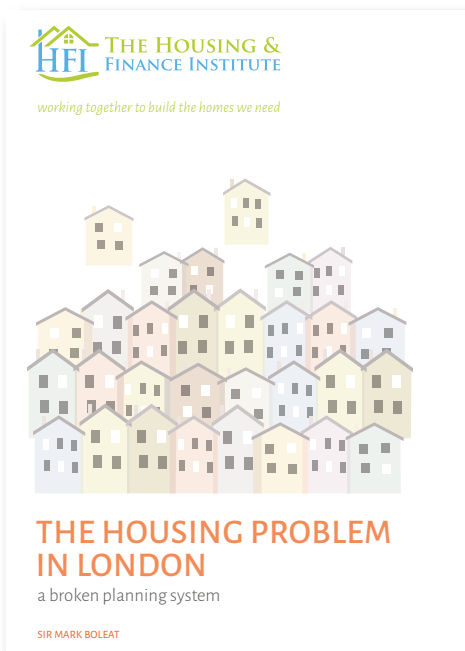


# Housing, housing and housing... and a new London Plan

Minutes of the meeting on 11th December at HTA Design. Our host was Riette Oosthuizen. Includes papers by HTA and Duncan Bowie. Full minute at [planninginlondon.com](http://planninginlondon.com) > LP&DF



Grateful thanks go to our Host Riette Oosthuizen Head of Planning, HTA, and Michael Edwards for the copious notes of the meeting provided to the Secretary who was regrettably unable to attend at short notice.  
– Drummond Robson, Hon Sec LP&DF

To be developed for housing, land must meet four tests:

- 1 It is owned by a developer or capable of being bought by a developer.
- 2 It is in a condition that can be built on, and the necessary infrastructure is in place or will be in place in a timely manner.
- 3 It has or is likely to have the necessary planning permission.
- 4 The housing is capable of being sold at price a that will yield an adequate return to a developer.

Each of these aspects can be problematic, and each carries with it a degree of uncertainty and therefore risk.

The supply of new housing has been restricted by six inter-related factors:

- 1 Policies on land use, particularly in respect of the Green Belt – an oxymoron as much of the Green Belt is not green and much green land in London is not in the Green Belt.
- 2 The imposition of a high tax on house builders through planning obligations, and a planning system geared to the “haves” not the “have nots”, which adds considerably to costs of building housing, including through the imposition of conditions that have to be complied with before building can commence.
- 3 The reluctance of public sector bodies to release surplus land.
- 4 The complex nature of sites that have the potential to be used for house building.
- 5 Inadequate infrastructure provision.
- 6 The nature of the house building industry, which has become increasingly dominated by a small group of large developers, partly in response to the five previous points.

Meeting of the Forum on Monday  
11th December at the new offices  
of HTA Design LLP, 78 Chamber  
Street, London E1 8BL  
Our host was Planning Partner  
Riette Oosthuizen.

#### ATTENDANCE:

Brian Waters (Chairman)  
Amit Malhotra: Telford Homes  
Bob Dolata: Formerly London Borough of Hackney  
Brian Whiteley: Planning Aid for London  
Cheryl Skerrit: Lichfields  
Duncan Bowie: UCL  
James Collister: HTA Jenny McCarthur: UCL

John Lett: Formerly GLA  
Jo Ellingham: HTA  
Johanna Bradford: Cratus Communications  
Judith Ryser: Isocarp/Ugb/Cityscope Europe  
Sir Mark Boleat: Chairman of HFI (and others)  
Michael Coupe: London Society and Coupe Planning  
Michael Edwards: UCL  
Natalya Palit: HTA  
Nick Cuff: Pocket Living  
Nick Hunter: London Forum  
Nicky Gavron: Chair of Planning GLA (Part)  
Rosemary Jenkins: London Borough of Islington  
Shontelle Williams: HTA  
Tom Ball: London Forum  
Apologies were received from Andy Rogers, David Bradley, Jessica Fern, Peter Eversden and Tim Wachter

The Chairman welcomed Sir Mark Boleat, recently chairman of Resources at the City Corporation and author of the Report ‘*The Housing Problem in London: A Broken Planning System*’ derived from a paper he presented to the Housing and Finance Institute. He is its Chairman. Keynotes and something of a résumé of Sir Mark’s Paper are set out above and below.  
“The Green Belt features prominently in the debate about land use and at times seems to be almost as much as a religion as the NHS. There is an assumption on the part of some that the Green Belt is green space open to the public and the only protection against the countryside being concreted over. Some of the facts were usefully set out in a London First report (London First, 2015):

>>>

However, it is fair to point out that the purpose of the Green Belt is to limit "urban sprawl" rather to provide green space accessible to the public. But this does not alter the fact that the effect of the Green Belt has gone well beyond restricting urban sprawl.

"Are developers building too slowly and merely hanging on to land which they then trade and are they manipulating the market for land? It is true that developers do have large land banks – often running to ten years or more, and that land is traded between developers.

However, it is absurd to suggest that developers can each make a profit by trading land between themselves. Holding land has a cost and land values can fall as well as rise. In

London, residential land values fell 40 per cent between 2007 and 2009, putting a number of developers in severe financial difficulty, although there has since been a strong recovery.

Developers need a pipeline of land because the process of buying all the required land, obtaining planning permission and building out a site can take years. There are sound logistical reasons for this. House building is labour intensive, and with large sites there needs to be a steady flow of work for the various skills that are required rather than, for example, trying to install bathrooms or kitchens in 4,000 units are exactly the same time.

"And, sensibly, developers do not aim to complete a large site all at the same time because local markets cannot absorb a huge increase in supply at prices that make a development worthwhile. Of course, developers are seeking to make a profit – like all other private sector organisations that cannot rely on public subsidies to keep them going. This behaviour is entirely rational. In the short term developers could speed up construction to some extent – if they can obtain the necessary resources and can sell more units off-plan, but this would be a one-off effect that would be reversed in subsequent years unless the

The solution to the problem requires the following:

- 1 An evidence-based debate and recognition that there are trade-offs.
- 2 Recognition that the problem will not be solved by building on brownfield land alone.
- 3 Recognition that the higher the tax on house building through planning obligations the fewer houses will be built. 30% of a large number can be much higher than 50% of a small number.
- 4 A change of policy towards land use, including the Green Belt, and permitting higher densities.
- 5 Strong penalties on public sector bodies that fail to release surplus land.
- 6 Planning conditions to be reduced significantly, costed and deemed to be discharged within seven days of certification by the developer, unless the local authority has clear evidence that the conditions have not been complied with.
- 7 Ensuring that planning decisions in local authorities are joined-up with wider policy objectives.
- 8 Planning decisions should be taken by relatively small panels, who have received appropriate training, and representatives of an area in which a development would take place should be excluded from voting on that decision.
- 9 Simplification of the Community Infrastructure Levy and S.106 requirements particularly for social housing.
- 10 Political leadership in individual local authorities, without which the problem will never be solved and which is a pre-requisite for addressing the other issues.

supply of land ready and suitable for house building is considerably increased.

