delegate authority to the Executive Director of Regeneration and Housing following consultation with Executive Director of Corporate Resources and Director of Legal and Democratic Services to take any necessary steps to secure GLA affordable housing grant including entering into any grant agreements necessary to secure the funding.

- 1.4 To delegate authority to the Executive Director of Regeneration and Housing, following consultation with the Director of Legal and Democratic Services to draft and consult on an intermediate tenure allocations policy, setting out Ealing's priorities for allocation, in addition to the GLA's eligibility criteria to support Ealing households who aspire to buy within the next 5 years.
- 1.5 To note that a further report will be brought back to Cabinet to consider and approve the intermediate tenure allocations policy.
- 1.6 To note and approve the Affordable Housing Statement at Appendix 1 to inform discussions with developers.
- 1.7 To note the council investment required (through the General Fund Account and Housing Revenue Account) alongside the GLA Affordable Housing Programme grant and HRA Borrowing funding to deliver Ealing's Affordable Homes delivery programme over the next 4 years.
- 1.8 To note that subsequent budget updates, via the council's annual GF and HRA Budget Reports, will seek approval from Cabinet to support financial resource allocation, in light of the MTFS position, to deliver the strategy for 2,500 Genuinely Affordable Homes.
- 1.9 To approve the proposed change in approach for 21 units at Copley Close Phase 4 (originally approved for disposal to Broadway Living as presented in July Cabinet report titled 'Copley Close Estate Regeneration Project - Disposal of Homes to Broadway Living - Funding Approval') and to now retain the units within the HRA as set out in paragraph 11 of the report (subject to GLA funding be secured).
- 1.10 To delegate authority to the Executive Director of Regeneration and Housing, following consultation with Executive Director of Corporate Resources and the Director of Legal and Democratic Services to incorporate another company as a delivery vehicle to support the delivery of genuine affordable housing as presented in section 6 of this report.

To note and agree that the role of Shareholder Representative for Broadway Living Ltd be moved from the Chief Executive to the Executive Director of Regeneration and Housing.

Reason for Decision and Options Considered

2. Background

2.1 The lack of affordable homes in Ealing and wider London is a key issue affecting residents' quality of life and well-being. Homes to buy and rent in the open market are increasingly expensive and unaffordable to many households. Genuinely affordable homes, such as low-cost rent and intermediate homes to buy, play an important role in supporting residents' aspirations.

2.2 Ealing Council has a very ambitious target to deliver 2,500 genuinely affordable homes over the next four years, including both starts and completions, which is embedded in the new Corporate Plan. “Genuinely” affordable homes are defined as those at Social Rent, London Affordable Rent or London Living Rent. Other intermediate housing to buy or rent may be included where housing costs take up no more a third of gross household income (in line with the rent setting methodology for the GLA’s London Living Rent product).

2.3 In order to achieve the target of providing 2500 genuinely homes, all parties, including the council will need to substantially increase their delivery from currently building a forecasted average of 275 homes per year to 625 per year over the next 4 years. This presents an increase of 350 per annum.

2.4 The current projections for the next 4 years show a sizable number of other affordable housing tenures in the pipeline which are below market prices and rents. These homes are predominantly shared ownership and discount market rent which need further analysis at scheme level to see if the housing costs could be within 1/3rd of income therefore meeting a ‘genuinely affordable housing’ consideration and therefore likely to directly impact on the council’s homeless costs or indirectly and support those on low or very low incomes.

Table 1: Total forecast affordable completions 2018-22

Forecast Completions by year	Social and London Living rent ex Regen estates (genuinely affordable)	Rented completions on regen estates (genuinely affordable)	Shared ownership completions on regen estates	All other affordable tenures*
2018-19	365	330	100	662
2019-20	37	0	0	43
2020-21	55	51	17	213
2021-22	103	160	28	269
Total	560	541	145	1187

*includes: shared ownership, discount market sale, discount market rent and intermediate rent

3. The need for genuinely affordable homes in Ealing

3.1 Like other London boroughs, Ealing has a high demand for genuinely affordable homes with 14,110 households on the housing register, as of September 2018. There is a long wait and only the highest priority applicants are likely to be rehoused. Around half of applicants do not stand a realistic chance of ever being rehoused. Ealing’s recent (2018) Strategic Housing Market Assessment identified a need for a minimum of 34% family sized, 3-4 bedroomed affordable homes provision, which Ealing’s affordable homes programme aspires to deliver

3.2 Social rented homes are very limited in availability and there is a low stock turnover with 526 lettings to new tenants in 2017/18. While the GLA statistics show that an annual average of 322 new affordable homes were completed in the borough over the last 5 years (13/14 to 17/18, GLA), Ealing lost an average of 101 social rented homes per year through Right to Buy sales during the same period (MHCLG live statistics), making it difficult to keep up with demand.

3.3 Homelessness has risen mainly due to welfare reform and an increased reliance on the private rented sector. The end of a private sector tenancy is now the biggest cause of homelessness (60% in 2017/18). There are currently around 750 homeless acceptances per year and 2,400 households in temporary accommodation.

3.4 The GLA's range of affordable housing products play an important role in supporting the many residents who are unable to purchase or rent on the open market, ranging from those experiencing homelessness to those working households who are struggling to buy or rent. The GLA's low cost rental products, particularly London Affordable Rent, are affordable to the majority of Ealing residents, including most households reliant on welfare benefits. London Living Rent is also affordable to most households. London Shared Ownership properties tend to be less affordable and suitable for higher income households, but offers an attractive alternative to renting privately, which has similar costs.

Table 2: Case Study-affordability of different tenures in South Acton Ward for a 1 bed home (average ward unequivalised h/hold income, £39,250, CACI 2018)

Housing type	Monthly rent/purchase cost	Minimum h/income required (third of gross h/hold income)	Percentage of h/holds within ward who can afford
Council Social Rent	£368 pcm	£13,263	97%
London Affordable Rent	£650.13pcm	£23,404	82%
London Living Rent	£912 pcm	£32,832	58%
Private Rent	£1,345 pcm	£48,420	37%
Shared Ownership (example from Acton Gardens-L&Q)	£455,000 25% purchase= £113,750 Rent £569 plus £142.40	£47,445 (min income specified by RP)	37%
Home purchase	£366,276	£66,204	10%

4. Ealing Council's affordable housing delivery record

4.1 The council has a proven track record of delivering affordable housing directly and enabling the market through partnerships and the planning system. This has secured support and investment from developers, Housing associations and funders such as the GLA, with over £1.3 billion of investment already secured across the council's newbuild and regeneration schemes.

