

Paul Robinson

From: [REDACTED]
Sent: 18 January 2017 15:01
To: Housing SPG 2016
Subject: Affordable Housing & Viability SPG consultation

Follow Up Flag: Follow up
Flag Status: Flagged

I feel strongly that developers should not be allowed to give money to local authorities so that they do not have to provide affordable housing in their developments. While this may be a contribution to off site developments, this practice is detrimental to London. This is because I believe:

1. Housing developments should include a mix of residents - social inclusion and diversity
2. Land is in short supply so local authorities will struggle to find decent locations for affordable housing.
3. These developments could be ghettos for people who can't afford to choose where they live in horrible or far away locations with poor transport links and no jobs.

I have heard that Berkeley Homes have paid money to Greenwich Council to relieve them of their obligation to provide affordable housing - as part of getting planning permission for yet another block on the Royal Arsenal Riverside. I hope the Mayor is watching out for this.

Yours sincerely

[REDACTED]

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Paul Robinson

From: [REDACTED]
Sent: 01 January 2017 16:06
To: Housing SPG 2016
Subject: Affordable Housing and Viability Supplementary Planning Guidance (SPG)

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Affordable Housing SPG

I support this policy since London needs affordable housing and I believe that this 35% threshold will help.

kind regards

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Paul Robinson

From: [REDACTED]
Sent: 28 February 2017 16:42
To: Housing SPG 2016
Subject: Consultation comments: Draft Affordable Housing and Viability Supplementary Planning Guidance (SPG)

Dear Sir/Madam,

I would like to make a few comments with regards to draft Affordable Housing and Viability Supplementary Planning Guidance (SPG):

1. There is inadequate consideration of council-led developments on council land (e.g estate regenerations). This land is not subject to normal market valuation and purchase, and thus the viability assessments should take this into consideration. A much higher level of “affordable” housing should be achievable and enforced in such circumstances. Furthermore, there should be a requirement that compensation to existing residents be adequate to afford an equivalent home (size, quality, location, etc) in the area. This will have to cover the scenario where mortgages are triggered and residents can not get a replacement mortgage
2. There needs to be a greater look at special purpose vehicles (SPVs) established by councils and how viabilities should be assessed in such cases. As with PFI schemes, this type of structure is more expensive than when a council directly invests in new housing. There should be disincentives put in place for such structures as they reduce the total amount of “affordable” housing achievable
3. The definition of “affordable” housing should be expanded to include private homes (leasehold or freehold) that are at the low end of market valuations in the local area. This will ensure that under an estate regeneration scheme that the truly affordable private homes have to also be replaced and that existing residents are not forced either into more expensive intermediate products such as shared ownership or worse to leave the area
4. The “affordability” of homes for sale should be determined on a £/m2 basis rather than total £ so as to control for size of homes. Creating “more affordable” homes simply by reducing the size of the homes should be discouraged.
5. There is nothing in the document about including costs in the viability assessments in connection with environmental and social costs. This would be a good opportunity to have these officially incorporated as they are real costs that must be borne by someone.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Paul Robinson

From: [REDACTED]
Sent: 28 February 2017 23:56
To: Housing SPG 2016
Subject: Draft Affordable Housing & Viability SPG Consultation

Dear Sir/Madam,

Re: Draft Affordable Housing & Viability SPG Consultation

I appreciate much of the rationale and sentiment behind this document but my overriding concerns (based on repeated themes exemplified below) are:-

1) that the bringing forward of more public land for housing translates as more council estates being demolished, responsible thus far for large scale human rights abuses and failure in equality and monitoring duties by councils; in short the "Lowland Clearances" in London. There should be an assumption of refurbishment and maintenance, not demolition. The Mayor runs a real risk of losing political support, especially as he is a lawyer specialising in Human Rights. The dis-benefits to estate residents are enormous, both financially and health-wise. The poor should not be made to take all the strain of any housing crisis but this looks the likely outcome of this document. "A place where no community feels left behind" rings hollow if existing communities are forced out and suffer disproportionately.

2) affordable is a word which should be dropped, it has lost all validity in the housing context. The consultation does not separate out the different types or detail what is meant by this within the aims of the consultation.

Thank You,

[REDACTED]

"The Mayor intends to move towards this goal by investing more in affordable housing, bringing forward more public land for affordable homes, and by increasing the amount of affordable housing delivered through the planning system."

My long-term aim is for half of all new homes to be affordable, up from just 13 per cent in planning permissions given towards the end of the previous Mayor's term. This guidance offers an ambitious and practical first step to raise the amount of affordable housing coming through the planning system ahead of my new London Plan in 2019.

I will also invest more in affordable housing, and bring forward more public land for affordable homes. Together, these steps will set us in the direction I want us to take.

I want to build a city for all Londoners. A place where no community feels left behind, and where everyone can benefit from the opportunities London has to offer. New and affordable housing is essential to this goal, and together, we can build the homes that Londoners need.

GENERAL SUPPORT FOR BUILD TO RENT

4.38

- supporting institutional investment on public land, including exploring the use of joint ventures or deferred receipts;

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Paul Robinson

From: [REDACTED]
Sent: 28 February 2017 03:24
To: Housing SPG 2016
Subject: Draft Affordable Housing & Viability SPG

As someone who has been observing the proliferation of estate demolition in the name of 'regeneration' in my own borough of Hackney, and elsewhere in London, the only comments I have are:

* Please ensure that tenants and residents have a veto on what happens to their homes and communities

I say this because I have seen obfuscation where the promise has been 'consultation', in the name of 'transparency' (laughably), so that friends who have been promised the right to return to their estates after redevelopment have been unable to afford the new rents under the terms of 'affordable housing'.

Londoners don't need stock transfer and demolition - they need refurbishment where necessary and a commitment to build social housing which is genuinely affordable (not 80% market rent).

The GLA needs to put residents first, not developers and so-called housing associations.

I am disgusted by what I see predominantly Labour authorities in the capital doing to their tenants and residents.

[REDACTED]

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Paul Robinson

From: [REDACTED]
Sent: 28 February 2017 03:57
To: Housing SPG 2016
Subject: Homes for Londoners
Attachments: London's housing crisis, and the streets of London.pdf

Dear Mayor Sadiq Kahn

Many thanks for publishing your consultation document *Homes for Londoners*.

My experience of the existing planning system is that it works *against* the creation of new homes for Londoners:

I have attached a 4-page document regarding one 'average' residential street in an older suburb of London - Fermoy Road in Maida Vale.

The intention is to show that just one street could accommodate 50 more flats.

The study is intended to show that the current planning system works *against* creating new flats - or new housing units – even when permitting large roof extensions, to the detriment of us all in London.

Most of the discussion on London's housing crisis seems to concentrate on new buildings. It may well be that the housing crisis will only be resolved by new building. But maybe at least the *sting* could be taken out of the crisis by looking at existing buildings?

Without trivialising an immensely serious issue, most young people buying a car for the first time by a second-hand car.

So I'm puzzled why there seems to be such a concentration on trying to build new buildings for first-time buyers.

In the broadest terms, 'most of London' is made up of existing residential buildings.

Should not 'most of London' be the first port of call when trying to resolve a major problem of residential need?

In my view thousands of new dwellings can be created by individual property owners, rather than by large developers,

if the planning system positively encouraged – rather than actively discouraged – roof extensions on buildings divided into flats

while allowing precisely the same roof extensions on houses, under permitted development.

The existing planning system is creating, rather than helping to resolve, the housing crisis.

These new flats can be built at no cost to the Mayor, but you could and should take the credit for all the new properties built under a much better planning system that doesn't actively work against Londoners' critical need for homes.

Many thanks for your time and attention.

Best regards

[REDACTED]

Paul Robinson

From: [REDACTED]
Sent: 21 February 2017 17:59
To: Housing SPG 2016
Cc: [REDACTED]
Subject: Affordable Housing & Viability SPG consultation

[REDACTED] so I do know a bit about the subject. There are councils in West London who have sat on vacant land and properties that could be used for housing. That sadly is not their policy and even now they continue to regard this land as an investment that accrues them more if they just sit on it. That has to stop. Also they allow planning departments to make it virtually impossible for affordable housing to be built in their areas until landlords such as housing associations give up and amalgamate with developers because they know that it is they who will get the planning permission agreed. This is all wrong and their powers should be reduced.

Regards

[REDACTED]

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Paul Robinson

From: [REDACTED]
Sent: 18 February 2017 23:57
To: Housing SPG 2016
Subject: Affordable Housing & Viability SPG consultation

To Whom it may concern,

I have reviewed the SPG and have the following comments.

The definition of Build to Rent.

Section 4.9 states that a development will have to be a minimum of 50 units to be defined as build to rent.

Does this mean that a development which is entirely built to rent, managed by a single management company and own by a single entity is not defined as build to rent for planning purposes if it is below this threshold? I.e 30 units? How would these be treated?

Section 4.10 indeed emphasises the importance of single ownership and management but to does not suggest clearly if these two elements override the others constituent parts of the definition.

Section 4.15 is a clearer claw back method. Option 1 adds unnecessary cost in terms of a viability assessment of the site as a build for sale which then would also then need to be reviewed. Both these items are funded by the applicant increasing the cost of the planning process for no reason as the scheme is going to be a build to rent.

Affordable Tenure.

Section 4.24 acknowledges that London Living Rent is provides lower rents than the alternatives 80% of market value etc. There should be an agreed standard what ever it is, however as the draft SPG notes lower rents will impact the number of units offered.

Section 4.27 How does this impact the requirement for 10% family size units in developments if the SPG acknowledges those looking to rent typical are looking for 1 and 2 bedroom units. What is the preference for Studio Apartments in the context of build to rent?

Section 4.36 on site management, some schemes may be too small to warrant onsite management especially those by smaller providers. It is more beneficial to tenants to be able to contact off site support via the phone for example 8 hours a day than the ability to speak to someone on site for an hour a part of a daily on site presence.

Thanks and Kind Regards

[REDACTED]

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Paul Robinson

From: [REDACTED]
Sent: 21 February 2017 12:41
To: Housing SPG 2016
Cc: [REDACTED]
Subject: Re: Affordable housing

> On 21 Feb 2017, at 12:04, Pat Devereaux [REDACTED] wrote:

>

> It seems to me with Brexit there will be no immigration so fewer homes are needed. There will be no builders to build these so called "affordable" houses which if you look at price are unaffordable to most young people. House prices are already dropping in the UK so that may help them. I think building more homes will create a housing bubble like they have in Ireland. Will this affordable housing house the homeless is the big question?

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Paul Robinson

From: [REDACTED]
Sent: 26 February 2017 11:49
To: Housing SPG 2016
Subject: Draft Affordable Housing & Viability SPG consultation

Dear Mayor,

This is my response to the Draft Affordable Housing & Viability SPG.

1. I welcome the emphasis on transparency concerning developers' viability statements, and hope that the Mayor and the Mayor's office will encourage the London boroughs to change their attitude towards this. Public money has been wasted by LPAs attempting to stop their constituents learning information that is in their interest – too often LPAs appear to be siding with developers against residents.
2. I welcome the arrangements for retrospectively examining viability claims in the light of – as is often the case – developments generating much higher returns than are foreseen in the pessimistic models used in viability claims.
3. However, given the poor record of LPA's in ensuring compliance with existing Section 106 obligations*, I feel that we have the right to be sceptical about how likely they are to monitor near-completed developments to see whether they have surpassed the predicted viability threshold.