Sir Mark's report also quotes from the GLA report from the Homes for Londoners Board of 13th June 2017. This carries the clear conclusion that "There is no indication that if all overseas

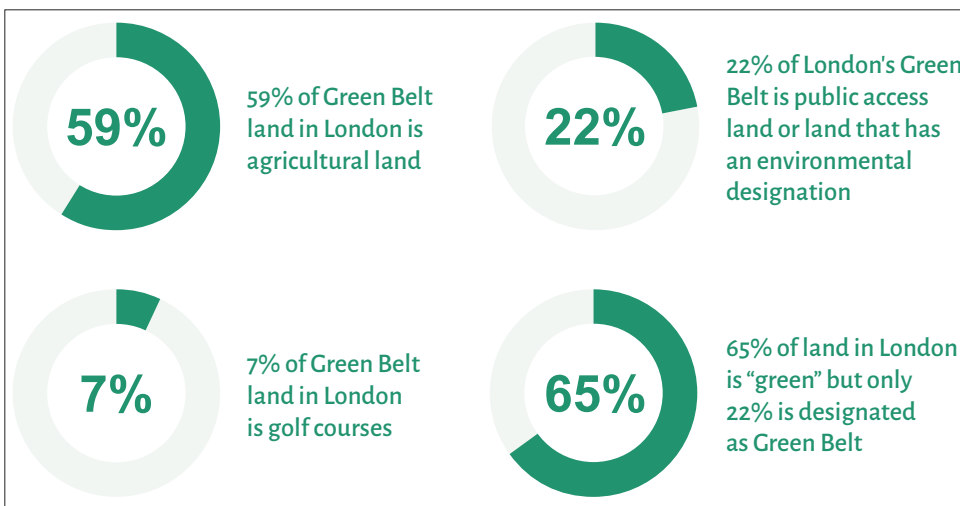
buyers disappeared tomorrow house prices would become more affordable for Londoners." *(The same Board also reported to GLA in November 2017 after Sir Mark's paper. The draft London Housing Strategy, which takes account of these discussions and the recommendations of the Homes for Londoners sub-groups, was published on 6 September 2017).*

Sir Mark's report analyses the Obstacles to Housebuilding as:

"The principal reason why the supply of new homes has not matched rising demand is that the supply of land for housing has been artificially restricted. To be developed for housing land must meet four tests:

- 1 It is owned by a developer or capable of being bought by a developer.
- 2 It is in a condition that can be built on, and the necessary infrastructure is in place or will be in place in a timely manner.
- 3 It has or is likely to have the necessary planning permission.

>>>



>>> 4 The housing is capable of being sold at price that will yield an adequate return to a developer.

Each of these aspects can be problematic, and each carries with it a degree of uncertainty and therefore risk.

This is then examined as a worked example: The starting point is identification of land and an initial assessment of the sales value of the houses that can be built on that land. A calculation has to be made of build costs, other costs such as the cost of the capital used to purchase the land and finance the construction, marketing costs, planning fees etc, and then allowance made for planning obligations – broadly speaking payment of the Community Infrastructure Levy and “Section 106” requirements that cover local infrastructure, social housing, employment schemes etc.

The developer will expect a return on capital and seek a margin of around 15 per cent of the sale price. The maximum price that can be paid for the land is therefore a residual. The table below illustrates, in a very simplified form, a typical calculation at the plot level.

In effect, the land price is the residual, and is determined not in isolation but rather by the relationship between the expected selling price and total costs incurred by the developer. So in the example above, other thing being equal a £100,000 increase in the expected sale price would lead to an increase in the price the developer was willing to pay for the land from £175,000 a plot to nearer £275,000. It needs to be recognised that not all house builders/developers follow the same model.

Some specialise in land assembly, master planning, obtaining planning permission etc and then selling part or all of a site “oven ready” to companies that specialise in building houses rather than in development. This applies particularly to very large sites where

a developer would not wish to concentrate risk. There are companies that specialise in identifying potential sites and securing outline planning permission only.

This is further elaborated in the complete report which is downloadable from Housing and Finance Institute website <http://www.thehfi.com>

The conclusions to increase house building are summarised a

- 1 Need for an honest debate, based on evidence not assertion. Refutable arguments are also considered).
- 2 A combination of more land being made available for house building and higher densities.
- 3 To simplify the section 106 viability assessment process.
- 4 To change radically the planning system such that the bias against development is significantly reduced. This requires changes in respect of the role of elected members and planning departments.

**Discussion**

Sir Mark explained that his Report is aimed at policy makers.

Sir Mark Boleat Chairs an Academy school in Islington. Teachers can’t afford to live near where they work. He does not believe it is impossible to deliver the number of homes needed.

He is a City of London Corporation Councillor and Deputy Chairman of the City of London Policy and Resources Committee and Chairman of Link Scheme Ltd. He was Chairman of the Policy and Resources Committee from May 2012 to May 2017

His career includes BSA, then Council of Mortgage Lenders, then Circle 33, Countryside Properties and he is a member of the Conservative think tank the Bow Group.

His report is a polemic, based on evidence. Some key points he made in introducing the topic

Illustrative economics for a house selling for £500,000	
Sale price	£500,000
Building cost	-£150,000
Planning, marketing, interest etc	-£50,000
CIL, S106 etc	-£50,000
Profit	-£75,000
<b>Price willing to be paid for the land</b>	<b>= £175,000</b>



included:

The cost of housing relative to incomes is a major problem for young people, and thus for the competitiveness of the economy.