Council New Build

4.2 The Council New Build Programme: has built 566 homes since 2011 the majority of these being providing secure tenancies and adding to the supply of council housing. These homes are built on a collection of sites where the land was formerly garage sites fallen into dereliction or infill opportunities where the land was unused or attracted antisocial behaviour. The Council has built up a small team of staff with expertise to identify land, consult stakeholders, commission designs and obtain planning permission and manage the building of new homes right up to the handover of keys. In addition, the team has successfully bid for grant, used Right to Buy receipts, s106 money, HRA borrowing and built homes for sale to cross subsidise affordable housing. Early council house building was situated on council land relatively easy to identify for house building but now such opportunities are more difficult to find and require creative engagement with adjacent land owners or partnerships such as that formed with Hills to deliver 297 homes 112 of which are delivered as social housing.

4.3 Broadway Living Ltd is a council owned company, set up to develop homes for market rent and affordable rent. Development under this company has complimented council new build funded through the HRA by providing a further source of investment via the council's General Fund. We have also developed a strong brand through Broadway Living that symbolises a reliable and trustworthy landlord and developer. All council homes are sold under this brand which has also won an award for such as the Evening Standard First Time Buyer award for best show home, The London Planning award for Best Conceptual Project and the Homes and Property award for Best First Time Buyer Apartment. Over the next 5 years, Broadway Living has a pipeline to build a minimum of 740 new homes for local residents in the borough. Perceval House and Greenford Green will deliver 433 of these homes. Currently, three schemes are in management, totaling 43 homes, with further developments to start during 2019/20.

Estate Regeneration

4.4 Ealing has tackled its most challenging estates through partnership with developers and housing associations leading to the delivery of regeneration schemes to demolish 3,500 old homes and building some 5,500 new homes of mixed tenure housing. Nine estate regeneration schemes are underway, three led by the council (Copley, Golf Links and High Lane) the remainder through partnerships between developers and Registered Providers. Housing regeneration continues to be an important part of attracting much needed investment in public housing and wider place making ambitions. South Acton and Green Man Lane Estates are two successful and multi award winning examples with development over a third complete.

4.5 We will continue to work with partners to secure the backing of residents, if necessary through ballots, which have recently been introduced as a GLA funding requirement. We will continue to encourage good design through planning and support public funding to boost the numbers of genuinely affordable homes.

5 Approach to delivering the 2500 Genuinely Affordable Homes

5.1 Delivering at least 2,500 genuinely affordable homes over the next four years (started or completed) is very challenging target for the council, but achievable. There are a range of different areas where the Council can act to increase the level of affordable housing delivery. This plan proposes that we pursue all measures from those that are less interventionist, such as attracting investment, to more interventionist measures which seek to shape the market, such as changing the local planning framework, and potentially assembling and/or purchasing sites in the future to expand our council house building programme.

a. Inward Investment and delivery by the private sector

5.2 The majority of development in Ealing is undertaken by the private sector. To achieve our ambitious plans to deliver genuinely affordable new homes, new jobs, infrastructure and growth on a larger scale than before, it is essential that the Council works closely with the private sector. The council will need to use its powers, tools and levers to directly steer and influence development by the private sector, in terms of the scale, pace, design and geography of new development and housing.

5.3 Ealing has a very strong positive reputation for the delivery of regeneration and development in London. It is seen as one of the best boroughs for delivering new homes and jobs by both the development community and key stakeholders such as the GLA. This is due to the positive, proactive, clear approach Ealing Council has taken to dealing with development and embracing innovative schemes, new types of housing and having a clear and ambitious vision for improvement in the borough. Developers have many opportunities to invest and undertake development and one of the factors in their decision making is the attitude of the local authority to working with developers to deliver shared objectives and clarity of decision making. For the past 10 years Ealing Council has been very proactive in working closely with developers and investors and in marketing the borough. The council created “Ealing in London” as a marketing brand and a partnership between the council and key stakeholders; developers and landowners.

5.4 As a result of the proactive approach taken by the council, there is currently more than £5bn of investment, primarily from the private sector, into developments in Ealing. This is delivering the significant developments of Southall Waterside, Greenford Green, Filmworks, Dickens Yard, The Oaks, North Acton developments and 9 housing estate regeneration schemes. Planning consent for more than 10,000 homes* has been given in the past 3 years. (*on major sites of over 50 units).

5.5 There is evidence of a cooling in the housing market and some nervousness from developers about Brexit and this is likely to have an impact on developers' and investors' decisions about where and how much to invest. It is important that now, more than ever, Ealing continues to work closely with the market. We saw evidence of the benefits of this when we continued to promote Ealing and work proactively during and following the 2009 economic crash. A future possibility is that the council considers assembling sites and/or purchasing sites on the open market, where this would facilitate the delivery of more genuinely affordable housing and meet the council's criteria for forward funding development opportunities.

5.6 Ealing provides great services to the private sector which encourage investment and bring forward development at a faster rate than would otherwise be the case. For example, the planning process for the Greystar development at Greenford Green, a site of c.2000 homes, was completed in just one year, one of the fastest times that a planning application has ever been achieved in the UK on a development of this scale.

b. New Approach to Planning and Affordable Housing

5.7 The planning process enables the council to have some control over the amount of affordable housing that is required to be developed within housing schemes. The council needs to set planning policy for affordable housing within the context of national planning policy and the London Plan. At a local level, the requirements and policy for affordable housing should also reflect the local needs and demands for housing.

5.8 The council's current planning policy for affordable housing is as follows:

"On all developments capable of providing 10 or more units, affordable housing will be negotiated on the basis of a 50% provision at a 60/40 split of social or affordable rented accommodation to intermediate provision".