*<http://www.southwarknews.co.uk/news/gov-report-finds-council-failed-years-monitor-developers-broken-promises-provide-social-housing/>

4. I am concerned that 2.28 and 2.30 open a door that LPAs and developers will walk through to avoid providing much, if any, genuinely affordable housing.
5. Para 2.50 must be applied much more robustly than this area of policy has been enforced up to this point.
6. It is crucial that 2.54 becomes an active policy, rather than a vague aspiration that is infrequently met.
7. Is the emphasis on Build To Rent, and the new exemptions for it, genuinely a clarification or modification of the existing London Plan, or a new policy that therefore needs much more robust evidence than is being provided here?
8. The OED defines 'afford' as 'have enough money to pay for'. I believe that members of the public, were currently policies to be clearly explained to them, would only accept a definition of affordable housing that is based on what Londoners are able to pay for (i.e. in relation to income) rather than market prices, especially when those market prices are being affected to some degree (the extent being a matter of debate/further research needed) by non-London residents. It seems to me therefore that allowing BtR to operate mostly/wholly in terms of discounted rates is a worrying step, and will lead to a greater not lesser proportion of London's housing not being genuinely affordable.
9. I am hugely concerned that there is no mention at all of increasing the proportion of housing that is at social rent – i.e. the only kind of housing that is affordable to a sizeable portion of London's population, and that socially rented housing only crops up in relation to like-for-like replacement in estate renewal schemes.
10. I am disappointed that there is little or no discussion of the different sizes and types of affordable housing needed. It seems to me that it would be possible, for instance, to meet the 35% aspiration under the terms set out in this SPG and yet provide no new affordable three-bedroom houses or similar suitable for families, or no need affordable flats suitable for the elderly. I understand it is partly up to the LPAs to provide more detailed requirements, but in general housing targets seemed to be based far too much on abstract totals of dwellings, which can be met without actually meeting the needs of the population.
11. I hope that this SPG is indeed only a staging post to a new London Plan that will provide a much more robust commitment to genuinely affordable housing of a full range of types.

Thank you for your time,

Yours,
[REDACTED]
[REDACTED]

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Resident response to GLA Homes for Londoners draft affordable housing and viability SPG (2016).

Executive sentence: Londoners need genuinely affordable rent and developers need to be obliged to deliver. The SPG is welcome but needs robust enforcement.

Its good news that the Mayor intends to invest more in affordable housing, bring forward more public land for affordable homes, and to lead the way in openness and transparency. Belatedly the recent White Paper has witnessed an official acknowledgment the nations housing system is broken. A multi tenure approach to mixed communities policy requires genuinely affordable rent. The SPG's threshold approach is pragmatic but requires stricter definition of the term affordable rent. The current use of the word 'affordable' is somewhat Orwellian evidenced by increases in housing need. The impact of welfare reform together with increase in homelessness demonstrates the urgent need for more social rather than the sector's current unaffordable rent level, which is 60 or 80% of local market level. The fact that by definition the London Living rent is available to households earning 40-60K illustrates the insanity in the housing market. Shared ownership is not viable for many low-income households, especially those on zero hour contracts. The weekly gross pay for minimum wage earners in London (if they are not on zero hour contracts) is around £240. Fixing social rents to 30% of minimum wage would be affordable to the low paid workers essential to running London's public services.

Clearly information relevant to planning determinations especially viability assessments should be publicly available in order to foster a greater understanding of and trust in the planning system. The SPG (3.46) approach adopting use of existing use value is welcome. Estate regeneration is going to be a key component in the London Plan and the Mayor needs to ensure that there is no net loss of social housing in this process.

Developers affordable housing requirements are often described as 'aspirations' that must be 'flexible' to encourage development. Many people in

recent years see the developers successfully and blatantly gaming the system. This undermines confidence in the professionalism if not the integrity of planning committees. In actual fact, the top five house builders in the UK have seen their post-tax profits rise from around £354m in 2010, to £2bn in 2015. This is an increase of 5.5x over 6 years. The recent cut in corporation tax will also obviously be good news for developers.

The credibility of the Mayor will be evidenced in future GLA planning decisions. The A developer paid £30m for some old clapped out buildings and then claimed that because he couldn't make enough profit after paying the land costs he needed to drop the affordable housing. Alternate estimates put the land price at £2.7M (<http://www.ourcity.london/case-studies/12-20-wyvil-road/>).

RESPONSE TO GREATER LONDON AUTHORITY RE: Supplementary Planning Guidance (SPG)

The emphasis on build-to-rent property in the recent SPG is a welcome acknowledgement of the change that is occurring in the residential marketplace. Because long-term rental is quite simply a necessity for the majority of London professionals today, the British Hospitality Association (BHA) has an important role to play in making sure that renters receive the same standard of service they have come to expect from the hotel/hospitality sector.

By attempting to clear the path for well-designed build-to-rent property, the current SPG is a step in the right direction. However, there needs to be a more flexible approach in certain areas for the above scenario to become the norm.

Our observations are below:

1. Development size

The original document uses the following definition of Build-to-Rent:

“In the absence of a distinct planning use class, a clear definition of Build to Rent is essential to define which developments should be treated as Build to Rent for planning purposes. The definition to be used for the purposes of this SPG is:

- *a development, or block/ phase within a development, of at least 50 units”*

Given the haphazard mix of buildings in London especially, it seems surprising that this rigid number is included in the definition of BTR. The SPG outlines the need for a 15-year covenant, good design and professional management, so we believe this should be enough to show the worth of a BTR development. A block which is well-designed and managed with local amenities on the doorstep ought not to be discounted for having fewer than 50 units.

There are many examples of 5-star living experiences in buildings of under 50 units, so this should also be possible for long-term operators to achieve, especially given the increasing number of hoteliers and serviced apartment operators who are branching out into the long-term rental market.

Given that sites of under 50 units are precisely the kind that will attract SMEs into the marketplace, the emphasis the government placed on SME developers in their recent white paper is certainly apt here. Removing the 50-unit minimum will encourage SME developers to participate and thus will only increase the number of units being delivered.

The DCLG white paper also cites brownfield sites as a key driver of future housing development. There will undoubtedly be many brownfield sites in London that are close enough to local amenities and transport links to offer a good living experience, but small enough to fall under the 50-unit mark. It does not make sense that sites of this nature become the exclusive preserve of build-to-sell developers.

2. Unit sizes

While the BHA welcome the below section of the document that refers to ‘flexibility’ on unit size, we would like it to go further:

“With regard to design, Policy 3.5 of the London Plan sets out the approach to delivering good quality housing. The Policy includes the space standards set out in table 3.3 of the Plan and links to further guidance on standards required to achieve good quality development which are set out in the 2016 Housing SPG. These standards apply to all tenures. However, Policy 3.5D of the London Plan provides flexibility to consider innovative designs where they meet identified need and are of an exceptional design and standard.”

Because we think service is so fundamental to the BTR living experience, unit size should be less of an obstacle. We would like to see an explicit statement that London Plan space standards can be reduced to a specific size for BTR applications.

Planning departments are already empowered to make a judgment on a case-by-case basis, but this additional guidance on size will help provide greater clarity, especially in a section of the industry that relies on long-term rentals. As a long-term covenant will be required to receive favourable planning, a developer is more likely to deliver units that are well-designed, managed and have adequate amenities in the development or around it. We also refer again to the white paper, which called for an increase in density in low rises via design and reduced unit sizes.

3. Amenities

As per the previous point; we agree with the section below that outlines amenities as a vital consideration when judging the ‘liveability’ of a BTR development:

“When assessing a scheme in relation to design LPAs are encouraged to take into account the value of on-site management and purpose built design in dealing with some of the challenges that would otherwise arise were it a build for sale scheme and which may therefore allow some flexibility on design standards.”

However, we would like the SPG to encourage LPAs to consider what services already exist in the surrounding area when judging the need for on-site services/design. Again, we believe there should be a shift in emphasis away from ‘the building requires X’ towards ‘the living experience available to a resident in the local area is X’.

If some services are provided within a short walk there should be no need for a developer to replicate them at the expense of liveable space. This subtle change will allow developers to maximise their living space, increase density of units and dedicate more resource to the services they really do need to provide. This will also act as a catalyst for local businesses to enjoy more trade from new local residents, which is preferable to an all-encompassing BTR site that creates an island community.

4. BTR fast-track

Similar to Permitted Development Rights, we would like to see a fast-track mechanism for BTR applications. The 'pathway' in the SPG is welcome, which will be further strengthened by going further and tying in a speedy planning process with a deadline to start / complete the development. The pathway should also include agreeing and signing a S106 agreement which at times can take over 6 months due to the resourcing pressures within local authorities. This will further encourage BTR developers to get building, which will result in a much-needed increase in volumes.

Summary

Overall the BHA supports the initiative taken by the GLA in the SPG. We do nevertheless believe that some minor tweaks will add significant value to the direction being taken by the GLA and DCLG.

Caroline Pidgeon MBE AM

City Hall
The Queen's Walk
London SE1 2AA
Tel: 020 7983 4000
Web: www.london.gov.uk

24th February 2017

**Affordable Housing SPG
FREEPOST LON15799
GLA City Hall, Post Point 18
The Queen's Walk
London
SE1 2AA**

Homes for Londoners – Draft Affordable Housing and Viability Supplementary Planning Guidance 2016

There are some aspects of the Supplementary Planning Guidance which I welcome, in particular I find it very encouraging that there are proposals for establishing a standardised approach to viability. It is especially welcome that there is an explicit commitment to greater transparency over viability assessments, with the expectation that all information will be public, including council and third party assessments, subject to applicants successfully making the case that limited elements should be kept undisclosed. This change in onus on how information is made public is long overdue.

I further welcome the clear recommendation that the Mayor will not use market land values as the basis of viability assessments. The guidance is completely right when it highlights that reliance on land transactions for sites that are not genuinely comparable, or that are based on assumptions of low affordable housing delivery, excess densities or predicted value growth, may well lead to inflated site values.

The proposals in relation to off-site provision of affordable housing and cash in lieu contributions are also welcome. I strongly support the policy of avoiding any incentive for off-site provision of affordable housing with all appraisals having to include the detail of the cost of delivering affordable housing on-site. It is equally welcome that the Mayor has made a clear commitment that it is not appropriate for boroughs to use cash in lieu of affordable housing for any purposes other than maximising the delivery of additional affordable housing. I further welcome the proposal that contributions should be administered by boroughs in a clearly identifiable manner and that boroughs should publish an annual report on how contributions have been allocated, with the Mayor monitoring and publishing this information through the London Plan annual monitoring report.

While welcoming all the above I would however like to highlight a number of concerns.

- Central to the Supplementary Planning Guidance is the proposed 'threshold approach to viability'; which is where applications that meet or exceed the 35% threshold without public subsidy and in addition also provide affordable housing on site and meet the specified tenure mix, will not be required to submit detailed viability information. I am concerned that the figure of 35% has been adopted not on the basis of any assessment of housing need but merely from an analysis of previous development applications and approvals, some of which were a product of questionable viability assessments in the past.
- I am also concerned that the figure of 35% has been adopted with no proper assessment of the actual potential of the building industry to comply with a higher figure. An examination of the annual accounts of the top five house builders in the UK over last five years shows a very steep increase in profitability. While some of this increase can be explained by an increase in house building, this is only a partial explanation and it can only be concluded that the profit margins on each new housing development have increased in recent years.
- In addition to believing that the 35% figure for the 'threshold approach to viability' has been set too low, I am also concerned of the impact on local democracy. As the guidance actually highlights at present almost two third of London Boroughs (19) have a strategic target for 50% of homes delivered to be affordable.