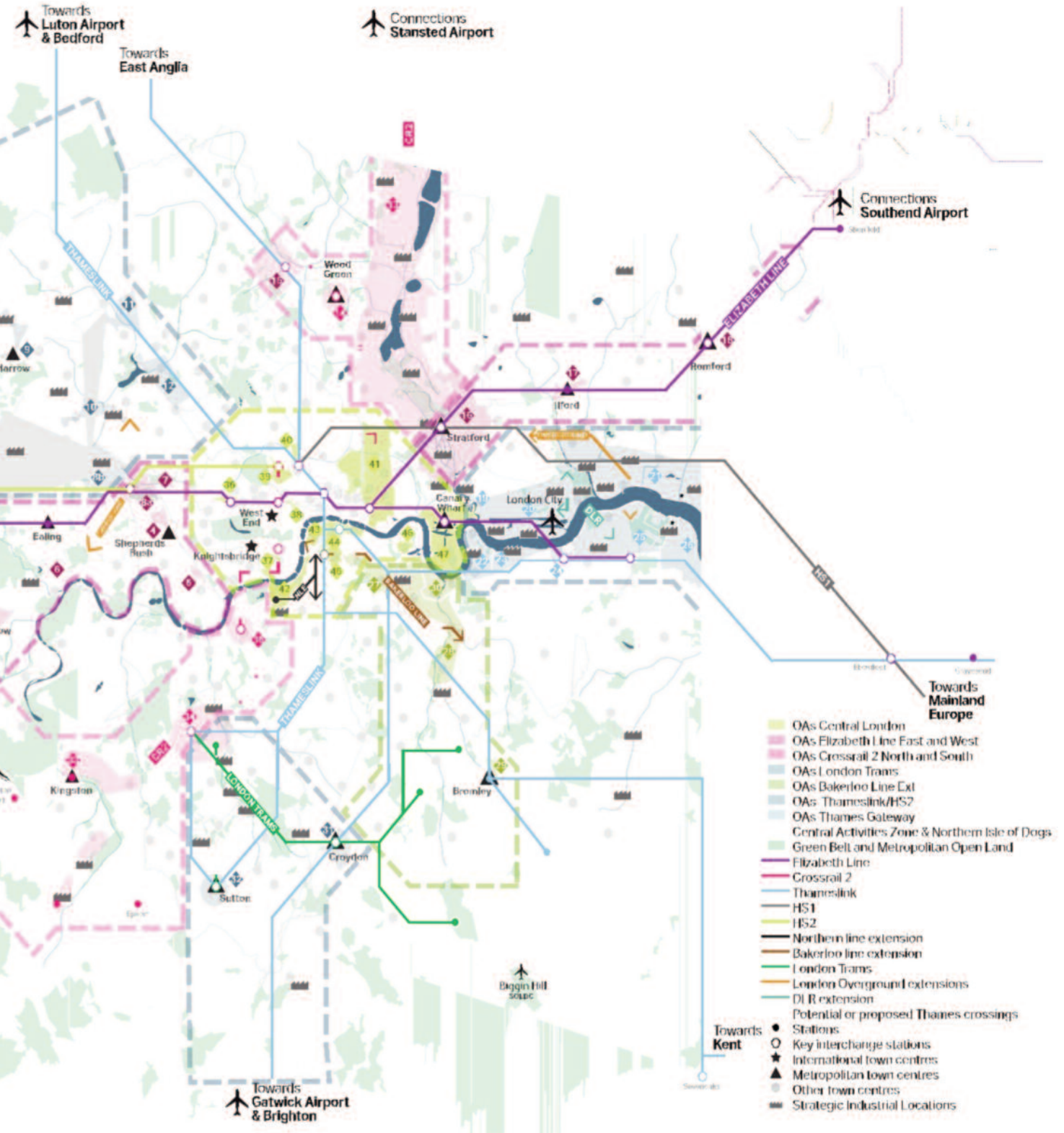
Not a land shortage; not fault of developers

Objectors can cause delay and costs

Utilities are a problem - BT and water - can cause delays

Every planning committee has speakers against

Figure 2.1 - The Key Diagram



the scheme; those who are not well-housed don't speak. So Sir Mark is a strong supporter of the YIMBY movement.

Sir Mark thought that some LPAs are well organised (e.g. Ealing) where planning is well joined up with other departments; many are not. Haringey is an example of what not to do.

Amit Malhotra of Telford Homes said that

deliver 70-1000 home scheme in zones 2-6 and in London only. Telford aim for 35 per cent affordable housing on all their schemes, or if less than this they provide other mixed uses of community benefit, such as a schools etc. He expressed unhappiness that planning decisions are slow, so many consultants are required;

Commenting Sir Mark believed the problem is local authorities and that they could be a lot more

efficient.

Rosemary Jenkins of the London Borough of Islington believes that the planning system should be fair and that planning officers at Islington are – and this is part of the reason for applications taking a long time – they have to give all applications equal consideration. She thought that CIL and 106 are seen as draining but the profitability of developers is sizeable and shareholders are very happy. >>>

There was a discussion of the discrepancy between housing permissions and build out rates. The Chairman asked how is the statistical analysis of this undertaken, how are 'unused planning permissions' calculated. Does it include for repeat applications on the same site for example or Section 73 permissions?

The Boleat report considers that Viability distracts resources away from the core planning issues. The Chairman said that one solution could be to introduce variable clawback solutions or contributions based on Outcomes rather than prior assessments. (This can be done through legal agreement if the applicant is willing).

Most land is not land-banked by developers. It is held by institutional investors.

John Lett, formerly of GLA, said that the white paper does acknowledge that lack of supply cannot just be due to failure of the planning system. He thought that the large sites like opportunity areas are too big for market absorption.

Riette Oosthuizen thought that planning officers have to act more professionally than is increasingly the case.

Brian Waters, amplifying this advocated looking at the Janice Morphet study, notably the section on Croydon's housebuilding company in particular.

Planning Education is part of the problem. No funding for LPA planners.

Boleat: big developers don't want a liberalised planning system. It's the last thing they need.

Duncan Bowie: piggybacking social housing on the back of private developments only worked at all when there was lots of public subsidy; on its own it does not work. There needs to be more public control of land prices so we can get the land cheaply enough to build affordable homes. Now we have a viability-led system which doesn't work. John Lett agreed. (*Quite how this works in a market economy was not explained*).

