

Booker Cash & Carry, Battersea Park Road, London - Section 106 Agreement
Appellant's position on Intermediate Rent Affordability Criteria

- As a PBSA scheme, there is no policy requirement for the Proposed Development to provide C3 affordable housing. The provision of C3 affordable housing was put forward by the Appellant following pre-application discussions with officers and is a key benefit in terms of providing low-cost rent homes in a range of sizes to meet housing needs in Wandsworth.
- Policy LP23 of the Wandsworth Local Plan allows for intermediate home ownership accommodation (Shared Ownership or Rent to Buy), with an income cap of up to £90,000 per annum. The Appellant could have provided C3 housing in line with this. Indeed, this was the position under the extant scheme and during pre-app for this scheme. Shared Ownership is however typically seen as a less affordable product and Officers expressed strong support for affordable housing provided as a rental product (rather than allowing renters to staircase to full ownership as is the case under Shared Ownership). This is a position also supported by Wandsworth's Local Housing Needs Assessment (2024) which states that the greatest need is for rented affordable accommodation.
- Recognising the Council's strong desire for affordable housing to be brought forward as rental products, the Appellant committed to providing 49% of the C3 housing at social rents in perpetuity (set at target rents in accordance with National Rents Guidance and targeted at renters on low incomes), with the remaining 51% being brought forward as London Living Rent units in perpetuity.
- London Living Rent is an intermediate affordable housing product established by the GLA to work to address the housing crisis. The Mayor publishes benchmark London Living Rent levels for every neighbourhood in the capital, updated annually through his London Plan Annual Monitoring Report (LPAMR). These are based on a third of average local household incomes and adjusted for the number of bedrooms in each home. The LPAMR also sets a wage cap for renters to be eligible to rent a London Living Rent Unit, the wage cap is set reflecting on median incomes in London and is currently set at £67,000 (having been increased in May 2024 from the previous £60,000 that applied since 2017). The target is for housing costs (rent) and financial commitments to not exceed 40% of the maximum wage cap.
- In justifying the May 2024 increase to the wage cap for intermediate rental units, the GLA stated in its LPAMR Review:

"5.4.10 Median incomes have subsequently increased [since the £60,000 cap was set] which has meant that fewer middle-income households have been

eligible for intermediate rent at the £60,000 threshold. Because of this the GLA have reviewed the threshold to determine whether this should be increased.

5.4.11 The London Plan provides for adjustments to be made to household income thresholds through the Annual Monitoring Report. As part of the commitment under Good Growth objective 1, the GLA consulted on a potential increase in the threshold in 2023. Twenty-five respondents were in favour of the higher threshold, with four indicating ‘don’t know’, and one not in favour. Comments were raised that this would make intermediate rent less affordable, however the majority of respondents supported the change on the basis that it would help more people to access intermediate rent, including key workers, and it would improve the viability of development and delivery of more affordable homes.”

- The Appellant has always been clear with LBW that its assessment of the deliverability of the affordable C3 housing and the commitment to 50% social rent / 50% LLR provision is predicated on the London Living Rent levels/wage caps as set by the GLA annually.
- Had the Appellant’s assessment been based on LBW’s significantly lower wage cap (£44,700 as opposed to £67,000) then the affordable offering would likely have been rethought, and the percentage of social rent units may have been reduced in order to ensure the C3 block remains deliverable. Indeed, the level of discounted rents sought by LBW through its much lower wage caps means there is not a huge difference between the low rents charged for Social Rent units and those LBW wishes to see charged for 50% of LLR units. It is questionable whether such units are in fact ‘London Living Rent’ under LBW’s criteria or become a new affordable offering altogether. Again, it must be emphasised this is against a background of a PBSA-led scheme that has no policy requirement to deliver C3 affordable housing at all.
- Having offered the Council a very favourable affordable housing offering above what is required by policy, the Appellant is now being penalised by the Council for its generous offering and being asked to go even further in terms of discounted rents/wage caps.
- LBW’s proposed wording is also not in line with what LBW has agreed for homes offered at London Living Rent on other schemes recently approved in the Borough. See, for example, the Gwynne Road S106 dated 18 February 2025 (ref 2023/4795) that includes the £67,000 income cap:

<p>"Affordability Criteria"</p>	<p>means in relation to the Intermediate Housing Units the criteria for affordability levels for intermediate housing set out in the Council's intermediate affordability policy and in the Greater London Authority's London Plan Annual Monitoring Report 19 (May 2024) requiring that such units are affordable to applicants with a maximum gross annual Household Incomes of:</p> <ul style="list-style-type: none"> (i) £56,200 (fifty-six thousand two hundred pounds) or less for 50% of the Intermediate Housing Units if they are to be provided as London Shared Ownership Housing Units or £67,000 (sixty seven thousand pounds) or less if they are to be provided as Intermediate Rent or London Living Rent; and (ii) £90,000 (ninety thousand pounds) or less for 50% Intermediate Housing Units if they are to be provided as London Shared Ownership Housing Units or £67,000 (sixty seven thousand pounds) or less if they are to be provided as Intermediate Rent or London Living Rent; and (iii) The average housing costs of the Intermediate Housing Units should be affordable to Households with a gross annual income not exceeding £56,200 (fifty-six thousand two hundred pounds) if provided as London Shared Ownership Housing Units or up to £67,000 (sixty seven thousand pounds) if they are to be provided as Intermediate Rent or London Living Rent; <p>AND PROVIDED THAT for all Intermediate Housing Units the total housing costs (including mortgage payments, rent payments and Affordable Housing Service Charge shall not (unless otherwise agreed in writing by the Council) exceed 40% of a Household's net income (calculated as 70% gross Household Income) in line with the Council's Intermediate Affordability Policy and the above affordability criteria assumes that Eligible Purchasers for London Shared Ownership Housing will have a 10% deposit;</p>
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- In addition to the documents referenced above, the Appellant's position is further supported by:
 - London Plan Policy H6 (Affordable Housing Tenure) which states that the following split of affordable products should be applied to residential development:
 1. a minimum of 30 per cent low-cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners on low incomes.
 2. a minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared ownership.
 3. the remaining 40 per cent to be determined by the borough as low-cost rented homes or intermediate products (defined in Part A1 and Part A2) based on identified need.
 - Policy H6 also states where affordable homes are provided above 35 per cent, their tenure is flexible, provided the homes are genuinely affordable (defined in Part A1 and Part A2) and should take into account the need to

maximise affordable housing provision, along with any preference of applicants to propose a particular tenure.

- Local Plan Policy LP23 (Affordable Housing) states that the Council will seek to contribute to securing the Mayor's strategic target of 50% of all new homes to be affordable. Development that creates 10 or more dwellings must provide affordable housing on-site in accordance with the threshold approach set out in London Plan Policy H5 (outlined above). An affordable housing tenure split of at least 50% low-cost rent products, with a balance of other intermediate products, will be required.
- We would note that the Local Plan "policies" referred to in LBW's reg 122 compliance statement are not development plan documents. The 2011 Intermediate Housing Policy has no formal planning status and the Planning Obligations SPD is dated 2020 and refers to affordable policies that are from the superseded Local Plan.