

Affordable Housing Statement

Mixed Use Development

City House, Sutton

February 2024

Introduction

1. This Affordable Housing Statement supports the planning application by Macar Living (City House) Ltd ('the Applicant') for the mixed use development at City House in Sutton, comprising 70 'build to rent' residential apartments within a building of up to 13 storeys.
2. The purpose of this statement is to explain the affordable housing offer in greater detail, in accordance with Policies H5, H6 and H11 of the London Plan (March 2021).

Unit Mix

3. The proposed unit mix is shown below:

	1-bed	2-bed	3-bed	Total
Total	11	55	4	70
Percentage	16%	79%	6%	100%

Amount & Tenure

4. For financial viability reasons, 15% of the dwellings, by habitable room, are proposed as affordable housing.
5. The proposal is for a 'build to rent' scheme, and hence the affordable housing would be within the Discounted Market Rent tenure, with 30% at London Living Rent levels, and the remaining 70% at a range of genuinely affordable rents, up to 80% of market rent (subject to the below affordability caps).

Affordability

6. In any event, the combined rent and service charge would not exceed 40% of net household income, based on a gross household income of £60,000 per annum. For a single income household, in 2023/24, this equates to £1,462 per calendar month, for a two income household (split 50/50) it is £1,628 per calendar month, and for a three income household (split 33/33/33) it is £1,762 per calendar month.
7. The 2023-24 London Living Rent, per calendar month, for this Ward (Sutton Central) is:
 - 1-bedroom - £1,087
 - 2-bedroom - £1,207
 - 3-bedroom - £1,328

8. The up-to-date market rents identified by the Applicant are:

- 1-bedroom - £1,580
- 2-bedroom - £1,825
- 3-bedroom - £2,170

9. Accordingly, for units at the affordability cap, the discount to the market rent is:

	Market Rent	Cap (single income household)		Cap (two income household)		Cap (three income household)	
		Amount	% market rent	Amount	% market rent	Amount	% market rent
1-bedroom	£1,580	£1,462	93%	£1,628	N/A	£1,762	N/A
2-bedroom	£1,825	£1,462	80%	£1,628	89%	£1,762	97%
3-bedroom	£2,170	£1,462	67%	£1,628	75%	£1,762	81%

10. Consequently:

	Market Rent	LLR		80% DMR
		Amount	% of MR	Amount
1-bedroom	£1,580	£1,087	69%	£1,264
2-bedroom	£1,825	£1,207	66%	£1,460
3-bedroom	£2,170	£1,328	61%	£1,736 ¹²

¹ 77% of market rent

² Affordable for three-income households only

11. London Living Rent would already establish units at around 60-70% of the market rent. Hence in order to create a range of genuinely affordable rents, it is necessary for the discounted market rent component to be at between 80% of market rent only. The detailed unit mix is thus:

	Total		LLR		80% DMR	
	Units	HR	Units	HR	Units	HR
1-bedroom	11 (16%)	22	1	2	0	0
2-bedroom	55 (79%)	165	1	3	7	21
3-bedroom	4 (6%)	16	1	4	0	0
Total	70 (100%)	203 (100%)	3 (4.3%)	9 (4.4%)	7 (10%)	21 (10.3%)

12. The affordable units would be accommodated within the whole of the first floor, and part of the second floor, with the LLR units at the first floor only.

Other Provisions

13. This section explains the proposal's compliance with Part B of London Plan Policy H11.
14. The proposed Build to Rent homes would be in single ownership and single management. All proposed units are self-contained and would be let separately. On site management (which is a member of a recognised ombudsman scheme) would be provided, with a complaints procedure in place.
15. There would be no upper limit on the length of tenancies. These would have break clauses for renters, which allow the tenant to end the tenancy with a month's notice any time after the first six months.
16. The scheme would offer rent and service charge certainty for the period of the tenancy, the basis of which would be made clear to the tenant before a tenancy agreement is signed, including any annual increases which would always be formula-linked.
17. Tenants and prospective tenants would not be charged up-front fees, other than deposits and rent-in-advance.
18. The affordable homes would be retained in that tenure in perpetuity.
19. The market rent homes would be retained in that tenure for at least a 15-year period together with a clawback mechanism if the covenant is broken. The appropriate clawback amount would be the difference between the total value of the market rent units at application stage and those units valued on a "for sale"

basis at the point of sale. The local planning authority would be notified of the sale price of the units that are sold and this would inform the market value of remaining units to determine the clawback.

20. The clawback amount would be payable to the local planning authority for the provision of affordable housing in the event that market rented units are sold within the covenant period, which would break the covenant. The clawback amount would not reduce over time to ensure that the covenant remains effective for the full period.
21. In the event that a share of rented units are sold, and the remaining units are retained within the rental market, the local planning authority may determine that the clawback is calculated based on the units sold. The other units would remain under covenant and the clawback would apply at the point of sale if disposed of within the covenant period.
22. An Early Stage Viability Review would be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted or as agreed with the local planning authority. Where the Early Stage Viability Review is triggered, it would take place at the point that the agreed level of progress is reached. Any uplift in affordable accommodation at this early stage would be accommodated on-site. Plans would identify which homes would switch to affordable accommodation in the event of an improvement in viability at this early stage.
23. Where the review identifies a surplus that is insufficient to augment on-site affordable housing then the surplus would be paid to the local planning authority as a financial sum prior to occupation of the development.
24. The Early Stage Viability Review would involve the submission of specified viability information to the local planning authority, such information to be inputted into GLA Formulas 1a and 6.

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