Riette: developers have had very bad experiences with some (not all) planners, some being paralysed by fear of senior officers or by design review panels...

Rosemary: we take great care to brief ward councillors on applications long before they reach committee, so that local micro-politics can be sorted out in good time.

Michael Coupe: advises reading Morphet and Clifford on LA housing companies and he says that there should be a return to pre-application discussions.

Brian: the survey of consultant architects by the ACA shows immense dissatisfaction with pre-app discussions because fees are too high on small projects and often see the wrong officers; not joined-up enough with other departments and authorities fail to respect the contracts they com-



mit to in terms of cross departmental involvement and meeting required timetables.

**DISCUSSION TOPIC 2: draft new London Plan**

**KEY POINTS:**

- Density and the matrix; replacement by "design"
- No green belt
- More flexibility on affordability
- More protection of office and workspace affordability
- Loss of social infrastructure
- Backing shared housing
- Small sites and small builders, presumption in favour of them <25 dwellings, <0.25ha
- removing needs for lifts for upper floor of small schemes
- 50 per cent affordable a great target; and 35 per cent threshold.

Duncan Bowie: this is a new plan, not a revision.  
John Lett: yes. Hard to do it because big changes would require re-starting the whole process. Past mayors have promised early alterations as a way round that.

Approach to this plan was to be on "people". Boris started with a bit of "quality" and then mega-growth added later; this plan has the growth, but this time it's "good growth". Adoption expected late 2019.

An HTA planner reported great tensions with some outer boroughs about their targets and industrial land.

A summary re housing by HTA and an informed commentary by Duncan Bowie follow.

**HTA provides the following summary of the Draft London Plan Published in December 2017**

"The Draft London Plan (December 2017) was published last week for consultation. The London Plan sets out the strategic policies that guide development in London. The Draft Plan sets out new and amended policies that will form a blueprint for future development and sustainable, inclusive growth of the capital. The content within it has fundamental implications for our work. For now, though the Draft Plan will be a material consideration, due to the early stage it is at, its draft policies will carry little weight, until a further consultation round in 2018. The draft policies are also not yet finalised, and so may be subject to change. However, it is likely we will start to slowly see some of the new approaches and expectations starting to influence the approach of developers and decision-makers

This note sets out a summary of the likely implications for regeneration schemes and development of housing and mixed-use schemes as a result of the draft policies. The Mayor's aspirations as represented by these draft policies must also be understood in conjunction with the Affordable Housing and Viability SPG that was published earlier this year, making clear his position on the delivery of affordable housing as a strategic priority. (Our briefing note on this SPG can be found at <http://>



of the final New London Plan in Autumn 2019.

## 2 Summary of Key Implications

### 2.1 Strategic Housing Targets

As with previous versions of the plan, the Mayor has set out new total annualised housing targets over the next 10 years for London boroughs. The plan sets a strategic target to deliver 64,935 homes across London per annum. This is significantly increased from the current target of 42,389 homes per annum set out within the current London Plan. Also of note is the ambition to provide significantly more homes within Outer London, with significant increases in housing targets for these boroughs ranging from around 1,200 homes per annum to 2,000 homes, with increases of up to 320 per cent in Merton. By contrast, housing targets for Inner London Boroughs have remained relatively similar to the current targets, with housing targets even decreased in a select few boroughs: Islington, Tower Hamlets, Hackney, and Royal Borough of Kensington and Chelsea.

### 2.2 Delivery of Housing on Small Sites

In conjunction with the emphasis on housing delivery in Outer London boroughs and in recognition of the distinct challenges this raises, the Draft Plan introduces a new 'presumption in favour of small housing developments' in Draft Policy H2. Small sites are considered to be those which delivery up to 25 homes, or are up to 0.25ha. The focus on small sites is also to assist

small and medium scale builders to diversify the players contributing to the supply of housing across London, presumably with the ultimate goal of boosting overall housing delivery.

The Draft Plan sets out a range of measures intended to encourage delivery of small sites. These include:

- Not requiring on-site delivery of affordable housing on schemes of 10 homes or fewer, but allow off-site contribution as an alternative;
- Allowing new build homes on small sites above ground floor level to conform to Part M4(1) only, removing the need to provide expensive and space hungry lift cores even on the smallest of development.

Anticipating the possible resistance to this proposal from boroughs, the Draft Plan sets out precise housing targets for the delivery of homes on small sites specifically, and breaks this down to borough level. This will be the primary means through which small site housing delivery is encouraged, and will enable measurement against the targets to hold individual boroughs to account. The Draft Plan also encourages boroughs to introduce area-wide design codes to encourage higher densities on small housing developments, as well as increasing planning certainty on these types of sites by allocating appropriate sites and listing these on the brownfield register, and granting Permission in Principle on specific sites, or preparing Local Development Orders.

### 2.3 Delivery of Affordable Housing

As expected the Draft Plan repeats the Mayor's emphasis on the delivery of 'genuinely' affordable homes across London. The Draft Plan continues the 'threshold approach' introduced by the Affordable Housing and Viability SPG earlier this year, setting the initial thresholds at a minimum of 35 per cent affordable housing on all sites, increasing to 50 per cent on public sector land or relevant industrial sites. The level at which the thresholds are set is likely to be reviewed in 2021. The Draft Plan sets an eventual strategic aim of 50 per cent of all new homes to be affordable. The tenure split remains as per the Affordable Housing and Viability SPG published earlier this year (i.e. 30 per cent low cost rented homes such as social rent and affordable rent, 30 per cent intermediate products, including London Living Rent and London Shared Ownership, with the remaining 40 per cent to be determined by the relevant borough), but with the clarification that it is assumed the remaining 40 per cent will focus on low cost rented homes.