5.9 Where developments are not able to provide this level of affordable housing, an appraisal is required to be submitted to demonstrate that the development would not be viable, unless the affordable housing provision is less. This practice has led to no private sector developments achieving policy compliant affordable housing provision and a protracted process of assessing viability appraisals and negotiating percentages and mix of affordable housing at a late stage in the planning process. This may not always lead to the best possible outcome from a development.

5.10 With the overwhelming need to increase the amount of affordable housing developed in the borough, the Council proposes to change its planning policy in the forthcoming local plan to reflect new evidence from the Strategic Housing Market Assessment (SHMA) and Strategic Housing Land Availability Assessment (SHLAA). The adoption of new planning policy will take about 18 months so in advance of this the council has developed an Affordable Housing Statement (AHS) to provide clarity and guidance about its expectations in relation to affordable housing.

5.11 It is proposed that this guidance will be provided to all developers in pre-application planning discussions and applicants will be expected to consider and present their affordable housing number and mix early in the planning process. The AHS is attached in Appendix 1 and the key points are set out below:

Ealing's Approach to Affordable Housing

- **Schemes should aim to provide 50% affordable housing**

- **Other than on those sites identified below, a viability assessment will be required where either the 35% AH threshold is not met or exceeded or where the tenure mix is not consistent with LBE's policy approach.**

- **On other sites involving:**
 - **Public sector land or**
 - **Strategic Industrial Locations/Locally Significant Industrial Sites or**
 - **Other industrial sites deemed appropriate to release for other uses,**

- **A viability assessment will be required where either the 50% threshold is not met or exceeded or where the tenure mix is also not consistent with LBE's policy approach**

- **In the interests of transparency, the Council will publish Viability Statements alongside other application documents submitted with a planning application. Applicants must provide a second redacted copy (concerning information that is considered commercially sensitive) if appropriate.**

- **Affordable provision should comprise:**
 - **60% Social Rent/London Affordable Rent,**
 - **30% London Living Rent or other intermediate housing products which require no more than one third of household income to be spent on rent, mortgage and service charges.**
 - **and the remaining 10% a combination of Discount Market Rent/Discount Market Sale/London Shared Ownership.**

Ealing considers 'genuinely affordable' housing to be 'council, social and London Living Rent. And intermediate' tenures that cost no more than one third of average income.

The Council will work with developers to use grant to increase the proportion of affordable offer and/or to improve the product split.

5.12 The AHS is intended to bring additional certainty to the council's planning position when negotiating affordable housing and the tenure mix of any scheme with a developer. There is some risk associated with this approach:

- A developer (or any other person) may challenge a planning decision based on this Statement on the grounds that it is over and above the requirements of existing Development Plan (Ealing's Local Plan or the Mayor's London Plan) policy.
- The developer may not agree to the tenure mix put forward by the Statement and may seek to appeal a council's failure to determine the application (within 13 weeks) or appeal a refusal of planning permission on affordable housing grounds
- The protracted negotiations may cause further delay to the consideration of strategic regeneration schemes.
- The position may discourage schemes coming forward if they are marginal in relation to viability particularly in a weakening economic climate.

5.13 The AHS has been carefully worded to ensure that the suggested tenure mix will not fall outside the requirements set by existing policy (including the emerging London Plan), to minimise the potential for legal challenges. Whilst a judicial review of a planning decision or appeal can never be ruled out, the wording is sufficiently robust to counter any arguments in this respect.

5.14 In relation to delays, the whole process of implementing this approach is to convey the council's position on affordable housing in a clear and timely manner. The AHS will be used in negotiations undertaken at the pre-application stage and will be considered alongside other policy considerations during the course of any planning application.

5.15 Viability will continue to be a main consideration in any housing scheme. When prospective developers become aware of the Council's requirements, they can build these requirements into their viability analysis early in the process and thus avoid protracted negotiations. In addition, the Council recognises that it is important to consider viability as part of the overall deliverability of developments and that enabling housing to be delivered at scale and pace is critical to ensuring that significant numbers of affordable homes are completed. The negotiation of affordable housing will always be considered alongside many other factors about the development. Some developments may deliver other important objectives such as infrastructure and community facilities that are required to support growth in the borough. The provision of these facilities will be balanced with the provision of affordable housing to ensure that the borough develops with all the infrastructure required to create a high-quality place which meets the needs of local residents and businesses.

c. Partnerships

5.16 Ealing has a good track record of working with developers and housing associations, who have proved to be positive and proactive partners in delivering affordable housing. Housing association provision will form a significant part of the programme and we plan to continue our work with them to maximise delivery, and encourage and support them to build genuinely affordable homes.

5.17 We intend to work with partners on a tailored basis on specific sites to increase the provision of genuinely affordable homes. We also seek to form more strategic relationships with those developers and housing associations who are most aligned with our aims and influence partners to deliver more of the tenures we need in Ealing.

5.18 The council can support partners who share our aim of delivering more genuinely affordable housing in a number of ways:

- **Access to council land and use of CPO powers.** For example, the council recently announced a partnership with Peabody on The Green in Southall, based on a proposal to deliver 50% affordable housing, the majority of which at low rent.
- **Provision of additional subsidy.** For example, Ealing has offered direct subsidy to organisations to lower rents or deliver more affordable housing for Ealing residents.

5.19 In addition, we are encouraging and supporting partners to come forward with proposals to increase the number of genuinely affordable homes on existing regeneration schemes. We believe there is considerable potential to increase the number of affordable homes at Acton Gardens with Countryside/L&Q and also on the Havelock estate with Catalyst housing association.

5.20 We also seek wider strategic partnerships that result in potential tenure changes away from more market orientated schemes towards genuinely affordable rented provision. This might be timely, in light of the current lacklustre housing market affecting sales in Ealing. This could be a useful source of genuinely affordable homes, given the large numbers of shared ownership planned in the borough.

d. Ealing Council as an Investor

5.21 Ealing Council will also seek to acquire homes in the market to hold and operate at a more affordable level. This gives some of the benefits of direct delivery, such as control over who is housed, rents and tenancies, but without the attendant development risk. Typically, the council will seek to do this through Broadway Living.

