

Merton Sites and Policies and Policies Plan (the plan) Public Examination

Main matter 5: Affordable Housing

Q5 Affordable Housing: The Council proposes to delete that part of paragraph 2.42 of the justification to Policy DM H3 which sets rent caps on affordable rents. What are the planning reasons for this proposed deletion?

- 5.1 The proposed deletion of part of paragraph 2.42 of the justification to policy DM H3 addresses sustained responses by the GLA that this element is not in general conformity with the London Plan, in line with the requirements of Section 24(4)(a) of the Planning and Compulsory Purchase Act 2004..
- 5.2 In June 2012 the Mayor of London's Revised Early Minor Alterations (REMA) **SP2.2** to the London Plan set out the Mayor's position on affordable rent, consistent with the National Planning Policy Framework (NPPF) (2012) (**SP1.1**)
- 5.3 The REMA (**SP2.2**) revised Policy 3.10 *Definition of affordable housing* of the published London Plan (August 2011). The REMA examination was held in November 2012; the Mayor published the REMA inspector's report (**SP2.3**) and Secretary of State's decision in August 2013.
- 5.4 From 11 October 2013, the Mayor of London published the REMA as part of the development plan for Greater London.
- 5.5 Based on the findings of research into 40,000 homes from the Registered Provider, Circle Anglia (parent organisation to Merton Priory Homes) in 2011, Merton Council initially proposed a policy at consultation stages 2a (**SP4.16**), 3 (**SP4.14**) and pre-submission (stage 4 **SP4.1**) that, in the Mayor of London's opinion, was not in general conformity with the London Plan REMA on affordable rent.
- 5.6 Based on the feedback from pre-submission consultation on **SP4.1** and further consideration of the evidence available, the council is proposing that policy DM.H3 in the *Sites and Policies Plan* (**SP4.1**) be amended to be in general conformity with REMA London Plan (**SP2.2**) policy 3.10. The amended plan can be found as **SP4.3** and the extracted paragraph 2.42 will now read:

There is a wide variation in market rents in Merton. Homes with a rent of up to 80% of market rent could prove unaffordable to applicants in housing need, particularly those needing family-sized homes. In dealing with individual planning applications the council will have regard to **a number of considerations including** Merton's Housing Strategy , ~~and Merton's Interim Policy Statement on Affordable Rent (07 November 2011)~~ and the Council's **Merton's** draft Tenancy Strategy (November 2012). ~~In accordance with Merton's Housing Strategy, the council will only support new housing schemes in Merton where average rent levels across all bed sizes do not exceed 65% of market rent, unless registered providers can demonstrate exceptional circumstances. Affordable~~

~~rent levels for any bed size must not exceed 80% market rent or 65% for larger homes with three or more bedrooms. Affordable rent for all re-let conversions should not exceed 65% of market rent.~~

- 5.7 Correspondence in September 2013 between the council and the Mayor of London (**SP4.12** *Key correspondence with the Mayor of London*) shows that the Mayor of London has stated that this proposed amendment is likely to bring Merton's *Sites and Policies Plan* (**SP4.3**) into general conformity with the London Plan, in line with the requirements of the Planning and Compulsory Purchase Act Section 24 (4) (a).
- 5.8 The position concerning homes with a rent of up to 80% of market rent could prove unaffordable, in certain parts of the borough, to applicants in housing need in Merton remains unchanged. However the council considers that the proposed deletion provides a flexible approach, where rent levels are determined on a scheme by scheme basis, enabling a range of rents to be agreed across the borough, taking account of both scheme viability and affordability.