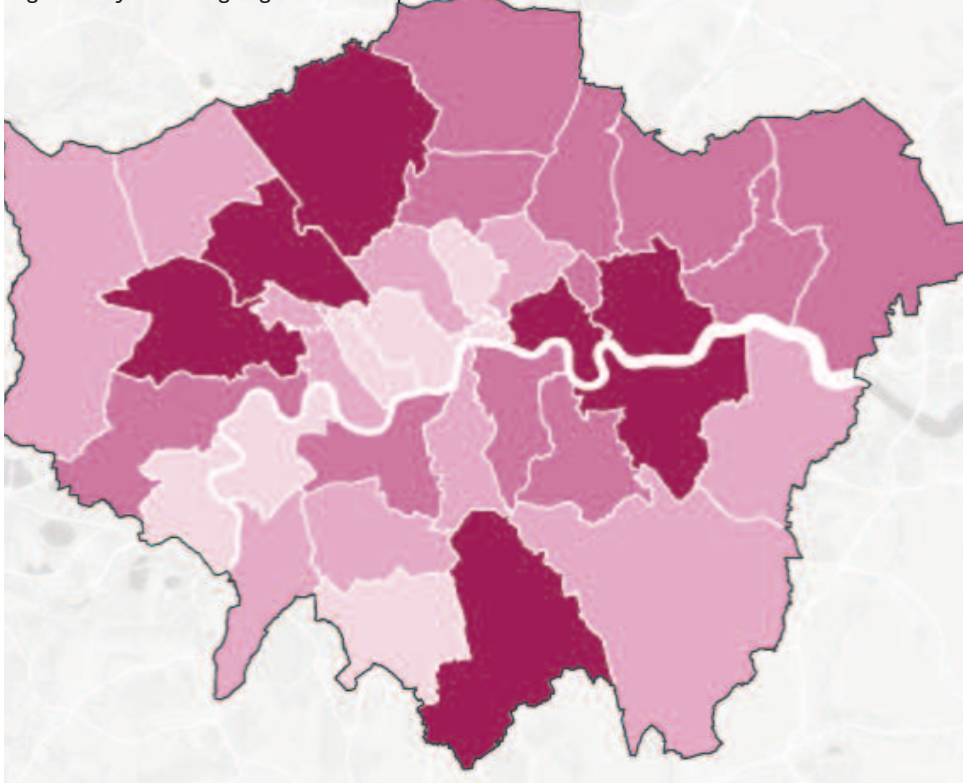
To achieve the strategic target of delivering 50 per cent affordable homes, specific measures are proposed including the proposal for affordable housing providers, public sector land[owners, and strategic partners to enter into agreements with >>>

[bit.ly/2zjmcV1](https://bit.ly/2zjmcV1).)

### 1.1 London Plan Timetable

Consultation on the Draft London Plan will take place for a period of 3 months, commencing on 1 December 2017, and will close on 2 March 2018. An examination in public is expected to take place in Autumn 2018, with eventual publication

Fig 4.1 - 10 year housing target for net completions



>>> the Mayor to deliver a set level of affordable housing across their portfolio. For affordable housing providers and public sector land this is proposed at 50 per cent, whilst it is proposed at 60 per cent for other strategic partners. Taking a portfolio approach could have fundamental implications for where the delivery of affordable homes comes forward.

#### 2.4 Housing Mix

The Draft Plan recommends that prescriptive housing mix targets for market and intermediate housing are removed from borough's development plans. If this recommendation makes it into the final plan it could allow more scope for individual developers to put forward housing mixes based on their own market research, and presumably has the goal of allowing proposed housing mixes to respond more readily to changing market demands over time. However, it recommends that schemes consisting of mainly 1 bedroom homes should still be resisted.

#### 2.5 Density

As has been expected for some time, the density matrix has been scrapped. Instead, it will be expected that schemes delivering housing proposed over certain thresholds, dependent on the site's PTAL[1], will be accompanied by a management plan. However, the Draft Plan makes clear that 'the higher the density of a development, the greater the level of scrutiny that is required of its design, particularly the qualitative aspects.' Despite removal of the matrix, the significant emphasis on measures of density in recent years will continue, with a range of new density measurements introduced[2] presumably with the aim of assessing density in a more consistent manner, particularly on larger sites.

#### 2.6 Design

The Draft Plan also places significant emphasis on design, comprising a total of 13 key policies on the issue. Among these are steps to deliver 'high quality design', maintaining design quality through to a project's completion and ensuring 'local planning authorities using architect retention clauses in legal agreements where appropriate.' The Draft Plan also provides guidance for making architecture more inclusive and accessible.

#### 2.7 Car Parking

The Mayor's agenda to improve air quality is played out in part through revised car parking standards in different locations, which will of course also have implications for the ability of schemes to optimise housing density. There is continued support for car-free development,

**Table 3.1 - Minimum space standards for new dwellings<sup>25</sup>**

		Minimum gross internal floor areas and storage (square metres)			
Number of bedrooms(b)	Number of bed spaces (persons(p))	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) *			1
	2p	50	58		1.5
2b	3p	61	70		2
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4
	8p	125	132	138	

including assuming car-free development as the starting point for all schemes in PTAL 5-6 areas, as well as PTAL4 areas in Inner London or Metropolitan or Major Town Centres. The maximum level of car parking provision expected will be up to 1.5 car parking spaces, only in the least accessible areas of PTAL 0-1 in Outer London; even in PTAL 0-1 areas in Inner London the expected car parking levels will be half of this.

In addition, it seems there will be significantly reduced levels of designated disabled persons parking bays expected, at a level of 1 space for 3 per cent of dwellings.

#### 2.9 Cycle Parking

The proposed cycle parking standards for housing will remain broadly similar, though the expected cycle parking provision for 1 bedroom homes will rise to 1.5 cycle parking spaces per dwelling. Though the change may seem minimal, in large-scale schemes, or regeneration areas in particular this could represent a significant increase in the proportion of land-take required for cycle parking, particular in central locations with a high proportion of 1 bedroom homes planned. This will also have implications for the design quality that can be achieved on particularly high density schemes, where striking a balance between provision of adequate cycle parking, and creation of lively active frontages facing onto public streets and spaces can already be a challenge.

The Mayor has also set out his intention to work with boroughs to introduced higher cycle parking standards in defined areas such as Mini

Hollands, Liveable Neighbourhood or Opportunity Areas, through the use of SPDs where appropriate.

#### 2.10 Build to Rent

There is continued recognition of the distinct economics of the build to rent development model and support for its delivery. The Draft Plan provides clarification on what will be considered to constitute Build to Rent, and therefore would be assessed against Build to Rent policies; the criteria includes a minimum threshold of 50 units, as well as that the homes are held as Build to Rent for at least 15 years under covenant, as well as around tenancy lengths, and management arrangements.