5.22 The council may acquire homes secured and built through a developer's S106 agreement, especially where the council is able to run intermediate tenures at more affordable levels. An example of the council doing this is with the proposed acquisition of Westgate House via Broadway Living, where the council proposes to make 18 homes available for rent at genuinely affordable levels and sell 8 for shared ownership (see the Westgate House report on this agenda).

5.23 Given the weakening of the property market, it may be an opportune time for the council to enter into agreements with developers at the beginning of the development process. This may help de-risk schemes for some developers and allow them to bring forward schemes faster, as well as a route to the Council delivering more genuinely affordable homes.

e. Direct delivery

5.24 To meet this ambitious target the council also needs to significantly expand its own programme of direct housing delivery.

5.25 The routes to increasing affordable housing delivery above all rely on the actions and responses of the private market and registered providers, where the council has some influence but little control over delivery. Given that the housing market is weakening, it may well be the case that this output reduces. By developing a greater proportion of homes directly, the Council has greater certainty over the delivery pipeline. As a public sector body, not reliant on commercial income, the Council is less affected by market cycles than other developers.

5.26 There are also other advantages:

- The council has greater control over the types of homes build, rents charged, types of tenancies and those who are housed.
- The council can currently benefit from higher levels of GLA subsidy than some housing associations, therefore making it financially more viable for the council to deliver lower rents.
- The council already has a pipeline of existing development, more of which can be built out in genuinely affordable tenures, subject to funding.

5.27 In addition to the existing plans, the council has examined an extensive range of sites in its ownership to assess their potential for housing and their potential for increasing genuinely affordable housing.

5.28 The council may seek to purchase land and undertake land assembly as other local authorities are doing. The council has previously set aside funds to do this. However, the current programme consists entirely of council owned sites. This reduces risk in our programme and the significant costs of land. There is an opportunity cost in that sites used for housing will reduce the contribution the council's asset base can make to the MTFs, either through the generation of commercial income or one-off disposal for a capital receipt.

5.29 The sites being examined include:

- Existing council housing land
- Increasing the amount of genuinely affordable on estate regeneration schemes.
- Corporate assets already identified as potential housing sites.
- The Broadway Living housing pipeline
- Older persons housing sites

5.30 This creates a maximum potential housing pipeline of:

Table 3: Total Ealing Council direct delivery pipeline

PROGRAMME	NO.OF HOMES
LB Ealing	3100
TOT	3100

5.31 However, given the complexity of some of these sites and the lead-in times for development (especially where existing homes are currently occupied), we have identified a realistic, but still very ambitious, development pipeline to either start or complete within the 4-year period of 2017/18 to March 2022.

GLA (Building Homes for Londoners) Bid

5.32 The GLA is making significant levels of grant funding available to councils to develop new affordable homes. In addition, the GLA is proposing to allow local authorities to increase their ability to borrow within the HRA to increase capacity. These are welcome changes that will make a considerable difference to the homes councils can build and the number of affordable homes.

5.33 Ealing has been encouraged to bid ambitiously for grant and additional borrowing capacity, as an authority with an existing delivery track record even under a less favourable funding regime.

5.34 Ealing Council has very recently finalised a funding bid. Table 5 shows the maximum potential bid, but this may reduce following further refinement and negotiation with the GLA. No binding contracts have yet been entered into at this stage, but authority is sought to enter into the necessary grant agreement/s once discussions and negotiations with the GLA have concluded.

5.35 Members will note that this represents not just a significant increase in output but a very rapid increase in output to deliver within a 4-year timescale. If members agree with this element of the delivery plan, then the council will begin to mobilise new and existing resources to hit these challenging development milestones.

Table 5: Ealing (Building Homes for Londoners) GLA bid, September 2018

Tenure	AHP bid-number of homes
London Affordable Rent	934
London Living Rent	71
London Shared Ownership	133
Total	1138

5.36 We may not receive the full grant allocation requested or the tenure mix proposed, as funding will be spread across London and competition for grant is likely to be strong. Nevertheless, we are optimistic of a significant injection of subsidy. Once a bid is agreed with the GLA, and the council has entered into the necessary grant agreement/s the council will be contractually obliged to deliver the agreed programme.

5.37 The programme is not without risk. Some sites are further from delivery than others, e.g. development agreements and planning are yet to be signed and secured on some sites and some sites on regeneration estates will need positive resident ballots to secure GLA funding. This is the subject of other cabinet papers.

5.36 We will in addition, bid for greater HRA borrowing headroom to allow us to deliver more homes in the HRA, however, this will still not be sufficient to fully deliver the pipeline. This is addressed below.

5.38 Officers will seek to begin the development of sites in addition to those identified in the GLA funding bid. This is to allow for substitutions into the grant funded programme should any of the listed schemes stall which will reduce the risk of being unable to meet grant funding timescales. In addition, there may be opportunities to attract additional grant funding to increase our delivery programme. If additional grant subsidy is not forthcoming from the GLA for newly identified sites, these sites will be developed as mixed tenure schemes with sales cross subsidising the provision of genuinely affordable housing.

5.39 Without certainty of grant subsidy into this pipeline, it is prudent to assume at this stage that there will be an increased requirement for council resources to support the programme. This risk is outlined in the financial section (s.8) of the report.

6 Affordable Housing Delivery Options

6.1 There are two ways the council proposes to deliver the pipeline of homes.

Housing Revenue Account (HRA)

6.2 Delivery through the HRA is the simplest and best understood route to building new homes. We are proposing to develop homes that are already on housing land predominantly through the HRA. The council is the landlord directly and the homes built through this route would join our existing council housing stock.

6.3 Development within the HRA has been limited by the restrictions on HRA borrowing. However, the government's recent announcement to abolish the HRA borrowing cap is expected to provide some additional flexibility in future years. Full details of how this will operate will follow, although it is expected this will involve bidding for funding to enable government borrowing to be controlled. There are two main options as to how the government could implement this:

1. Remove the caps within current borrowing rules
 - no major change in the current financial regime
 - but new borrowing counts towards government debt
2. A change of borrowing rules to those that apply internationally (see below)
 - removes LA housing borrowing from the main measure of government debt
 - LAs would need to rely on the financial markets as housing associations do
 - LA housing businesses operate within the same market disciplines that apply to HAs

Homes within the HRA will remain tightly regulated with less flexibility for the council to determine rents, tenancies and use of stock.