While recognising some specific aspects of the guidance I am concerned that the guidance relies far too heavily on the hope that the incentive of not having to provide detailed viability information for any development meeting the 'threshold approach to viability' will incentivise private developers to bring forward developments and increase the housing supply.

I am concerned that the 35% target is not only too low and will undermine decisions by London Boroughs but in addition it will not actually be effective. At the very least it is vital that the policy of 'threshold approach to viability' is properly evaluated in future years to assess whether it is has had the impact that is wished for within the guidance.

At a time when current affordable housing obligations are often not being enforced and when the profit levels in the construction industry are so high, it is disappointing that such timid policies are being proposed to deliver more affordable housing in London.



Caroline Pidgeon MBE AM

Liberal Democrat Member of the London Assembly

Affordable Housing SPG
FREEPOST LON15799
Greater London Authority
City Hall,
The Queen's Walk
More London
London SE1 2AA

Our ref: HD/P5001/92
Your ref:

Telephone
Fax

Email

BY E-MAIL:

housingspg@london.gov.uk

28th February 2017

Dear Sir/Madam

Homes for Londoners – draft affordable housing and viability Supplementary Planning Guidance 2016

Thank you for consulting Historic England on the draft affordable housing and viability Supplementary Planning Guidance (SPG).

As the Government's adviser on the historic environment Historic England is keen to ensure that the protection of the historic environment is fully taken into account at all stages and levels of developing a new strategy for transport in London. It should be noted that in addition to the National Planning Policy Framework (NPPF) and Guidance (NPPG) we would advise that the SPG take into account our Historic England Good Practice Advice on Local Plan making (GPA1) and Advice Note on site Allocations (HEAN3). Links to both documents are via: <https://historicengland.org.uk/advice/planning/planning-system/>

We appreciate that the Mayor is committed to a long-term strategic aim of delivering new affordable homes to help address the current housing crisis. And that the focus of this SPG is on how this can be achieved in terms of detailing the threshold approach to viability appraisals, guidance on viability assessment and specific approaches to Build to Rent schemes. However when considering the NPPF we would draw your attention to the principles of achieving sustainable development by seeking economic, social and



Historic England, 1 Waterhouse Square, 138-142 Holborn, London EC1N 2ST
Telephone 020 7973 3700 Facsimile 020 7973 3001
HistoricEngland.org.uk

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environmental gains jointly and simultaneously (para 8 NPPF, which includes seeking positive improvements on the quality of the built and historic environment (para 9 NPPF).

In this context we recognise the need for affordable homes for Londoners, but we would seek to ensure that the justification for increasing densities and quantum of development, as a result of the viability test, is not at the expense of causing harm to the significance of London's heritage assets and wider historic environment. We note that paragraph 2.12 makes reference to circumstances where particular sites may not be able to meet the affordable housing requirements due to the requirement for investment on other contributions. We would like to ensure that this approach is available for heritage assets, especially where they are in poor condition, neglected or complex to develop due to their significance. We would see the application of this approach in the round, with possible relaxation of the affordable housing threshold so allowing the delivery of both homes for all as well as heritage benefits (e.g. refurbishment and re-use of a derelict listed building formerly on the Heritage at Risk Register). Examples where this has already been achieved include the recently London Planning Awards winner of the heritage-led project category at Deptford (Lewisham Council and U+I Group plc) and the also mentioned Thrale Almshouses, Polworth Road, Streatham. In both cases affordable units were delivered, as well as key heritage features and assets brought back into use through a combination of new builds and restoration of heritage assets.

We note that Part 3 of the SPG provides guidance on viability assessment. In this regard we would wish to ensure that viability issues around heritage assets and their repair and maintenance are appropriately considered. With this in mind we would suggest consideration and referencing should be made to our publication Heritage Works which combines the expertise of the property and conservation sectors by providing a practical step-by-step guide for developers, owners, practitioners or community groups for creating successful heritage-led regeneration projects. In particular it makes reference to economic viability, which could help inform the SPG focus on viability assessment. Link below: <https://historicengland.org.uk/images-books/publications/heritage-works/>

Finally, we should like to stress that this opinion is based on the information provided by the Mayor in its consultation. To avoid any doubt, this does not affect our obligation to provide further advice and, potentially, object to specific proposals, which may subsequently arise where we consider that these would have an adverse effect upon the historic environment.

If you have any questions with regards to the comments made then please do get back to me. In the meantime we look forward to continuing to work with you and your colleagues.

Yours faithfully

Historic Environment Planning – London



Historic England, 1 Waterhouse Square, 138-142 Holborn, London EC1N 2ST
Telephone 020 7973 3700 Facsimile 020 7973 3001
HistoricEngland.org.uk

Please note that Historic England operates an access to information policy.
Correspondence or information which you send us may therefore become publicly available.





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HTA Design LLP
106–110
Kentish Town Road
London NW1 9PX

—
020 7485 8555
info@hta.co.uk
www.hta.co.uk

28.02.2017

London Plan Team
Greater London Authority
By Email
Affordable Housing SPG
FREEPOST LON15799
GLA City Hall, Post point 18
The Queen's Walk,
London SE1 2AA

—
Chair:
Benjamin Derbyshire
Dip Arch Cantab RIBA

—
Managing Partner:
Simon Bayliss
MA Dip Arch Dip UD

—
Partners:
Mike De'Ath
BA (Hons) Dip Arch RIBA
FRSA

Colin Ainger
BA (Hons)

Caroline Dove
MA (Hons) Dip Arch RIBA

Sandy Morrison
B Arch RIBA

James Lord
BA (Hons) BLA CMLI

Rory Bergin
B Arch MSc

Lucy Smith
BA (Hons) MSc

Dr Riëtte Oosthuizen
BA (Hons) MA PhD

Simon Toplis
MA Dip Arch

Tim Crowther
BA (Hons) B Arch RIBA

John Gray
B Arch (Hons) Dip Arch RIBA

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Directors:
Rajiv Ranjan
B Eng MBA
John Nsiah
BSc (Hons) Dip Arch

Dear Sir/Madam,

HTA Design LLP Response to Draft London Plan Affordable Housing and Viability SPG (Homes for Londoners)

I am writing on behalf of HTA Design LLP in response to the recently published draft Affordable Housing and Viability SPG. We welcome the opportunity to share our views and we hope our industry experience can make a valuable contribution to the process of considering the proposed changes.

We are submitting this response because we believe the proposed guidance will have fundamental implications for the work we do, for our clients, and for the people who live, work and enjoy in the spaces we design. We describe our approach as placemaking; collaborating to create successful, popular, and sustainable places. Homes and cities for all is at the heart of what we do, and therefore is of utmost importance to us.

We welcome the intention of the Mayor to provide strengthened support for the delivery of affordable housing to create genuinely mixed communities. We welcome the recognition that policy will need to be flexible and responsive to different types of development both in terms of unique site-specific considerations as well as alternative tenures and development models. We are aware the proposed changes have to conform to existing London Plan policies but are also keen to understand how these will be brought forward through the London Plan review.

HTA Design Practice Profile

HTA Design LLP is an award-winning multidisciplinary consultancy working in the residential development and regeneration sectors. We are a top AJ100 practice and listed in the UK's top 200 Consultants with over 40 years of experience providing comprehensive services to Local Authorities, Registered Housing Providers, Housebuilders, Constructors and Developers. We are renowned for working with housing providers and local communities to create and deliver great buildings and places through collaboration.

Our core services are the delivery of a wide range of private and affordable housing, major redevelopment and regeneration projects (both new-build and refurbishment) and estate modernisation. In



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HTA Design LLP Response to Draft London Plan Affordable Housing and Viability SPG (Homes for Londoners)

addition we have expertise in a range of specialist housing including:

- Prime Residential
- Purpose-built Build to Rent
- Mixed-use Developments
- Housing for People with Disabilities and Special Needs
- Listed Buildings and Heritage
- Custom-Build
- Off-site Manufacture
- Extra Care
- Housing for the Third Age
- Hostels
- Hotels
- Student Accommodation

The practice is recognised for driving innovation and improvement in the quality of housing and has won numerous design awards for exemplar projects.

HTA Design LLP Response to Draft London Plan Affordable Housing and Viability SPG (Homes for Londoners)

Increased Certainty

We recognise the introduction of the proposed SPG is intended to be an interim solution that will conform with existing London Plan policy; with the approach to affordable housing being a key consideration of the London Plan review. We strongly support the Mayor's intention to provide greater clarity and guidance on existing policy to support the delivery of affordable housing across the capital in the meantime. We also strongly support the Mayor's intention to lead the way in terms of openness and transparency with regards to development viability.

We support the intention to create greater certainty with respect to level of affordable housing provision and evidence required to justify proposed provision through introduction of a standardised approach to viability assessments. The proposals include the inclusion of 'Existing Use Value Plus' within viability assessments. The SPG states *"The 'Existing Use Value plus' (EUV+) approach to determining the benchmark land value is based on the current use value of a site plus an appropriate site premium."* The SPG sets out that the premium will be established on a site by site basis. The way in which the premium will be calculated is not clearly defined. We would therefore question whether in reality the proposals will provide greater certainty with respect to how viability will be assessed.



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It is encouraging to see that the long term ambition is to increase the threshold to 50%, in particular with the inclusion of a lot more flexibility about the type of products classified as 'affordable housing', and that it is intended this will be enabled through the review of the new London Plan. We hope that these aspirations in the longer term align with the willingness of local authorities to have open negotiation about affordable housing products suitable to a site or area. There is slight concern that in certain areas land values would automatically support higher numbers of affordable housing than others. As such, whilst a set target could provide more certainty, viability is very likely to still continue to be used on the majority of major schemes to justify the affordable housing offer.

Affordable Housing Definition

The draft SPG proposes a threshold approach that strongly recommends local authorities also adopt this approach for all schemes of 10 or more units. We see the 'Homes for Londoners' draft SPG as a major step forward in recognising that the current planning policy definition of affordable housing is too rigid. In particular in London it has long been recognised that shared ownership housing is no longer affordable for many working Londoners wanting to buy a home, nor is 'affordable rent' at 80% of market value an 'affordable' option for many. People in London are now spending more than 60% of their income on rent. This is not only affecting people's lives but the economy as people move away to find more affordable housing options elsewhere. We therefore welcome the proposal of the Mayor to consider a broader definition of affordable housing and to provide a mix of affordable housing tenures across London that includes low cost rent such as social rent or affordable rent, as well as intermediate products, with London Living Rent, and shared ownership to be the default tenures assumed in this category.

Despite signaling a positive change, the Mayor's SPG has a long journey ahead. To achieve its full impact it would need London's boroughs to fall into line and support the aspirations set out in this document, in particular the 'threshold' approach. Boroughs would also need to have more robust, comprehensive and up to date evidence on local housing need and borough-wide viability in relation to affordable housing aspirations. This is a message also echoed in the Housing White Paper. To enable this, it would require immediate resources invested into understanding local circumstances to this extent. We hope that adequate monitoring processes are put in place to understand how authorities implement this. We expect greater specificity will be contained within the final SPG as to what constitutes evidence of achieving higher average percentage of affordable housing that will enable boroughs to demand above this London-wide threshold.