A threshold level of affordable housing has been introduced to provide an opportunity for Built to Rent schemes to take advantage of the Fast Track Route offered to Build for Sale schemes. In order for build to rent schemes to benefit from the 'fast-track approach' they must deliver a minimum of 35 per cent affordable housing comprised of at least 30 per cent London Living Rent, with the rest to be at discounts below market level, as agreed with the local authority. Schemes that qualify for the Fast Track Route will not need to provide a full viability assessment but will be subject the 15-year covenant and clawback given the Build to Rent policy approach to affordable housing.

#### 2.11 Other Residential Accommodation

##### 2.11.1 Older Person's Housing

Policy H15 provides clarity on what types of older persons housing will be considered use class C3 or C2 - Sheltered accommodation and extra care accommodation is considered as

being in Use Class C3. Residential nursing care accommodation is considered as being in Use Class C2 Annual borough benchmarks are set out in the plan for C3 class older persons housing.

#### 2.11.2. Student Accommodation

Policy H17 on purpose built student accommodation includes a requirement for 35 per cent of accommodation to be secured as affordable, which would need to be equal to or below 55 per cent of the maximum income that a student could receive from the Government's maintenance loan for that academic year. It also sets a strategic target of 3500 bed spaces per annum across London.

#### 2.12 Fire Safety

In the aftermath of the tragic events at Grenfell earlier this year a new draft policy (Policy D11) is introduced requiring specific information to be submitted in a fire statement alongside all major applications to ensure fire safety. [RO2]

### 3 What do HTA think about the Draft Plan?

#### 3.1 Increased Affordable Housing Delivery

Finding a mechanism to increase the delivery of affordable housing is essential if we want to build a successful future for London but the latest Annual Monitoring Report published by the GLA confirms that the viability led approach of the past three years has produced affordable housing at an average of just 24 per cent of conventional housing supply. Measures set in place by the GLA to make viability assessment more transparent is a very positive step in gaining the support for development from local communities and it seems likely that once the affordable housing requirements become established the impact will feed through to reduced land values. But for such a significant increase to happen without a short term drop in delivery, we expect there will need to be a significant increase in the grant available from the GLA, particularly if we are to see an increase in London Affordable Rent.

#### 3.2 Increasing Overall Supply through Housing Delivery on Small Sites

We are hugely encouraged by the focus on small sites within the new London Plan. We have long campaigned in terms of the contribution that could be made by small sites - even gardens - within Outer London through our Supurbia work, so this the presumption in favour of small sites is a welcome change. In particular it is encouraging that local authorities are encouraged to develop design codes to ensure that suburban areas could intensify in a controlled fashion.

HTA Design LLP have demonstrated through their work on Supurbia that there is latent potential to

deliver up to 700,000 additional homes in the Outer London suburbs on land that is simply not developed at sustainable densities. As such, we fully support the Mayor's notion that large amounts of Green Belt do not need to be released to facilitate London's growth and housing need. However, there are left over portions of green belt land within London that have become surrounded with transport infrastructure and other uses, that offer little biodiversity value and no access to green spaces for people, and it is important that these portions of land do not get protected at all cost. It is of utmost importance to very carefully approach what type of interventions would support healthy outcomes for London's residents: as London's existing fabric increases in density, we need to ensure accessibility for everyone to healthy, good quality green spaces.

#### 3.3 Good Growth and Good Design

The continued emphasis on good design and good growth are welcomed. The move away from the density matrix to much more site specific accessibility consideration in lieu of density makes a lot of sense. We also support the introduction of management plans in instances where density levels proposed are high for PTAL ratings.

The requirement to include additional detail design information within a planning consent to secure high quality design is good but relies on having a resourced and skilled planning department to assess the additional detail and then ensure it is delivered. Whilst retaining the architect throughout is often a desirable mode of procurement, ensuring commitment from the developer in delivering the consented scheme is far more important, and for this the consented scheme must be realistic, deliverable and viable. It is hard to see how boroughs would be able to enforce retention of the architect through legal agreement.

The talents and experience of the Mayors Design Advocates would best be focused on review of strategic master-planning for wider city regions as there are already established design review panels such as DC CABE that have evolved to offer more productive design advice with a good understanding of the range of dynamics impacting on the development process. Many London borough councils have established their own Design Review Panels, which when properly managed in conjunction with a well-resourced planning department can add enormous value to the design of a project and provide additional support to democratically accountable local authorities. Creating a further review process could create conflicts in advice and increase the time required to get to a submission and potentially undermine the process of local planning. The Plan refers to good design and good planning being intrinsically linked - we fully agree with this statement - there is a balance. ■

## Duncan Bowie: provides this note on housing supply policies in draft London Plan Dec 2017

#### 1 Housing density and sustainable residential quality.

The draft has amended the density policy by removing the density matrix. This in effect involves abandoning the key principle of Sustainable Residential Quality (SRQ) which has been a core principle of all versions of the plan since 2004 and derives from the pre-2000 work of the London Planning Advisory Committee (LPAC). The concept of density ranges for development based on public transport access, the existing build form within a neighbourhood and the relationship to town and local centres (and social infrastructure and other services) has been replaced by the concept of design based scheme specific appraisals. This is in line with the new approach of design led planning, without the setting of clear design criteria which are actually measurable in relation to a specific development proposal. Policy D6 sets thresholds above which applicants should submit a management plan.

These thresholds relate solely to PTALs (public transport access levels) and do not relate to any of the other components of the density matrix. They are set at the top of the ranges for smaller units in the central area: 110 units per hectare for PTAL 0-1; 240 units for PTAL 2-3, and 405 units per hectare for PTAL 4-6. Neither the content of such a management plan or the criteria for assessment are specified. It is significant that the thresholds refer to units per hectare and not habitable rooms per hectare. This completely disregards the fact that the impact of development in terms of public transport and demand for services relates to the number of people occupying/ likely to occupy new homes and not the number of dwellings (The density matrix was amended to focus on habitable rooms rather than dwellings in 2007).