Broadway Living

6.4 Local housing companies are an increasingly common way for local authorities to deliver housing and Ealing was one of the first to innovate this way in its establishment of Broadway Living in 2014.

6.5 Broadway Living's main purpose was to provide intermediate affordable and market homes to support the council's regeneration schemes, such as Copley Close. It has a track record of delivering homes across a range of tenures and has won a number of awards for its homes, such as the Evening Standard First Time Buyer award for best show home, The London Planning award for Best Conceptual Project and the Homes and Property award for Best First Time Buyer Apartment.

6.6 It is proposed to convert some of Broadway Living's current pipeline of homes into more affordable housing tenure types and develop a range of additional sites through Broadway Living. This will be made possible by the injection of additional funding, either from the GLA or other sources.

6.7 The advantages of developing and holding homes through Broadway Living are:

- A significant portion of the council's proposed 'genuinely affordable' pipeline is already part of the Broadway Living programme and this is the simplest and more efficient delivery route.
- There is insufficient capacity within the Housing Revenue Account to develop a programme of this scale.
- The council has greater flexibility over the homes in the Housing Revenue Account and how they are used.
- It is possible to attract external private sector finance into companies like Broadway Living to increase capacity and reduce reliance on Council borrowing.
- If the company generates a surplus, this can be returned to the Council's general fund to support council services or other investments in the borough.

6.8 If GLA funding is secured, the GLA will require the landlord of the properties to be a registered provider (RP). An RP is an organisation regulated by the Social Housing Regulator. To be able to accept government grant, an RP must meet a range of financial viability and governance standards determined by the regulator. Appendix 2 sets out the options for establishing a company which is also an RP, detailing the advantages and disadvantages of different models.

6.9 At present, it is thought that the best option is likely to be to create a RP as a subsidiary of Broadway Living. The RP subsidiary would receive grant funding and hold the homes. The council controls Broadway Living as sole shareholder and sole funder, although operational decisions are made by Broadway Living's Board and would be made by the new subsidiary's board. The advantages of this approach are:

- It allows Broadway Living to continue its current mixed tenure activity separately from grant-funded genuinely affordable housing.
- It is quicker and simpler to register a new entity rather than change an existing company where there is already market orientated activity taking place.

6.10 However, there are additional options and further work is required to finalise the approach, including detailed legal advice and further consideration of the financial and tax implications. This report asks for delegated authority to consider the options in more detail and implement the most advantageous structure to achieve the council's aims.

7 Other Considerations

Copley Close

7.2 At Cabinet in July 2018, members approved the sale of 21 units from the council to Broadway Living to be let at a discount market rent. Since this time, there has been considerable liaison and negotiation with the Greater London Authority (GLA) to secure the Borough's position in relation to new funding streams outlined in the GLA's Building Council Homes 2018 prospectus. This potential grant funding means that retaining the units in the HRA is now a feasible option financially and will ensure the provision of a further 21 housing units to be let at London Affordable Rent. Authority is therefore sought to retain the units subject to obtaining GLA funding.

Access to other affordable housing options

7.3 This strategy proposes to deliver an increase in genuinely affordable homes with lower rents and costs to residents. This provides greater balance to the existing delivery pipeline in the borough that currently has 1,332 (see table 1) other intermediate affordable homes planned, funded under previous affordable housing funding programmes. Nevertheless, intermediate tenures, such as shared ownership, meet the needs and aspirations of many Ealing residents, especially the majority of residents on moderate incomes who are locked out of homeownership. These homes can support the Ealing economy by supporting key workers, both in the private sector and public sector, to stay in Ealing. Increasing numbers of firms in London report they face challenges in attracting and retaining their workforce due to a lack of affordable housing. Difficulties in recruiting into public sector roles is exacerbated by the lack of affordable housing options for professions such as teachers, social workers and nurses.

7.4 The council proposes to simplify and ease access into affordable housing for those seeking it, by creating a single access point via the council. The present approach is fragmented and unclear to home seekers, with different developers marketing and making available these homes in different ways and on an individual

basis. A single access point will also allow the council to co-ordinate more easily with business and public service to attract and maintain the workforce we need.

Allocations Policy

7.5 A review of the priorities and banding of the Allocations Policy is due to be undertaken during 2019 to ensure new legislation and best practice is reflected and to reduce the size of the Housing Register to a more manageable size. This will allow for more intensive work with those households in the highest priority bands.

8 Financial

Funding Strategy

8.1 The delivery of 2,500 genuine affordable homes will require direct financial investment over the 4 years period. This investment will come in as both capital and revenue investment. The strategy is to maximise investment via GLA grant, and to seek commensurate increase in the HRA debt headroom that allows for optimal provision of genuine housing through this channel. In addition, there will be a requirement for continued GF borrowing (and revenue allocation) to fully achieve the ambition.

8.2 All financial consideration (subject to availability) as determined by the budget process will be factored into the MTFS and reflected in the December cabinet budget strategy report.

General Fund Funding (GF)

8.3 Any direct investment required from GF can only be achieved via two means,

- 1) Generation of new savings opportunities that create a savings that allows for direct investment
- 2) Re-prioritising of current capital financing commitments that rely on prudential borrowing

Housing Revenue Account (HRA)

8.4 The HRA currently has its current capital resources, including the borrowing headroom, committed to various capital schemes. The opportunity to apply for funding from the GLA, through grant and increase in the borrowing headroom together with the recent government announcement of plans to abolish the HRA borrowing cap, will allow for additional resources to be allocated to new schemes within the HRA.

8.5 Nonetheless, the Finance team will need to further assess cash flow implications, in particular, where schemes initially intended for sales and now being retained for rental income, such as on Copley. This will require the HRA capital resources to plug the financing gap from not receiving the capital receipts and provide the cash flow until future funding is received. Depending on the tenures being delivered the HRA will also be required to subsidise any shortfall in funding through its borrowing headroom and account for the costs as indicated in 8.6 below.