We note that currently no provision is made for the introduction of starter homes. The recently released Housing White Paper makes



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provision for 10% discounted market sale in lieu of the Starter Homes model which was widely discussed previously. This is to be included in the affordable housing component. We look forward to receiving clearer guidance on the expected tenure split within each Local Planning Authority in the final SPG.

Recognising Product Specifics: Build to Rent

The growing recognition of the value of the Build to Rent market in delivering a higher quality housing product for those that are forced to or choose to rent is a positive step forward. The definition of Build to Rent is welcomed, in particular in that it specifies the need for homes to be self-contained with longer tenancies offered and the need to provide professional and on-site management. The Build to Rent market is a specialist market and the successful schemes that are being delivered are supported by a significant amount of market evidence and knowledge about customers. However, the definition does not include the need for shared facilities for use by residents which should ideally be a planning requirement if space standards or other housing quality standards (e.g. proportion of dual aspect homes or daylight/sunlight levels) are compromised. We would welcome clarity within the final SPG regarding how major schemes including both build to rent, and other tenures should be approached in terms of assessing viability.

We welcome the clear support for different models of development such as Build to Rent, through proposals to introduce flexibility around the affordable housing offer required in such schemes. We believe that the proposal for a wider definition of affordable housing will encourage alternative forms of development models such as Built to Rent, which is highly positive. The proposals will assist a wider range of organisations compete for land and deliver a wider range of housing products in London.

Recognising Site Specifics: Estate regeneration

We understand that in the case of estate regeneration schemes a viability assessment will still be required in order for the planning application to be assessed. It is promising to see recognition of distinct development economics, and that different types of development must be treated as such, through the planning system.

We look forward to understanding how the SPG will relate to wider proposed planning policy changes brought forward to changes to the National Planning Policy Framework (NPPF), an indication of which has been set out in the Housing White Paper.



28.02.2017

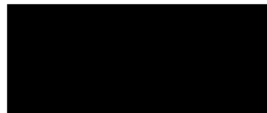
**HTA Design LLP Response to Draft London Plan Affordable
Housing and Viability SPG (Homes for Londoners)**

In conclusion, HTA is supportive of measures that will increase transparency, delivery and speed of affordable housing. We have set out areas within this response where we feel consideration may be required.

We look forward to seeing the Mayor's responses to the Consultation and the final SPG when this is published.

Yours sincerely,

Dr Riëtte Oosthuizen
Partner, Planning
HTA Design LLP



TOM COPLEY AM | LONDON ASSEMBLY LABOUR

Working hard for Londoners

Homes for Londoners
Draft Viability SPG Consultation
housingspg@london.gov.uk

City Hall
Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Mincom: 020 7983 4458
Web: www.london.gov.uk
REF: TC/MM

28 February 2017

Dear All,

Homes for Londoners - Draft Affordable Housing and Viability Supplementary Planning Guidance

In responding on behalf of the London Assembly Labour Group, I welcome the Draft SPG and commend its swift publication after the election, confirming the Mayor's commitment to reversing London's entrenched housing supply crisis. I commend the Mayor and Deputy Mayor for successful negotiations with central government, securing at least a record £3.15 billion for affordable housing in London before 2021. I also note the positive reception the SPG has had among housing associations, developers and other actors key to delivering the housing London needs.

I believe the policies within the SPG present a step-change in housing policy in London. In particular:

- The SPG not only restores the target of 50%, but for the first time sets out a grant mechanism to incentivise 50% affordable housing on single site applications.
- The *London Affordable Rent* tenure provides a higher funding rate for genuinely affordable rents, social or council rent, as Londoners would understand it.
- The *London Living Rent* will tie intermediate rent to locally defined income, rather than market rent, for the first time on a Londonwide scale – increasing security for sharp rent rises and the chance of home ownership
- The *London Shared Ownership* tenure introduces the first protections around maintenance costs for tenant-owners, decreasing unforeseen costs.
- Changes to the viability process will increase public transparency.
- The SPG's Viability Pathways and grant structure introduce incentives for higher affordable housing delivery with streamlined planning processes.
- Low affordable housing delivery will carry the disincentive of viability assessment publication, increasing transparency.
- The SPG contains significant arrangements to protect against landbanking, pioneering an approach where delays in development will lead to further social gain, namely further affordable housing.



Tenures

a. Terminology

I warmly welcome the introduction of clearly delineated social and intermediate rent levels after years of redefinitions of rent levels that have left many confused and suspicious of affordable rents and ownership models.

However, the terms 'Affordable' and 'Living' Rent arguably do not immediately signify social and intermediate rent levels. To ensure Londoners fully understand the advantages of these new tenures, I urge the Mayor to adopt the term 'London Social Rent' instead of 'London Affordable Rent' and undertake communications to maximize the understanding of these products in the eyes of future tenants.

b. Interaction with borough level rent-setting

As the Mayor is aware, boroughs from Westminster to Barking and Dagenham have developed their own affordable rent criteria, in the face of the sheer unsuitability of 80% of market rents as 'affordable' for London.

I welcome the consultative approach of the draft SPG on this issue, requesting clarification as to how these new tenures should interact with the borough's existing models. I look forward to further information as this develops and how borough tenures will be presented with clarity aside the London Living Rent.

Nonetheless, I would urge the final SPG guarantees 60% at low-cost rent, in line with the tenure split in the existing London Plan.

c. London Affordable Rent

I warmly welcome the return of a distinct, truly affordable rent.

London's development will continue to generate low paid jobs. The city has lost over 8,000 social homes in the last decade and addressing this decline is an urgent priority.

I regret the reduction in low-cost rent target from the existing 60:40 tenure split in the London Plan. The new regime, including the target of 30% may well deliver more units than 'business as usual', but in line with above comments, I urge this should be treated as a floor rather than a ceiling.

As delivery is limited to registered social landlords, I urge the Mayor and GLA to work intensively to ensure development partnerships are enabled and prioritising the delivery of units at London Affordable Rent.

d. London Living Rent

I commend the Mayor's recognition London's housing crisis has for long not been limited to the crisis in social housing, but sheer lack of affordability means hundreds of thousands of Londoners priced out of homeownership need assistance to rent.

I welcome the £60,000 maximum household income eligibility limit as a more realistic appraisal of incomes within the intermediate market.

I applaud the considerable significance of tying intermediate rents to income rather than the market. Not only does this enable a reasonable quality of life for Londoners, the one-third of income measure almost a universally accepted marker of reasonable housing costs since the American New Deal, but as income has risen much more slowly and steadily in London, rents tied to income offer Londoners immediate security for their futures.

I welcome the calculation of London Living Rent at borough wide scale.

I recognise this is beneficial in encouraging home ownership, but also urge London Living Rent flats must remain so in perpetuity, rather than converting to ownership opportunities for tenants. Tenants should be assisted into London Shared Ownership properties by housing associations, local authorities and the GLA, but units grant funded as London Living Rent should remain so.

e. London Shared Ownership

I particularly welcome the guidance shared ownership properties with market values above £600,000 will no longer be appropriate. I assume and urge this must translate into more units for affordable rent.

I welcome attention to the difficult issues maintenance charges have presented for tenant-owners and providers alike.

Targets

As stated above, targets for London Affordable Rent should be treated as a minimum ambition in schemes below and above the 35% threshold, not only in the face of acute housing need but to deliver truly mixed communities, particularly on large scale and estate regeneration schemes.

As well as habitable rooms, floorspace, and number of units, it is important that the schemes achieve a mix of homes in relation to families, i.e. three bed and larger, the minimum internal space standards and amenity and environmental standards.

I urge the Mayor to establish bedroom categories of four bedrooms plus to ensure a suitable mix of family sized accommodation can be achieved through planning negotiations.

Viability Routes

I applaud the SPG's innovative approach to reform of the viability process within London. Viability was an imperfect system, the confidentiality of which attracted the hostility of Londoners, local authorities and developers alike.

I particularly welcome the incentives to increase delivery that the new viability routes offer.

Route A offers full transparency for sites offering below 35% affordable housing. The Mayor must enable local authorities and the GLA to resist any cases for exception to this rule. Transparency is vital for the trust of London's communities and increased transparency between developers should work to lower costs in itself.

In an alternative offer to this 'stick' of public transparency is the 'carrot' of the offer of a 'streamlined planning process' as Route B ideally rewards developers who can offer high affordable housing with lower planning costs. I strongly welcome the further incentive of total unit grant funding unlocked above 40%. Nonetheless, I would like the final SPG to contain further details as to how 'light-touch' and transparent the viability regime under Route B will be.

In offering two routes, these changes to the viability process provide the first ever 'floor' to the expectations of funded affordable housing from the GLA. A 35% floor is not a 50% average, but I believe a higher or 50% floor for funding from the GLA would be counter-productive to delivery at this time, given the circumstances the Mayor inherited when he took office, a bare pipeline and inflated land costs tolerated by the Mayor's predecessor.

Nonetheless, while this viability and grant regime provides the first pathway to actually achieving 50% on site, the GLA will need robust resources to assess developments and their maximum affordable housing potential. I welcome the appointment of three FTE viability officers but urge this is kept under annual review, given private sector resources devoted to these processes. I echo the London Assembly Housing and Planning Committees' response in regard to the importance of in-house viability assessment and the need to maintain appropriate monitoring of appraisals.

I believe that on large sites the GLA should conduct its own assessment of viability to test whether a policy-compliant scheme would be viable.

Schemes not suitable for Route B

I welcome the recognition any loss of social housing and off site and in lieu contributions to new development require a greater level of public scrutiny, given that such practices do not contribute to the development of truly mixed communities, alongside the public concerns this raises.

However, in cases of estate regeneration and renewal, the physical loss of homes remains difficult for residents, even where existing affordable, i.e. social and council, housing is replaced like for like. Over the numerous estate regeneration schemes that have happened in London, the fates of social tenants have often diverged from more uncertain futures for leaseholders and where appropriate, private sector tenants in former right-to-buy units.

While I recognise the viability routes aim to incentivise replacing social homes, I believe that in 2017 no borough should be willing to undertake an estate renewal scheme that would reduce their totals of social rented homes.

Though this must be discouraged, I urge the GLA to consider the loss of social homes to be only one component that makes these schemes controversial and rightly in need of maximum public scrutiny. Estate renewal schemes are matters considering huge public (local authority) assets. For that reason, the GLA should ensure all estate renewal schemes by principle must take Route A.

Delay Review Mechanism

I believe the particular strength of the new viability system is London's first delay review mechanism. The agreement of a review at the point of planning permission, bound by S106, should provide a robust framework to deter against delays so disincentivising landbanking. Where delays prove unavoidable, land value uplift is captured 60:40 between developer and local authority to provide funding for additional affordable housing.

I believed the creation of the delay review mechanism represents a small effort to minimize the system being 'gamed' by developers making commercial choices as to when to apply for planning and when to start building. Nonetheless it is a reminder of the laissez-faire approach of his predecessor Boris Johnson and his contribution to the entrench nature of London's housing crisis, recalcitrant towards his own powers to shape the market and pace of delivery.

Build to Rent

I welcome guidance for the maturing Build to Rent sector, the first guidance that responds to this de facto emerging sector of housing provision in London, regardless of the planning system's suitability for it.

I appreciate concerns the Build to Rent sector create, but do not recognise the SPG as "promoting" this pathway.