The density policy, presented as 'design led' makes no reference to policy requirements in terms of types of housing to be provided either in terms of built form, mix of units in terms of bedroom size (ie: whether studio flats or family sized homes) or affordability. There is in fact no recognition that there is a relationship between density of development and type of housing output (despite the evidence of monitoring of development output in recent years, which has shown a reduction in family sized homes and affordable homes as densities have risen). It is also significant that policy H12 on housing size mix refers to optimising the housing potential of sites, without specifying any dwelling mix targets at a London wide level (despite this being included in previous London Plans and/or Mayoral supplementary planning guidance). While there is a



reference to resisting schemes which consist mainly of one person and/or one bed units (H12B), the focus of the overall policy is on smaller units rather than family sized units and in fact H12C says that boroughs should not set 'prescriptive' dwelling mix guidance for market led schemes. The focus is clearly on enabling developers to build homes that are most profitable for them, rather than on meeting the requirements as identified in either the London-wide Strategic Housing Market assessment or in sub-regional or borough specific SHMAs.

Moreover there is no recognition that the introduction of greater flexibility on density (together with relatively weak affordable housing targets for specific schemes) has the impact of increasing land costs as landowners see the opportunity for greater financial returns, which in turn has a negative impact on housing affordability.

While the Plan seeks to introduce as a new vision, the concept of 'Good Growth', this appears to be rhetoric rather than substance given the proposed changes to density policy represent not just an abandonment of the core principle of 'sustainable residential quality' but in effect incentivise development which does not meet the housing needs of Londoners as identified in the new Strategic Housing Market Assessment and in fact adds further barriers to the ability of the boroughs as local planning authorities to respond appropriately to the full range of identified needs. The new policy in effect preferences the objective of maximising unit out-turn over other key planning policy objectives.

## 2 Housing Requirements and Housing Supply

The new SHMA sets out the housing requirements of London at 66,000 per annum. This contrasts with the two estimates in the 2014 SHMA of 49,000 pa (based on meeting the housing need backlog over 20 years) and 62,000 pa (based on meeting the backlog over 10 years, the assumption used in the 2004 and 2009 SHMAs). It should be noted that the SHMA is based on secondary data as the last London-wide housing needs survey was undertaken before the 2004 SHMA. The new SHMA, while generally applying the same methodology as the 2014 SHMA, however extends the period for meeting the backlog from 20 years to 25 years. The SHMA concludes that 55,540 additional homes are needed each year to meet household population growth. With a total backlog of 208,621 identified, meeting this backlog over 25 years, produces an additional annual requirement of 8,761 giving a total requirement of 64,301. This is then adjusted to recognise the fact that some new homes are left vacant or used as second homes, to give an annual require-

ment of 65,878 (rounded up in the plan to 66,000). Applying a 20 year backlog clearance approach would take the annual requirement to 67,548; applying a 10 year requirement would take the requirement to 77,879. Previous government guidance was to assume backlog is met over 5 years. If this was applied to London, the annual housing requirement for the first 5 years of the plan would be 98,741, falling to 57,017 in the subsequent 5 year period on the basis that the backlog had been fully cleared in the first five years.

It can be seen from these calculations that the housing requirement is determined not just by assumptions as to population growth and an assessment of the growth in new households (which needs to assume average household size required for additional housing) but also the timescale assumed for meeting the backlog. As the plan's new supply targets are set for 10 years, there is a case for returning to the 2004 Plan assumption that the backlog be met within the plan period, which would give an annual requirement of approximately 78,000 compared with the 66,000 assumed. This is significant as given the annual housing target proposed is 65,000, this would increase the annual supply supply/ requirement deficit from 1,000 a year to 12,000 a year – or over the 10 year period from 10,000 households to 120,000 households. This is important in terms of the relationship between London and the Home Counties, for by suppressing the deficit, the Plan implies that London can meet (or be very close to meeting) its housing requirements within the London area, whereas a more consistent methodological approach demonstrates that this is not possible, and that there would be an imposed exporting of about 12,000 households from London, which would impact mainly on the Home Counties districts.

The SHMA also gives bedroom size requirements:

- 1 bed 36,335 (55 per cent of total)
- 2 bed 10,788 (16 per cent of total)
- 3 bed 8,971 (14 per cent of total)
- 4 bed and larger 8,783 (15 per cent of total)

This indicates a significant shift from the 2013 SHMA, which had 1 beds as 34 per cent of the total; 2beds at 18 per cent; 3 beds at 26 per cent and 4 beds and larger at 22 per cent. The proportionate requirement for 3 bed or larger properties appears to have fallen from 48 per cent of the total to only 29 per cent. This is a significant shift which is not fully explained in the SHMA.

The new housing supply target of 65,000 a year, derived from the SHLAA assumes, development at significantly higher densities than assumed in the 2014 SHLAA. In previous SHLAAs, new housing sites (ie: those without planning consents or with-

out capacity estimates in Local Plans) were assessed for capacity in relation to the mid-point in the applicable density range in the London Plan. The new SHMA explicitly assumes densities towards the top of the applicable range (for example 355 dwellings per hectare (dph) in the highest range of 140-405 for schemes in the central area with PTAL of 4-6) or 65 dph in the lowest range of 35-75 for schemes with PTAL of 0-1 in suburban areas. It then assumes a further uplift to top of the applicable range in town centres and a further uplift significantly above the top of the range in Opportunity Areas. The justification given is that in practice consented schemes in Opportunity Areas have been at these density levels. In effect the SHLAA is replacing capacity estimates based on the SRQ principles by capacity estimates which reflect that in practice density policies have been breached. So, the assumptions on which housing targets are based are in effect set to reflect practice (which has generally not accorded with policy) rather than the actual policy. This reflects the abandonment of the principles of Sustainable Residential quality in favour of reinforcing (and legitimising) current trends in development. The housing targets set therefore have no regard to either the form or mix of homes to be built. The implication is that rather than increasing land supply for new housing, the targets rely on intensified use of identified land. This in accordance with the compact city assumption – that London's housing needs can be met through intensification without any use of green belt land or reliance on any contribution from districts outside the London administrative boundary. It is significant that the SHLAA has no quantification of the hectareage of the housing sites identified relative to the hectareage identified in the 2014 SHLAA.

## 3. Affordable housing targets and application

The SHMA gives annual tenure requirements as:

- 23,037 market homes (35 per cent of total)
- 11,869 intermediate homes (18 per cent of total)
- 30,972 low cost rent homes (47 per cent of total)

Taking the two sub market categories together gives an 'affordable housing' requirement of 65 per cent of the total requirement.

As 78 per cent of the backlog is for lower rented accommodation, meeting the backlog over a shorter timescale than 25 years, would increase the proportion of new homes in the plan period which should be low cost rented homes. There is a strong argument for giving priority to meeting the most acute needs, though this factor does not seem to be considered in the plan.