8.6 Just in the same way as the GF, any additional borrowing carried out within the HRA will result in further pressures on the revenue account as MRP and interest will need to be provided for. Whilst currently the HRA is sufficiently capable of meeting its expenditure commitments from the rental income the account generates, this may need further reviewing in the medium term to support additional borrowing.

Creation of an Affordable Housing Company

8.7 The creation of a council owned affordable housing company will provide an additional avenue through which the affordable homes can be delivered. Prior to creation of this company, the council shall seek professional tax and state aid advice along with carrying out the right internal reviews on funding options, depending on the type of structure chosen.

8.8 Whilst the funding capability within the HRA and GF are constrained and are unlikely to support the entire delivery of the housing strategy, other opportunities are also available such as the use of a council owned Affordable Housing Company. This will allow the council to structure schemes with the right mix of affordable housing and markets sales units to generate sufficient rental income and capital receipts to support any financing gaps. This will contribute by reducing the pressure on the HRA and GF and increase the ability to deliver the target of 2,500 homes. The right choice of funding solution will be determined by the most financially advantageous solution.

8.9 With the uncertainty of GLA grant award the Council may need to rely more on council's own funding options as mentioned above and re-assess the tenure mixes.

12. Legal

Section 1 of the Localism Act 2011 provides a 'general power of competence' which would allow the establishment of a company for the delivery of the council's housing and strategy. Further detailed legal advice will be obtained prior to the incorporation of the new company.

The GLA has a number of powers under which it can provide grant funding for affordable housing including s19(3) of the Housing and Regeneration Act 2008. Under s19(4) of the 2008 Act such funding may be given on such terms and conditions as the HCA considers appropriate (including provision for repayment, with or without interest).

13. Value For Money

13.1 Increasing the delivery of affordable homes will result in better outcomes for residents and help reduce the delivery costs other services, such as; Adult Social Services, homelessness and temporary accommodation provision.

14. Sustainability Impact Appraisal

14.1 The objective of this work programme is to increase the supply of new, good quality genuinely affordable homes, which are designed in compliance with current environmental and sustainability standards.

15. Risk Management

15.1 As previously stated, this is an ambitious programme. There are a number of risks to this target being met:

Market Risks

15.2 The housing market is weakening, with prices on average falling at present in London. This may mean that less development comes forward from the private sector and that which does come forward may contain less affordable housing. Developers with existing planning permissions may come back to the council seeking to deliver less affordable housing than originally agreed on the basis of reduced viability. The council will have to strike a balance between enabling development to come forward and maximising developer contributions.

15.3 There could be additional market shocks depending on the nature of the Brexit arrangements, with the Bank of England suggesting a property price drop of up to 35% in the event of a 'no deal' Brexit. In such a scenario, the council would be highly reliant on its own grant funded development pipeline. In so far as parts of the Council programme rely on cross subsidy from market sales, this would also be negatively impacted by market volatility. In a deep recession, such as in 2008, it could become difficult to sell shared ownership properties and this would have financial implications for any that the council were developing.

Funding Risks

15.4 There are significant levels of subsidy available to councils and housing associations from the GLA. If these subsidy levels were to change or subsidy reduce, the delivery of affordable housing would be significantly impacted.

15.5 Ealing's programme relies on general fund resources as well as HRA resources. There are a range of risks to the Council's finances as well as the continuing constrained financial position, which could erode the Council's ability to deliver housing.

Policy Risks

15.6 There are a range of policy risks to the programme. Currently, it is proposed that there will be additional HRA borrowing capacity made available to Councils. If this is not forthcoming, it will limit Ealing's capacity to develop the numbers proposed in the HRA.

15.7 The GLA recently made resident ballots a condition of funding on regeneration schemes. On a number of council and housing association schemes, ballots will be required. If these are unsuccessful, the development of increased affordable housing is unlikely to take place in those areas.

15.8 The council proposes to deliver a significant portion of its pipeline through a council owned company. The government's most recent statements have been positive about the potential for council owned companies, but this is a relatively new position and the government has been more guarded previously. If policy change impacted negatively on Broadway Living it would again make the delivery of this quantum more difficult and have financial implications for the council.

15.9 If the council successfully agrees a grant-funded programme with the GLA, it will be contractually obliged to deliver it. If the council is unable to do so for any reason, it may be subject to penalties and reputational damage.

15.10 Changes to the affordable housing rent regime may impact on deliverability. It may impact the viability of the council's programme or Broadway Living if rent regulation or policy depresses rents. Conversely, the government has in the past pushed affordable rents upwards, with many housing associations converting social housing into 'affordable rent' housing at up to 80% of market levels. This would move properties out of the category of being genuinely affordable by the council's definition.

Development Risk

15.11 The biggest area of risk to the council is the development risk in its own programme. Development is an inherently risky endeavour. Ealing Council's programme carries less risk in some areas than that of a private sector or housing association developer:

- Ealing Council is proposing to build on land it already owns or through already identified schemes.
- Although there may be some market housing in the programme, the majority is affordable housing where property price volatility is less significant.
- The council has a secure source of funding for its programme.

15.12 However, the council will carry many of the standard development risks, including:

- Planning not being granted or delayed or the quantum or mix of homes is not achieved.
- Land assembly where other parties own land required for the development (typically on regeneration schemes).
- Sites specific risks, some of which may become apparent during construction, such as land conditions and contamination, historical interest.
- Failure or liquidation of contractors or disputes with contractors.
- Increases in build and material costs during a programme.

15.13 There are established processes for managing capital projects and risks are identified and managed as part of the project management process. Ealing Council already successfully manages risks of this nature in its current programme. Nevertheless, in an expanded programme of this nature, it is inevitable that some schemes will be more successful than others and that some will face significant challenges where the out-turn may not be that which was initially envisaged.

15.14 An additional risk (covered below) is the requirement to recruit the skills and capacity needed to deliver this increase in output an activity and to do so rapidly enough to meet a challenging delivery time frame.

16. Community Safety

None.