However, I am concerned about the relaxation of space standards within Build to Rent based on the assumption of shared collective space, which seems modelled around one particular form of Build to Rent provision. There is no inherent reason why Build to Rent cannot provide complete units of family homes and for this reason, I would urge the re-consideration of space standards in relation to Build to Rent.

I welcome efforts to secure affordable housing in perpetuity on Build to Rent developments where secured through planning. I recognise the difficulties posed by current VAT arrangements and their prevention of disposal, however I urge the Mayor to continue conversations with the Treasury and DCLG on this issue, alongside the "simplest way" of a covenant within the S106 agreement.

I believe that the proposed 15 year covenant for build to rent schemes before the homes can be sold is too short, and would urge the Mayor to raise this to a minimum of 25 years.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Copley', with a stylized, cursive script.

Tom Copley
London-wide Assembly Member

Mayor's Draft Affordable Housing and Viability Supplementary Planning Guidance Consultation - Response from the Housing and Planning Committees on behalf of the London Assembly

The Assembly's response to the Mayor's consultation has been compiled from meetings held on the issue by the Housing Committee (24 January 2017) and the Planning Committee (1 February 2017). It also draws on a number of reports produced by the Assembly since 2011 which are referenced individually below.

Assembly comments on the draft SPG

The Assembly welcomes the publication of the Mayor's draft Affordable Housing and Viability Supplementary Guidance and notes it contains a number of policy recommendations put forward by Assembly Committees over the period 2011 – 2016.

The Planning Committee has previously made comments on the 2015 Housing SPG¹ and has also urged the Mayor to bring forward a SPG on viability assessments in London (1 February 2016)². **The Assembly welcomes and supports the Mayor's adoption of the main points made in these previous recommendations that are reflected in this Draft SPG, namely that:**

- The Mayor should produce a dedicated SPG on viability with guidance setting out a common approach to, and provide consistency of, application across London. This would provide a greater level of certainty to all parties;
- The Mayor should make a clear case for the Existing Use Value Plus approach to valuing land;
- The Mayor should promote the full public release of viability assessments in the interests of the public and in line with the National Planning Policy Framework;
- The Mayor should introduce the use of mechanisms to review planning obligations ('contingent obligations'), to ensure that large developments can be revisited to gain increased provision of, or funding for, affordable housing; and
- The need for guidance on appraisal mechanisms to ensure that the delivery of affordable housing is maximised at various points in the development of a scheme, reflecting changing viability.
- The importance of ensuring there are enough larger family homes and the need to measure housing targets in different ways, for example the number of new bedrooms provided rather than simply the number of units.³

¹ <https://www.london.gov.uk/LLDC/documents/s49612/housing%20SPG%20response.pdf>

² https://www.london.gov.uk/sites/default/files/london_assembly_planning_committee_letter_-_viability_assessments_final.pdf

³

https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/Final%20overcrowding%20report%20-%20print%20version.pdf

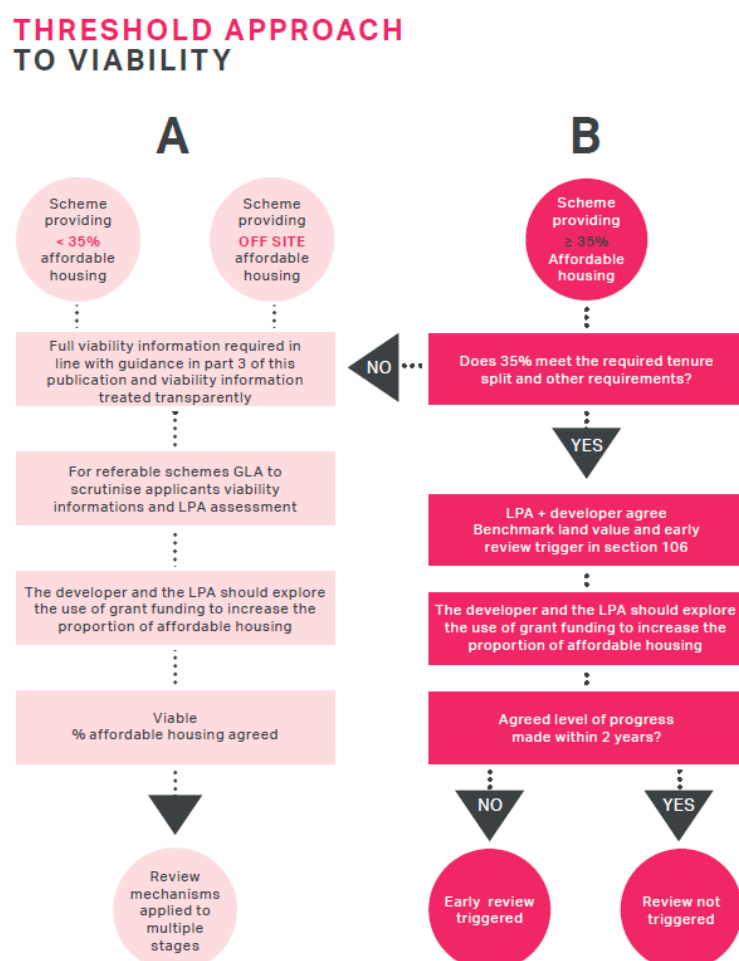
https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/London-Assembly-response-to-Draft-Housing-Strategy-FEB14.pdf

The Housing Committee investigated new ways to deliver genuinely affordable homes in a low-grant environment during 2015-16.⁴ **The Assembly welcomes and supports the Mayor's adoption of these points in the Draft SPG, namely that:**

- The Mayor's new Housing Strategy should encourage new approaches to affordability, including income-based approaches, such as that now proposed for the London Living Rent; and
- The Mayor should publish clearer guidance on the proportion of affordable homes expected in new developments.

Threshold approach and viability testing

The Mayor's new policy on viability will be based on a threshold, with the requirement for assessments differing according to the level of affordable housing being proposed as set out in the diagram below. The Mayor has chosen to base this approach around a benchmark level of affordable housing of 35 per cent. Schemes which deliver 35 per cent or more affordable homes will be offered a fast-track planning route (Route B below).



Source: [Draft Affordable Housing and Viability Supplementary Planning Guidance, GLA, 29 Nov 2016](#)

⁴ <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/providing-affordable-homes-rent>

Overall, the Assembly welcomes the greater clarity which the SPG should bring to the planning and development processes.

In particular, it supports workable incentives to deliver a higher proportion of affordable homes in new developments and to speed up development. However, there is a concern that the incentive for developers to opt for Route B and deliver at least 35 per cent affordable may not be strong enough. Achieving a consistent 35 per cent base of affordable housing is often a stretching target throughout a market cycle (unless the land is public owned): since the financial crash, the highest level of affordable approvals has been 27 per cent in 2009-10 (although the number of affordable homes built during a given year has typically been higher than the number originally granted planning permission).

The waiver of the requirement for a viability assessment is intended to be a primary advantage of Route B. However, the Housing Committee heard in its January meeting on the SPG⁵ that the costs of the viability appraisal process, both for developers and local authorities, may sometimes be overstated, reducing the incentive which Route B provides.

Separately, some contributors felt that the existence of the fast-track route could encourage over-optimistic (but ultimately non-viable) applications offering the benchmark 35 per cent affordable for some developments. If this were the case, it could lead to a smaller proportion of permissioned sites which are actually built out.

Members of both the Housing and Planning Committees are concerned that 35 per cent may become a ceiling, rather than a threshold, and this would not help the Mayor in his target of reaching 50 per cent affordable housing overall. Once published, the SPG will be of material consideration in the period up to the adoption of the 50 per cent target in the new London Plan. This may be a disincentive to maximising affordable housing, where no grant was needed, in areas of high land value, e.g. central London boroughs.

The Housing Committee also heard that it may prove hard to agree an appropriate level of progress to trigger the review mechanism, and that this can only be agreed site by site. Greater clarity over how this decision should be made would be welcome.

As set out above, the Assembly has previously called for the Mayor to make a clear case for the Existing Use Value Plus approach to valuing land. The Assembly therefore supports the Mayor's proposals to use Existing Use Value Plus premium as a basis for consideration of land value. However, there needs to be more detailed guidance on the acceptable premium in specific contexts.

The Assembly seeks the Mayor's assurance that the viability assessments for schemes referred to him are published as part of this process.

⁵ <https://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=302&MId=6114>

The welcome focus on viability assessments and transparency will have resource implications for the Mayor. Specifically the Assembly suggests there are sufficient officers in post to ensure the Mayor can be confident that viability appraisals he receives have been produced on a consistent basis, and that independent GLA viability appraisals can be produced where necessary.

As set out above, the Assembly is concerned that sufficient numbers of larger family homes are provided and measured in terms of bed spaces. It is important that the schemes achieve a mix of homes in relation to families, i.e. three bed and larger, the minimum internal space standards and amenity and environmental standards. There is a risk that in order to avoid financial appraisal, some developers will focus on small flats which are only marginally sub-market rather than the larger homes London needs.

Longer-term considerations

The Assembly accepts that the SPG must build on the viability assessment approach enshrined in the National Planning Policy Framework (NPPF) and existing London Plan. However, it notes the more fundamental caveats raised by Professors Neil Crosby and Peter Wyatt of the University of Reading at the Housing Committee's January meeting:

- Basing planning obligations on an event such as the sale of a site always risks disincentivising the transaction. The majority of Members felt that, in the longer term, consideration should be given to a recurrent tax approach, such as a Land Value Tax. The Assembly's Planning Committee recommended in 2016 that the Mayor should identify what further devolved powers might be needed to make a Land Value Tax a reality, and then explore the potential of a Land Value Tax through a feasibility study and pilot scheme;⁶ and
- For as long as the NPPF requires local plans to take account of market signals, including transactions based on non-policy-compliant schemes, the circularity in land valuation remains. This suggests, as noted above, that private developers are unlikely to deliver more than 35 per cent affordable homes on new developments (unless the land is owned by the public sector or a Registered Provider).

Build to Rent

The Assembly has also made a number of recommendations in relation to the private rented sector⁷ that the Mayor appears to have embraced in the Build to Rent (BTR) section of the draft SPG. These too are welcomed and supported:

- Recognising that increasing the supply in the private rented sector will help meet the increased demand for housing across London and should help to drive up quality through offering greater competition and choice.

⁶ <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/tax-trial-land-value-tax-london>

⁷ <https://www.london.gov.uk/sites/default/files/Rent%20Reforms%20-%20Making%20the%20Private%20Rented%20Sector%20Fit%20for%20Purpose%20Final.pdf>
https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/Bleak-Houses-Final-Report.pdf

- Encouraging institutional investors to become landlords that have an interest in providing good quality property for long-term rent. BTR represents the professionalization of the sector and the inclusion of a set of management standards should assist in the step change required in the sector.
- As private renting becomes the dominant tenure over the next few years encouraging longer tenancies must be a feature of the private rented sector as this tenure increasingly houses families with children.

The Assembly supports growth in private renting where this will result in well managed, good quality accommodation, mixed and balanced communities and sustainable neighbourhoods. Long term, purpose built, private rented developments managed as a single development can make a particular contribution to meeting housing need.

Such schemes are beneficial in a number of ways; they have the potential to accelerate delivery and not compete with nearby for sale developments; they can offer longer term tenancies/more certainty over long term availability; they can ensure high quality management through single ownership; and they can ensure a commitment to, and investment in, place making.