The affordable housing targets in the plan at policy H7 are:

Market 50 per cent  
Intermediate (London living rent and shared ownership) 15 per cent  
Low cost rent 15 per cent  
Affordable housing to be determined by borough 20 per cent.

The disaggregation of affordable housing targets is taken from the Mayor's Housing Strategy which was published in advance of the completion of the SHMA. The targets therefore appear to be related to the current affordable housing funding regime, rather than the assessment of housing requirements in the SHMA. The overall 50 per cent affordable housing target falls short of the 65 per cent requirement. The minimum target for social rented housing of 15 per cent is far short of the estimated requirement of 47 per cent, and even if all 33 local planning authorities used all of the 20 per cent discretionary element for low cost rent, the aggregate would at 35 per cent still fall far short of the 47 per cent requirement. Surely the targets in the plan should be based on the SHMA rather than on the current funding regime and as a strategic planning authority the Mayor should set London-wide targets rather than leave so much discretion to individual planning authorities who will have little if any regard to needs presented outside their own authority's area.

The Plan has no policies on how individual boroughs should set affordable housing targets (and targets for different sub-categories of sub-market housing) within their Local Plans. There is no replacement for policy 3.11B, C and D in the 2016 Plan. This is a significant deficiency. The new approach to affordable housing focuses on assessment of individual development proposals with a focus on viability assessments rather than on assessment against London-wide or borough-wide targets. This approach would allow a borough either to drop any specific borough wide affordable housing target or to amend, including reduce its current Plan targets.

The delivery of the 50 per cent affordable housing target is problematic. In previous versions of the London Plans, policies have required each application referred to the mayor to be assessed in relation to the London Plan target – 50 per cent in the 2004 and 2008 Plans; 40 per cent in the 2011 and 2016. Policy H6 in the new plan, following the recent GLA affordable housing and viability SPG, proposes that for private sector led schemes without grant, a 35 per cent affordable housing output would be acceptable and such a scheme would be exempt from a viability assessment. Neither the policy or SPG specify a minimum proportion of low cost rented housing within such a scheme. Policy H6B proposes a 50 per cent affordable housing target on public sector land and a 50 per cent target on sites, which are within Strategic Industrial Locations and

Locally Significant Industrial sites (other policies seek to protect industrial floorspace, so this assumes higher proportions of affordable on mixed use sites, with employment uses retained through intensification). There is an assumption that sites with Mayoral grant will provide at least 50 per cent affordable housing, but again no minimum proportion for low cost rented housing. It is unclear how the aggregation of these different targets will be a London-wide affordable housing output of 50 per cent. This could only be achieved if a significant proportion of grant funded schemes achieved affordable housing outputs of at least 65 per cent - this seems unlikely given current funding regimes and limits on grant per home. Moreover, given both funding regimes and targets, the proportion of social rented homes will be far below the proportionate requirement of 47 per cent of total net new supply identified in the SHMA and possibly below the minimum 15 per cent target set.

#### 4. Definitions of affordable housing

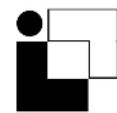
The Plan policies defining the affordability of different categories of sub-market housing are unsatisfactory. This is a complex issue given Government policies state that any housing for sale at a price below 80 per cent of market value and for rent at below 80 per cent market rent is considered to be affordable in planning terms and consequently contributing to any affordable housing target set in a Local Plan. The previous Mayor of London was required to remove the separate definition of social rent from the 2011 London Plan. However the Government now recognises the need for new social rented housing (including council housing) and the opportunity to restate a satisfactory income-related definition of social rented housing should not be lost, as it would now be difficult for the Government to object to this.

Para 4.74 on London Affordable Rent (put forward as a new form of low-cost rent), refers to rent levels well below the Government's definition of 'affordable rent' (which is at up to 80 per cent market rent) 'based on traditional social rents' and then refers to the Mayor's Affordable Homes Programme 2016-21. This is not however a statutory planning document. Moreover, this programme terminates in 2021 at which point a new programme will be established, with potentially new funding criteria, whereas the new Plan is to extend to 2041. The term 'traditional social rent' is not defined within the Plan and there is no reference to rent levels in relation to household income levels. The solution to this problem is to restate the definition of social rent housing costs (rents and service charges) included in the 2004 and 2008 London Plans as 30 per cent of net incomes for the lowest quartile of households. This will ensure schemes aiming to pro-

vide low cost rent units, whether or not funded from the Mayor's Affordable Homes Programme, can be assessed as to whether or not they meet explicit affordability criteria. This is important given some schemes may be provided directly by boroughs or indirectly through s106 agreements without grant from the Mayor's programme.

Para 4.7.5 refers to London Living rent aimed at households on middle incomes. No rent levels are stated. Para 4.7.8 recognises that this is an 'intermediate' housing product and states that this is aimed at households with incomes up to £80,000 a year. Para 4.7.9 referred to an assumption of 40 per cent of net average income for intermediate housing products, though the mechanism for assessing proposals for specific schemes is unclear. The financial viability appraisal system must reintroduce this affordability assessment mechanism.

Paras 4.7.6 and 4.7.8 refer to London Shared Ownership. This is based on an income limit of £90,000, which will also apply to other forms of intermediate housing products such as discounted market sale. The previous distinction in upper limits between family sized homes and smaller homes has been dropped. While para 4.7.9 encourages boroughs 'to ensure that intermediate provision provides for households with a range of incomes below the upper limit' to ensure this objective is achieved, it is necessary to reintroduce the requirement (as in the 2008 Plan) that half of provision should be for households below a specified mid-point in the income range (which as at February was £35,600, but which now would be somewhat higher). As in previous years the income limits for different types of intermediate provision will be reviewed on an annual basis through the annual monitoring report. It would be helpful if the Plan set out as a footnote the methodology for such reviews, to give an assurance that affordability in relation to household incomes will not worsen over the full plan period. ■



London Planning & Development Forum

Next meeting of the London Planning & Development Forum will be jointly with the National Planning Forum and the Cambridge University Land Society. Our annual afternoon planning update will be from 1.30pm on Tuesday 20th March 2018 at Dentons, One Fleet Place – our hosts and sponsors for the event. Drinks will follow!  
[Details and bookings at www.culandsociety.com](http://www.culandsociety.com)