17. Links to the 3 Key Priorities for the Borough

17.1 The pledge to deliver genuinely affordable homes is directly linked in to outcome 5 “increasing supply of quality and affordable housing” in Ealing Council’s Corporate “Future Ealing Programme.” Improving the housing outcomes of residents in Ealing also contributes to a range of other important outcomes in the framework, such as increasing household incomes, improving educational attainment and reducing homelessness.

18. Equalities, Human Rights and Community Cohesion

18.1 The overall plans are expected to have a positive impact on the borough by providing additional homes that are genuinely affordable. Detailed elements of these plans and approval for schemes will be taken to Cabinet for decision on an individual basis and Equality Analysis Assessments (EAAs) are undertaken as part of this process.

19. Staffing/Workforce and Accommodation implications

19.1 An increase in output of this scale, especially with a significant increase in direct council delivery and council enabled delivery requires the council to expand its capacity in this area.

19.2 Ealing Council currently delivers its programme with a housing supply team of 7 people with external consultancy support. We have asked our advisors to recommend the level and structure of resource required to deliver 1,138 directly delivered homes and enabling the remainder in the market. In addition, we have benchmarked this potential resource against housing associations and councils delivering similar sized programmes.

19.3 This work recommends a significant expansion of the current housing supply team to around 25 FTE, including senior staff and a director. Given the value of this programme, this is a proportionate resource. This comes at a cost of £1.7-8m. In addition, there will be professional fees and technical expertise employed on a consultancy basis for each individual scheme.

19.4 There are a number of options for funding this expansion. Some funding will be a cost to the council's core revenue budget. Much of this cost can be capitalised into the costs of schemes. Where schemes fall into the housing revenue account, the HRA may bear some of these costs. This will be picked up in the budget process.

19.5 Alternatively, it is an increasingly common model for local authorities to employ staff through arms-length companies and fund those entities through capital investment. It is likely that Ealing will do this to some extent via Broadway Living. If this approach is approved, officers will produce an implementation plan and consider organisational structure, to begin the recruitment process for the skills and expertise required to deliver within this 4 year timescale.

19.6 The market for development and housing professionals is competitive and there is a risk that the council finds it difficult to recruit to these posts.

20. Property and Assets

20.1 This report sets out options and a strategy to meet housing delivery targets and deliver 2500 genuinely affordable homes. The direct delivery programme focuses on existing Council assets and property, as set out above. Most housing delivery will be taken forward by the private sector on non-council land.

21. Any other implications:

None.

22. Consultation

23. Timetable for Implementation

Please include a simple timetable to show the stages and deadlines for implementing the recommendations – preferably as a table – and include a list of measurable aims and outcomes with the date by which they should be achieved.

24. Appendices

Appendix 1: Draft Statement on Affordable Housing in Ealing

Confidential Appendices:

Appendix 2: Savills Report

Appendix 3: London Borough of Ealing – Affordable Housing Delivery Programme

Appendix 4: RP Affordable Housing Delivery Programme

Appendix 5: Ealing Housing delivery plan resource and structure issues

27. Background Information

- Affordable Housing and Viability Supplementary Planning Guidance (SPG), GLA, August 2017
- London Housing Strategy, GLA, August 2018
- The Draft London Plan, GLA, November 2017
- Cabinet report: Item 15, Copley Regeneration Programme – Disposal of Homes to Broadway Living Limited, 10th July 2018
- Cabinet report: Item 16, Copley Close Estate Regeneration Project – Phase 4 Broadway Living Funding Approval, 10th July 2018
- Cabinet report, Item 19, Future Ealing: Property Assets and Neighbourhood Offer Programme, 10th July 2018
- Cabinet report, item X, Westgate House, West Gate, London W5 1YY
- Broadway Living funding approval, 16th October 2018

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Tony Clements	Executive Director, Housing and Regeneration	18.9.18	18.9.18	
Jackie Adams	Head of Legal (Property and Regulatory)	10.9.18	12.9.18	
Catherine Taylor	Head of Legal (Property and Regulatory)	13.9.18		
Nish Popat	Head of Accountancy	10.9.18	11.9.18	
Mark Wiltshire	Director of Safer Communities and Housing	10.9.18		
Helen Harris	Director of Legal and Democratic Services	13.9.18		
Cllr Peter Mason	Cabinet Member for: Housing, Planning and Transformation			
External				

Report History

Decision type:	Urgency item?
Key decision)	No
Report no.:	Report author and contact for queries: David Baptiste: Head of Housing Development

Appendix 1: Draft Statement on Affordable Housing in Ealing

This 'position statement' sets out the Councils approach to the provision of affordable housing requirements in planning schemes that involved residential units above the 10-unit threshold. It is considered appropriate to produce this statement, to officers (and therefore prospective developers) clarity on the Councils 'direction of travel' in the context of:

- The 2018 Ealing Council Labour Manifesto, which sets the objective of delivering 2,500 units of 'genuinely affordable housing' during the 4-year electoral term and which defines these as being of 'council, social and London Living Rent' tenures.
- The emerging West London Strategic Housing Market Assessment (SHMA) which forms part of Ealing's Local Plan review process, that indicates a predominant need for social and affordable tenures over intermediate provision.
- Existing Local Plan Policy.
- The Council's own forthcoming review of Ealing's Development Plan documents, from Autumn 2018 onwards. Given the changing nature of affordable housing products the Local Plan will seek to link the cost of affordable housing products directly to the nature of housing need in the Borough and the product split identified below is an interim approach to achieving this.
- The Mayor of London's emerging policy approach, as set out in the Draft London Plan, (and having regard to the Supplementary Planning Document on Affordable Housing and Viability) regarding overall levels of affordable housing, tenure split and the need for viability assessments.
- The use of grant mechanisms to enhance delivery of affordable housing over and above policy requirements (either by the Council or in partnership with developers or Residential Providers), including the use of HRA funding, the Council's own assets, or GLA housing grant.

The approach set out in this statement will provide further clarity and consistency during negotiations on major residential and mix use schemes. **This position statement is not intended to be considered planning policy.** It complements the existing Development Plan policy framework and should be considered in this context and also as part of a wider delivery strategy for both housing in general and genuinely affordable housing in particular as referred to above.

Appendix 1 sets out the planning policy framework.