The Assembly understands that this is a developing area of policy and agrees with the encouragement of the BTR sector, the need to support it and to provide a level playing field with the build for sale sector.

The Assembly recognises that the sector is not homogenous and that the Mayor is keen to retain flexibility in his guidance and not be overly prescriptive at this stage, so as not to deter investment by parts of the BTR industry.

The Assembly notes that the guidance suggests that the space standards set out Policy 3.5d of the London Plan could be applied more flexibly to BTR where there are exceptional design standards.

The Assembly has always been very forceful on the need for adequate space standards to avoid diminishing the quality of life for Londoners and so moves to relax space standards should be considered carefully as negative impacts are all too evident. The social impacts of smaller homes have been described as 'life limiting' and homes that are too small have damaging effects on education and health outcomes and the community.⁸

Pocket Living is now delivering two-bedroom units at 57 m², which sits between a one-bed-two-person unit at 50 m² and a three-person unit at 60 m². This product is for sharers and is normally restricted in perpetuity as a rental product.

⁸ Housing Committee, December 2016 – Building Small
<https://www.london.gov.uk/moderngov/documents/s61221/Minutes%20-%20Appendix%201%20-%20Transcript%20of%20Item%205.pdf>

However, the Assembly recognises that the BTR sector is an opportunity to work a slightly amended space standard. This is a new type of product and internal living space may be reduced due to the use of communal space such as gyms, crèches, gardens and laundry rooms.

This product is already appearing in London and relevant space standards may need more consideration. The purpose BTR sector targets a particular demographic, that is pre-family formation, and more flexibility in space standards for these regulated homes could increase accessibility.

Overall, while generally supportive of the Mayor's intention to encourage this sector, the Assembly suggests the final guidance should be made clearer and the impact on the number and quality of new homes monitored in the following ways:

- The use of exemplary or innovative design can allow space standards to be reinterpreted. However, the Mayor's guidance needs to be precise to ensure that the advice is interpreted in the same way within each planning authority.⁹
- In the short term, as recommended by a majority of the Assembly's Housing Committee in its 2016 report '*At Home with Renting*',¹⁰ the Mayor should lobby Government for a distinct planning use class for the BTR sector which might then be subject to more specific policy support that could encourage the sector further.
- In the medium term the Mayor needs to carefully monitor the relaxation of size and space standards. The Assembly recognises that BTR may initially be aimed at a specific sector of the market (younger renters and fewer families) and at higher densities in town centres/transport nodes. However, it may be that the sector will be called upon to house a greater number of families in the future and the need for adequate numbers of larger units should be considered from the outset. This will be particularly important for those units on the shortest covenant periods that are the ones most likely to be moving into the private sale market.
- Over the longer term, and not for this Mayoralty, the 15 year covenant guide will need to be reassessed to ensure there is not excessive 'leakage' of this tenure into market sale property to the detriment of availability of purpose built rented homes.

Andrew Boff AM, Chair, London Assembly Housing Committee

Tom Copley AM, Deputy Chair, London Assembly Housing Committee

Tony Devenish AM, Chair, London Assembly Planning Committee

Nicky Gavron AM, Deputy Chair, London Assembly Planning Committee

3 March 2017

⁹ Housing Committee, December 2016 – Building Small

<https://www.london.gov.uk/moderngov/documents/s61221/Minutes%20-%20Appendix%201%20-%20Transcript%20of%20Item%205.pdf>

¹⁰ <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/stabilising-private-rented-sector>



M3 view on the Draft Affordable Housing and Viability Supplementary Planning Guidance

M3 Housing Ltd supplies affordable housing appraisal software to 9 of the G15 housing associations in London. It has the following views on the draft SPG:

The overall concept of locking affordable delivery into land values by treating EUV + as the benchmark land value, and directing the GLA as LPA where schemes fail the minimum affordable delivery, is good. We have the following comments:

1. Developers not obliged to contact a minimum number of RPs
 2. No concept of minimum offer value for an affordable unit, to compare against cost
 3. High assumed payments to be investigated
 4. Should a developer be required to deliver affordable units below physical build cost?
 5. LAR is a potential barrier to delivery in London suburbs
 6. LAR in early years of programme is even harder
 7. Grant on shared ownership could be switched to strengthen rent
 8. Review does not consider revised RP offer
 9. GLA appears to accept viability submissions in any format
 10. Number of rent options are confusing
1. The draft guidance in para 3.14 states that applicants should “engage with RPs at an early stage and an RP should be involved in pre-application discussions. Affordable housing values should reflect discussions with, and the offer made by, the RP”. The GLA requires no minimum number of RPs to be consulted, and does not appear to track whether the offer values are reasonable – in contrast to build costs and land values, which are benchmarked.
2. Our modelling and benchmarking, submitted and anonymised from our Pamwin Plus users, shows a wide variation in the offer prices supported by RPs across London. We have created a median likely offer price for a 2 bed flat, based on our limited data. If the GLA were to ask RPs to submit anonymous bids for archetypal units it could create metrics around affordable values across the capital, to aid viability calculations and help developer compliance.
3. Our modelling also shows that affordable offer prices can potentially exceed 75% of OMV. If land prices are cooled through EUV +, high affordable offer prices are not necessarily a cause for concern: if a large housing association wishes to pay 80% of OMV for units it intends to rent (rather than build them) – and has the financial resources to do so – is this not a sign of housing associations willing to sweat their assets in order to speed up delivery of affordable housing?

4. According to our modelling, the PV of Net Rents, on which the offer value for affordable rented units is based, is likely to be below the capital cost of building the unit when appraising affordable rented units. If land values are set to EUV +, and a developer is already making CIL contributions, we wonder whether affordable delivery would increase if the developer were not required to make an additional loss on them?

5. The PV of Net Rents for a 2 bed unit at London Affordable Rent is substantially below the cost of building it. Many housing associations act as developers that trigger their own s106 requirements, and many of them operate on the outskirts of London. To set rents at a lower rate than LHA is to invite developing RPs to look just outside greater London, where rents revert to 80% of Market Rent. We wonder whether LLR would be a better measure of affordable rent?

6. London Affordable Rent is subject to the rent drop up to 2020. For a unit delivered in 17/18, the cumulative rental income over 30 years is therefore substantially lower than a unit delivered in 2020/21 – the PV of Net Rents is at least £30k lower on a discount rate of 5.75%. This means units delivered early in the programme are 30k less viable than units delivered in the last year. Consider offering more grant support to them if you wish to meet the targets

7. This additional support could come from shared ownership grant. Our modelling shows that it has very little impact on the viability of shared ownership units.

8. If a development on route B is called in for review after 75% sales, or 3 months before completion for build-to-rent, there is no requirement to recalculate the potential offer from an RP for the affordable units. So a key part of the initial viability question is left out when it is reviewed. If house prices have gone down and rents have gone up, the gap between OMV and affordable values shrinks, to the point where it could be viable to convert remaining units to affordable rather than seek a financial contribution.

9. You have required that viability appraisals be submitted, but in any format. This is in stark contrast to the requirement that RPs submit management data to you via GLA Ops, and only via GLA Ops. You are at risk of tying up your viability team in spending their time learning how to interpret a potentially unlimited number of bespoke spreadsheet models, rather than looking at site viability. If you consider the GLA Toolkit to be flawed, consider saying ‘the Mayor requires submission via the GLA toolkit, currently version x, or any future toolkit it issues’. If that is not possible, consider saying ‘the Mayor requires you to fill out submissions in format x’ and then create a standard form that developers can fill in and submit to you, to be entered into the model of your choice. Ideally, you would create a web-based version of the toolkit to be used across London.

10. Having previously mentioned LAR and LLR, we note that LPAs could still insist in other definitions of affordable rent in their areas. Housing associations are more likely to make modelling mistakes if there are many rental options to choose from – is it necessary to have both LAR and LLR?

[REDACTED]

February 2017

[REDACTED]

Our ref: N/A

85 Gresham Street
London EC2V 7NQ

Date: 28/02/2017

Email: [REDACTED]
Twitter: @NHSPROPERTY
www.property.nhs.uk

Dear Sir / Madam,

**NHS Property Services (NHS PS) – Affordable Housing and Viability
Supplementary Planning Guidance 2017**

Thank you for the opportunity to comment on the above document. The following comments are submitted by NHS PS.

Foreword

NHS PS manages, maintains and improves NHS properties and facilities, working in partnership with NHS organisations to create safe, efficient, sustainable and modern healthcare and working environments. NHS PS has a clear mandate to provide a quality service to its tenants and minimise the cost of the NHS estate to those organisations using it. Any savings made are passed back to the NHS to reinvest in the provision of healthcare services. As the GLA will be aware NHS PS is also responsible for the disposal of sites declared surplus to NHS requirements. In these cases the NHS is required by Estatecode to ensure that all surplus sites are disposed of at 'Sale at best Price' for which paragraph 4.116 identifies, '*Ensure that surplus Land and property is sold at the best price reasonably obtainable in the open market. The sale process should demonstrate that this is the case.*' Further, paragraph 4.123 sets out that, '*Land and property with potential for development should normally be sold with the benefit of planning permission for alternative use.*' All receipts from the sale of surplus assets are recycled back into the delivery of the NHS' primary function – the delivery of health and high quality care for all free at the point of access, now and for future generations.

Increasing affordable housing to 50%

Registered providers and public owned land:

Surplus public sector sites are an important source of brownfield land for housing and NHS PS is helping the government and GLA in its drive to deliver land for new homes.

London Plan policy identifies a number of strategic priorities for planning obligations, key priorities include affordable housing, public transport, alongside climate change, air quality and the provision of health facilities and services. Given the strategic importance of health facilities, it should be accepted that the requirement for affordable homes cannot take precedence in all instances, particularly where it can be demonstrated that a site's redevelopment for best value is part of a wider NHS estate reorganisation and investment programme. NHS PS highlight that the growth in population, which will be driven in part by the delivery of the significant number of new homes being developed in London, will necessitate further health provision, which is a key consideration in the NHS' planning for fit for purpose health facilities.

Like other public service providers, the NHS has had to absorb real term cuts in budgets and consequently relies in part on the sale of surplus property for best value to help in funding new and improved services and facilities. This considered, the costs associated with re-providing health facilities through for example, site rationalisation, should be a consideration when determining the level affordable housing provided on NHS sites and a viability mechanism should be included for this.

Whilst NHS PS recognises the need to deliver affordable homes and actively seeks to achieve the appropriate balance in the delivery of affordable homes when submitting planning applications for its sites, this like all development sites is based on a case by case basis. We note that para 2.25 of the Draft SPG identifies that "Generally the Mayor expects RP-led schemes and schemes on public land to deliver as much affordable housing as possible within the context of the requirements of London Plan policy 3.12." Policy 3.12 in the adopted London plan clearly states at Part A that "The maximum reasonable amount of affordable housing should be sought when negotiating on individual private residential and mixed use schemes, having regard to:...

f) the specific circumstances of individual sites,

g) resources available to fund affordable housing, to maximise affordable housing output and the investment criteria set by the Mayor,"

Further, Part B of Policy 3.12 makes it clear that, *“Negotiations on sites should take account of their individual circumstances including development viability, the availability of public subsidy, the implications of phased development including provisions for re-appraising the viability of schemes prior to implementation (‘contingent obligations’), and other scheme requirements.”*

Surplus NHS sites should be assessed on the same basis as any other sites coming forward in the market. Forgoing land value would be contrary to NHS PS role and could delay required investment in alternative facilities, working against the Mayor’s aim of providing essential services for the community. NHS PS cannot therefore support foregoing land value at a cost to patient services, unless appropriate equivalent investment is provided to the NHS from other sources or the value of the site is increased commensurately by allowing a greater density of development on the site.

Vacant Building Credit (VBC):

NHS PS owns a number of long term vacant properties which are no longer fit for purpose or suitable for alternative uses given their bespoke and often complex nature. VBC acts as an incentive to redevelop such sites and is therefore consistent with the policy intention. In these instances the ability to apply the VBC to calculate the policy compliant level of affordable housing assists NHS PS in being able to submit policy compliant schemes for local planning authorities to consider. It can also reduce the timescales for determination by negating the necessity for protracted negotiation on compromised viability considerations often associated with such sites. In light of this, NHS PS supports the criteria set out para 2.62 of the draft SPG, which ensure the VBC is applied in appropriate situations. Notwithstanding this, NHS PS object to the proposed five year vacancy test and two year marketing period set out para 2.63 of the draft SPG.

We consider that it is more appropriate and reasonable to link the vacancy test to that used for calculating Community infrastructure Levy liabilities, which would enable a consistent approach to the assessment of vacancy. This test requires that a building has not been occupied for its lawful use for at least six months in the last three years. We would highlight that this consistent approach is identified in the Written Statement made by: The Minister of State for Housing and planning (Brandon Lewis) on 28 Nov 2014¹, which stated that, *“We also consulted on restricting the application of affordable housing contributions to vacant buildings being brought back into use*

¹ House of Commons: Written Statement (HCWS50)

(other than for any increase in floor space). This latter proposal was to boost development on brownfield land and provide consistency with exemptions from the Community Infrastructure Levy.

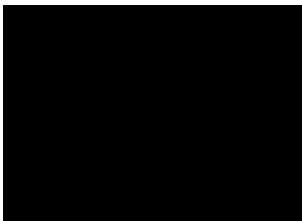
Restrictive policies, especially those which require substantial periods of marketing could prevent or delay required investment in alternative facilities. Where it can be demonstrated that NHS facilities would be redeveloped as part of a wider NHS estate reorganisation programme, having met the NHS' rigorous testing and approval processes before being declared surplus, it should be accepted that this provides sufficient evidence that a facility is neither needed nor viable.

Requirements for surplus healthcare facilities to be marketed and made available for other uses could prevent or delay the sale of unneeded or unsuitable properties and should not be imposed in this instance.

NHS PS looks forward to being consulted on future strategies and plans, whilst working collaboratively with the Mayor and London Boroughs to identify surplus public sector land that is suitable for delivering housing, including the maximum reasonable quantum of affordable housing.

Please contact the undersigned if you wish to discuss the above further.

Yours faithfully,



Town Planner MRTPI

NHS Property Services Ltd
85 Gresham Street, London EC2V 7NQ.

Representations on Draft Affordable Housing and Viability Supplementary Planning Guidance 2016

The draft SPG has been produced to supplement the Mayors Housing SPG and provide strategic guidance on the delivery of affordable housing in London.

In our view the document is over-long and repetitive in many places where it could be a far more succinct document. The document deals with three aspects. Firstly the rationale and aim of the SPG; secondly the threshold approach; and thirdly the viability assessments. It also provides guidance on 'build to rent' sector.

We support the view expressed in paragraph 1.3 that "In the meantime this supplementary planning guidance (SPG) provides guidance to ensure that existing policy is as effective as possible. It does not and cannot introduce new policy".

We agree with the view expressed in paragraph 1.11 that at present the process of agreeing viability matters is and has become 'protracted' and is delaying planning permissions and the delivery of much needed housing.

The draft SPG puts forward two approaches to the consideration of affordable housing. Those that provide affordable housing that meets the proposed 35% threshold and those that do not.

First we agree that there needs to be a 'tipping' point between the need for extensive, expensive and protracted viability assessments. Second we consider that notwithstanding the level of affordable housing sought through the London Plan the threshold within the draft SPG should be lowered to a more realistic level of 25% with a review of the threshold when the next version of the London Plan is adopted. We consider that this lower level than suggested in the current economic climate would closer represent the 'maximum reasonable amount of affordable housing'.

However the adoption of the threshold as suggested in paragraph 2.7 would still mean that where a borough had adopted an approach that delivered a higher average percentage of affordable housing (without public subsidy) then this local approach should continue to apply. This would still mean that there is the potential for an inconsistent approach to affordable housing in London with the two levels of in tension.

We agree with the contents of paragraph 2.8 of the draft SPG that states "The percentage of affordable housing on a scheme should be measured in habitable rooms to ensure that a range of sizes of affordable homes can be delivered, including family sized homes, taking account of local mix policies and having regard to site specific

circumstances". There is a need for a consistent approach throughout London as to how this is calculated.

Route A of the proposed process is suggested with an 'early review' and a 'near end of development review'. Again there needs to consistency as to what in particular the first phrase means.

Route B of the proposed process suggests that this is followed where amongst other matters the scheme is "consistent with the relevant tenure split". This therefore places a second level of refinement on the test and is likely to see more proposals fail to be candidates for the Rout B approach. In our view more flexibility should be applied to this second bullet point in Route B as again the tenure split varies between Boroughs. These different levels are referred to in paragraphs 2.27-2.31 of the draft document.

We have commented above on the proposed threshold level of 35% and the rationale for this is set in paragraphs 2.14-2.16 of the draft SPG. Given that "it is not a fixed level of affordable housing, but a threshold at which the approach to viability information changes" there is in our view the ability to lower the threshold as suggested. Whilst we agree that a single threshold would potentially deliver consistency for the reasons identified above in relation to individual Borough levels we have reservations that this will be consistent.

Paragraphs 2.48-2.53 deal with 'off site and cash in lieu' approaches to affordable housing. We support the approach in paragraph 2.51 that contributions should be held in a separate 'affordable housing pot' in order to deliver affordable housing elsewhere within the Borough and to meet the CIL tests. We consider that this can be the preferred approach rather than requiring the identification of alternative sites.

We support the approach in paragraph 3.5 that there are a number of viability models that can be used, rather than adopting a single model. We do not accept that the detailed working of viability models should be made public.

We support the approach in paragraphs 3.42 – 3.49 that the EUV+ method is an appropriate approach when dealing with the value of a site. We note that this approach is stated in bold in paragraph 3.46 of the document, although alternatives will also be considered in exceptional circumstances. We however do not agree with the comment in paragraph in paragraph 3.48 that states "Thus a market value approach will generally not be accepted by the Mayor". This in our view is a valid approach to looking at viability where the market value reflects a recent transaction.

In respect of AUV we note the comments in paragraph 3.49 that relate to this approach. We consider that this approach is also valid on some sites. Therefore whilst we note the preference for EUV+ there will be sites where 'market value' or AUV are more appropriate so exceptional circumstances do not need to be demonstrated.

Paragraphs 3.50 – 3.54 refer to the use of 'review mechanisms'. On smaller development proposals this generates a difficulty with external funding as it provides no certainty for the funding body. This is particularly the case with 'a near end of redevelopment review' as suggested in Route A. Given the uncertainty for the funding body as to what the ultimate development will be should the economics move this may well prohibit a bank lending on the development. We therefore suggest a threshold of 50 residential units.

For these smaller schemes we consider that the only acceptable review clause would be one where the review is triggered should the implementation of the development not have reached a building stage within a time period. Such as not having achieved first floor slab with 24 months.

In respect of Build to Rent paragraph 4.16 suggests that this should be secured in perpetuity. We suggest that this is onerous and a maximum timeframe of 20 years is more appropriate to reflect the ever changing housing market and housing.

The Mayors Housing SPG (March 2016) refers to Houses in Multiple Occupation in paragraphs 3.4.1 – 3.4.3. This draft SPG is however silent on the contribution that this type of accommodation makes to the provision of 'affordable' accommodation in London, given its size and affordability. It is considered that this should be recognised in the draft SPG and the document should make it clear that no affordable housing will be sought in proposals that seek to deliver HMO accommodation in London.

RPS CgMs Limited

February 2017

Consultation response

Shelter response to the Mayor of London's Consultation

Homes for Londoners – Draft Affordable Housing and Viability Supplementary Planning Guidance

February 2017

shelter.org.uk/policylibrary

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This document contains information and policies that were correct at the time of publication.

Shelter helps millions of people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

Introduction

Shelter welcomes the opportunity to respond to this consultation.

Within this Supplementary Planning Guidance (SPG) the Mayor has taken a number of positive steps that will contribute towards tackling London's serious housing shortage.

Background

Our hope is for a planning system where there is a shared vision of good development for London; bringing together the Mayor, Boroughs, developers and local communities as far as is possible.

London's housing market is not currently meeting Londoners' needs. The catastrophic rise in house prices and the unsustainable cost of renting means that for many the prospect of owning a home is unrealistic without help from the Bank of Mum and Dad. In addition, more and more families are forced to live in poor conditions, lack long term security and face a higher risk of homelessness. Tens of thousands of Londoners are stuck in temporary accommodation because of the acute shortage of social housing.

The most recent official assessment identified a need for 50,000 homes to be built in London per year to meet the current shortage. Around half of these need to be in affordable housing tenures, with the majority of these at Social Rents.¹ However, in 2014/15 the total net housing additions stood at just 28,191, with a worryingly low number of completions (3,000) at Social Rents.²

Much of the reason for this situation lies in the failure to build enough genuinely affordable homes over a sustained period. This is not the fault of the planning system alone, but a mix of failures in the planning system, government policy, the land market and the speculative housebuilding system. But aspects of London's approach to planning have also failed to prioritise the provision of affordable homes sufficiently over many decades.

In this context, Shelter believes that the Mayor's new Supplementary Planning Guidance (SPG) provides some much needed clarity for developers and local planning authorities, and provides some good groundwork for addressing some of the key challenges contributing to London's housing shortage.

¹ The 2013 London Strategic Housing Market Assessment, Mayor of London

² London Plan AMR 12, July 2016

Policy response

The steps being taken by the Mayor to improve the delivery of genuinely affordable housing in London are encouraging. In particular:

- The introduction of a 35% threshold of affordable housing within the viability system;
- Increased transparency around viability assessments;
- Increased clarity for developers on affordable housing tenure mix.

However, there are also areas where the Mayor could go further, including:

- Further action to deliver transparency in viability assessments;
- Stronger moves to encourage build-out by developers.

Committing to these additional measures would further empower the Mayor, and local authorities, to address London's housing crisis.

35% affordable housing threshold

A 35% affordable housing threshold on developments over 10 units is a sensible starting point for a reformed viability system in London. While not a binding 'target', the proposal will create clear incentives for developers to deliver an absolute minimum of 35% affordable housing. The way in which this viability threshold has then been linked to grant funding for additional affordable homes is also a welcome step, as is the idea of a dual system of viability assessment to encourage developers to meet this minimum threshold promptly.

Where developers fail to meet this mark then a clear message should be sent by the Mayor to reinforce this commitment. Schemes with particularly low levels of affordable housing should be called in and rejected to send the message to land owners and developers that having a decent level of affordable homes is non-negotiable in London.