Appendix 2 presents a glossary of terms used when considering affordable housing.

Ealing's Approach to Affordable Housing

- **Schemes should aim to provide 50% affordable housing**
- **Other than on those sites identified below, a viability assessment will be required where either the 35% AH threshold is not met or exceeded or where the tenure mix is not consistent with LBE's policy approach.**
- **On other sites involving:**
 - **Public sector land or**
 - **Strategic Industrial Locations/Locally Significant Industrial Sites or**
 - **Other industrial sites deemed appropriate to release for other uses,**
- **A viability assessment will be required where either the 50% threshold is not met or exceeded or where the tenure mix is also not consistent with LBE's policy approach**
- **In the interests of transparency, the Council will publish Viability Statements alongside other application documents submitted with a planning application. Applicants must provide a second redacted copy (concerning information that is considered commercially sensitive) if appropriate.**
- **Affordable provision should comprise:**
 - **60% Social Rent/London Affordable Rent,**
 - **30% London Living Rent or other intermediate housing products which require no more than one-third of household income to be spent on rent, mortgage and service charges.**
 - **and the remaining 10% a combination of Discount Market Rent/Discount Market Sale/London Shared Ownership.**
- **Ealing considers 'genuinely affordable housing to be 'council, social and London Living Rent' tenures that cost no more than one third of average income.**

The council will work with developers to use grant to increase the proportion of affordable offer and/or to improve the product split

Commentary

The approach to the provision of affordable housing remains based on policy – that is the quantum level should be set at 50% of the overall provision.

The reality is that a developer will try and negotiate a far lower amount and since the publication of the draft London Plan Policy this amount has tended towards 35% based on the 'threshold approach' which allows developers to 'by-pass' the submission of a viability statement (and therefore the need for a viability assessment) if the 35% AH level has been met or exceeded. However, this should not be at the expense of an appropriate and policy requirement tenure mix. Thus, LBE will only

apply the threshold approach (and thus accept that a viability statement is not required) where both the level of AH and the tenure mix are acceptable.

Furthermore, grant funding in any form must not be used to make non-compliant schemes compliant with either the 35%/50% quantum's or indeed the required tenure mix. Grant must be used to enhance the level of AH above the relevant quantum threshold or to further increase the proportion of social rent, London affordable rent or London Living Rent.

The approach to tenure mix as set out below, is based on planning policy and recognises the Ealing administration's Manifesto approach towards genuinely affordable housing. It recognises the base policy requirement for 60% social rent AH but also a desire for an additional 30% London Living Rent, thus conforming with the flexibility allowed in the emerging London Plan based on the emerging SMHA, affordable housing should be weighted towards social rent/London Affordable Rent, and London Living Rent

Draft Statement on Affordable Housing in Ealing, Appendix 1: Plan Policy

Ealing's Local Plan Policy

Ealing's policy on affordable housing is set out in the adopted Ealing Local Plan (Development Strategy and Development Management DPD), and by the London Plan (2016 version and its supporting Affordable Housing and Viability SPG).

Development Strategy Policy 1.2(a) sets a strategic objective for at least 50% of housing in the Borough to be affordable 'as defined in the London Plan', over the plan period.

Following this, **DM DPD Policy 3A** requires:

"On all developments capable of providing 10 or more units, affordable housing will be 'negotiated on the basis of a 50% provision at a 60/40 split of social or affordable rented accommodation to intermediate provision'".

Draft London Plan Policy

In line with Ealing's Local Plan and the existing London Plan, **Draft Policy H5** sets a strategic target for London of 50% affordable housing provision.

In addition, **Draft Policy H6** introduces the Threshold Approach for which viability testing is not required. This is a minimum of 35% with 50% for public sector land and industrial sites. i.e. a viability appraisal is not required if 35% or more affordable housing is proposed.

Draft Policy H7 defines the tenure split of affordable housing as 30% social rented/affordable to 30% intermediate provision, with the remaining 40% to be determined by the Borough according to need, but with a presumption towards social rented/affordable accommodation.

Draft Policy H5 Delivering affordable housing

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.

Draft Policy H6 Threshold approach to applications

A The threshold approach applies to development proposals which are capable of delivering more than ten units or which have a combined floor space greater than 1,000 sqm (see paragraph 4.6.14 for exclusions to the threshold approach and 4.6.15 for scheme types with bespoke approaches).

B The threshold level of affordable housing is initially set at:

- 1) a minimum of 35 per cent
- 2) 50 per cent for public sector land
- 3) 50 per cent for Strategic Industrial Locations, Locally Significant Industrial Sites and other industrial sites deemed appropriate to release for other uses (see Policy E7 Intensification, co-location and substitution of land for industry, logistics and services to support London's economic function).

The 35 per cent threshold will be reviewed in 2021 and if appropriate increased through Supplementary Planning Guidance.

Policy H7 Affordable housing tenure

A The Mayor is committed to delivering genuinely affordable housing. 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.

These minimums will be reviewed in 2021, and if necessary, updated through Supplementary Planning Guidance.

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.

Draft Statement on Affordable Housing in Ealing, Appendix 2: Glossary of terms

Affordable housing (draft London Plan)

is Social Rented, Affordable Rented and Intermediate Housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision. This is a broad definition of affordable housing and is consistent with the 2012 NPPF. Paragraphs 4.7.3- 4.7.6 of this Plan set out the Mayor's preferred affordable housing tenures.

Social rented housing (draft London Plan)

is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing (draft London Plan):

is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

Intermediate housing (draft London Plan):

homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

London Living Rent (draft London Plan)

was introduced by the Mayor as an intermediate affordable housing product as part of the 2016-2021 Affordable Homes Programme. London Living Rent is a Rent to Buy product with sub-market rents with minimum 3 year tenancies. Rents are based on one-third of median gross household income for the local borough. The level is based on the borough median, but varies by up to 20 per cent in line with house prices for the ward. The levels have further variation based on the number of bedrooms within the home. London Living Rent aims at helping these households to save for a deposit to buy their own home and landlords are expected to encourage their tenants into home ownership within 10 years by providing an option to buy their home on a shared ownership basis or outright.

END