It is also positive to see that the Mayor is reiterating his commitment to ultimately achieving 50% affordable housing on new developments. This commitment demonstrates recognition that the measures in this SPG, while positive, are only steps on the road to resolving London's housing shortage, and that more action will be needed to achieve the overall level of affordable homes needed.

Clarity on affordable housing tenure

It is important that when entering into schemes that developers understand their affordable housing obligations. Section 2.28 of the SPG provides this clarity by laying out the Mayor's preferred tenure split for new affordable housing in London. This split being:

- At least 30% low cost rent (social or affordable rent), set at levels deemed by the Local Planning Authority (LPA) to be genuinely affordable;

- At least 30% as intermediate products, where London Living Rent and / or shared ownership are default products;
- 40% to be determined by the relevant LPA.

This is a good approach to take, as it balances a clear, London-wide policy with a degree of flexibility for LPAs.

Transparency around viability assessments

The proposal to increase the transparency of viability assessments by introducing a threshold is a positive move. Not only will this approach enable better scrutiny by LPAs – it will also help to secure greater trust in the planning system from local communities most affected by new development.

The existing viability assessment process is flawed and lacks real transparency, with arguments of commercial sensitivity used to deny public scrutiny and undermine affordable housing and infrastructure provision. Moving to a threshold approach is a fairer way to ensure accountability: where the threshold is not met, it is right that local authorities and the public are able to find out what the justification for this is.

It will also ensure that where developers genuinely believe that they are unable to meet the threshold, they are prepared to demonstrate it via full public scrutiny.

Proposals to require viability information to be published in a standard and accessible format will help local communities to engage with the data, and enable comparison across schemes. It is also right that the approach taken to appraising viability is considered, not just the final outputs of a scheme. Requiring the inclusion of the full working model of appraisal, with all assumptions and calculations as well as supporting narrative, will allow genuine examination of the conclusions reached by developers' viability teams.

However, the Mayor could still go further, and introduce full transparency in viability, making all information public, alongside additional data about the land market – such as the value and ownership of sites. Accordingly, references to “exceptional circumstances” where viability assessments can remain private should be removed from the SPG and replaced by a clear commitment that all viability assessments will be publicly available. By requiring all viability assessments to be made public, concerns over the commercial sensitivity of this information are mitigated: having to publish such information would not place applicants at a commercial disadvantage if all other applicants also have to do the same.

Encouraging build-out

The poor rate at which planning permissions are built out is a key feature of the housing shortage. Build out rates in England are generally low compared to historical comparisons or other countries.³ This is because of the way in which speculative development works –

³ For example, Milton Keynes (led by a New Town Development Corporation) was built out at around 2,500 to 3,500 homes per year during the 1980s (DCLG, Live Table 253). That compares to Barking Riverside (a development of 11,000 homes) which the new developer hopes to build at 600 homes per year.

developers acquiring land at high values incur high risks, necessitating a steady release of homes for sale to sustain high prices. While this is rational for developers, we should find ways to incentivise a faster build – which in practice would translate into lower land values being paid, and so not impact on scheme viability.

After a reasonable period from grant of planning consent, Council Tax and Business Rates should be levied on unbuilt properties, to shift the balance of incentives in favour of build out. This measure would introduce a holding cost on permissioned land, encouraging the holders of sites to build out sooner – or sell to those that will develop. It has also been recommended by the Lyons Review, and more recently the House of Lords Committee on Economic Affairs.

While the Mayor does not have the power to change tax policy in this way, he can lobby the Treasury, and should publicly commit to doing so. This commitment would be a signal of his intent to ensure that developers in London are building the homes that they have permission for, and, if successful, the powers would be a valuable tool for local authorities in delivering much needed new homes.

The Mayor should also use the consultation around the recently published White Paper on housing to call for these powers.

Conclusion

The Mayor's SPG contains a number of important changes and clarifications that will help to address the housing shortage in London.

While there are areas where the Mayor could go further – such as full transparency for viability and a commitment to seeking additional powers to encourage build-out - the overall direction is positive, and will see important steps being taken for the benefit of Londoners.

For further information, please contact:

[REDACTED]
Public Affairs Team
Shelter
88 Old Street
London EC1V 9HU

Email: [REDACTED]
Phone: [REDACTED]

Affordable Housing SPG
FREEPOST LON15799
GLA City Hall, Post Point 18
The Queen's Walk
London
SE1 2AA

28 February 2017

Dear Sir/Madam

Draft Affordable Housing and Viability Supplementary Planning Guidance Representations

The Urban Land Institute (ULI) Residential Council has reviewed the Build to Rent section of the Mayor's draft Affordable Housing and Viability Supplementary Planning Guidance and has set out the comments and observations contained herein.

Overall, we very much welcome the Mayor's approach to Build to Rent in this draft document; it provides clarity around the definition of Build to Rent and clear guidance on its application.

Our specific comments are as follows:

SPG Ref.	Comment
4.5, Distinct economics of Build to Rent	<p>The recognition of the distinct economics of Build to Rent is welcomed. We believe it would further aid understanding if this paragraph could also acknowledge that Build to Rent is different as an investment class.</p> <p>Add wording to the start of 4.5 "Build to Rent is an attractive asset class for institutions and other investors seeking long-term, inflation tracking returns. The model is well established in the United States and other locations and has a stable pipeline of investment extending over many decades".</p>
4.13, Clawback calculation	<p>Our members experience is that, whilst it is entirely the applicant's choice as to whether to bring forward a private sale or Build to Rent scheme, Councils typically wish to understand the comparative position of a sale scheme. Our calculations also indicate that the option 2 clawback calculation will in many cases substantially over-state the viable sum and as such become a barrier to investors who need to be able to model an exit scenario were market conditions to dictate this.</p> <p>Clawback option 2 should be deleted and option 1 should be amended to give greater clarity on the calculation. In particular, it should be noted that in the 'build for sale' appraisal the affordable housing tenure mix should be that specified under 2.28 of the SPG.</p>

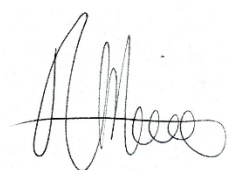
4.22, Rent levels	<p>In our experience investors are comfortable with varying levels of discount to market rent but do require that the whole of the asset (i.e. the private rent and intermediate rent homes) has an income which tracks the market. This requirement links back to the need to broadly track inflation and therefore represent a liability matching asset (e.g. for pension funds).</p> <p>With regard to rent increases, a number of our members take the approach of a simple fixed increase per year (e.g. 2%). Other members align increases to affordable housing, adopting CPI+1%.</p> <p>Delete the first sentence from paragraph 4.22 and the first word from the second sentence such that there is not an option to re-set rents to Living Rent at each tenancy.</p> <p>Amend CPI in the 3rd sentence to "CPI+1% (or a fixed percentage increase per year which is not unreasonably different to CPI+1%)"</p>
4.22, Rent monitoring	<p>Over time a range of Section 106 agreements will be in place across London requiring operators to let different quantities of homes within Build to Rent schemes at different rents. It is likely to be challenging for operators and Local Authorities to monitor compliance if a common approach is not adopted. We would welcome the opportunity to work with the GLA to establish a standard monitoring return format which all operators could use.</p>
4.23, Discounted rent product mix	<p>The proposal to permit a range of discounted market rent products is supported and it is likely to be reasonably common to do this in order to maximize affordable housing delivery.</p> <p>Amend first sentence to "Alternatively, where the LPA and developer identify a specific local need or there is an opportunity to maximise affordable housing delivery, a wider mix of discounted market rent products may be provided."</p>
4.23 / 4.24, Discounts to market rent	<p>Our experience to date is that Build to Rent providers work with Local Authorities to determine the optimum discount to market rent (or in many cases a mix of discounts), balancing specific local needs, such as keyworker demand or business need, with maximising the quantum of affordable homes. The proportion of market rent can range anywhere from 30% to 80%. It is not currently clear if Discounted Market Rent homes in a Build to Rent scheme are intended to be covered by the proposed household income cap of £60,000. If this were the case there would be concern that this restricts the opportunity of developers and Local Authorities to work collaboratively, as they are currently doing.</p> <p>Add wording "It is noted that the maximum rent for Discounted Market Rent homes within Build to Rent will be capped at 80% of market rent rather than the household income cap approach used for intermediate home ownership products"</p>
4.25, Break up and sale	<p>The requirement for a commuted sum if the development were broken up and sold as individual homes is agreed, this should however not apply if the block as a whole is sold to another Build to Rent operator.</p> <p>Amend wording to make clear that it applies in the event of break up and individual unit sale only.</p>

4.26-4.29, Design guidance	<p>The guidance on design flexibility is welcomed. There is however concern that those without experience of Build to Rent may not easily understand what specific flexibilities should be applied. Amend wording to make clear specific flexibilities which should be considered:</p> <ul style="list-style-type: none"> ▪ Allowance for individual unit space standards which are below the current Housing SPG minimums, provided shortfall in space is included elsewhere within the building as amenity space. ▪ A range of 10-15 units per core per floor depending on mix (a combination of larger units, e.g. 2 & 3 beds would have a lower number of units per core per floor than a combination of smaller units, e.g. studios & 1 beds). <p>We note paragraph 1.55 of the Government's Housing White Paper that has been subsequently published. It notes that the Government will "review the Nationally Described Space Standard to ensure greater local housing choice, while ensuring we avoid a race to the bottom on the sizes of homes on offer". We enclose a relevant extract from the ULI Build to Rent Best Practice Guide (Edition 2) that supports this approach (Appendix 1).</p>
4.33, Review mechanisms	<p>Build to Rent developments are often forward-funded by the future asset owner or sold to an owner at some point during the development period. When this sale occurs the developer's receipt becomes fixed and any future change of operating cost / revenue is at the asset owner's risk. The asset owner will also generally have factored in growth assumptions when calculating the acquisition price. This type of funding arrangement is critical to Build to Rent schemes being brought forward.</p> <p>For the above reasons it is not generally possible for the developer to enter into a review mechanism which requires the reflection of rent increases from which they will not benefit. Amend wording to make clear that, aside from the early or pre-implementation stage, review mechanisms should not be sought for Build to Rent developments.</p>
4.35, Rate of sale / disposal	<p>The third bullet point under this paragraph and the subsequent text in brackets are currently unclear and risk confusing the rate of letting for the dwellings with the sale of the asset as a whole. Delete text in brackets and replace with a new bullet "A Build to Rent appraisal will assume a development period then a sale of the asset to an investor or transfer to the operating business of the developer"</p>
4.36, Management standards	<p>The drive to secure high management standards is fully supported. However, the British Property Federation (BPF) and Royal Institution of Chartered Surveyors (RICS) do not assess their members for Build to Rent management or accredit firms. The London-wide portal is also understood to be redundant. Amend references to BPF and RICS to more suitable bodies, for example the United Kingdom Apartment Association (UKAA), Institute of Residential Property Management (IRPM) or Association of Residential Letting Agents (ARLA).</p>

General	<p>Whilst not specific to Build to Rent, we would have a number of concerns on the wider Housing SPG which many of our members will address in more detail within separate representations. Key points include:</p> <ul style="list-style-type: none"> ▪ Benchmark land value – The weight placed on Existing Use value is excessive and the requirement for there to be a planning consent for Alternative Uses could lead to unproductive costs. ▪ Build costs – BCIS is unlikely to provide an accurate basis with which to assess build costs on urban high density sites.
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We would be pleased to discuss further with you, following your review of our comments.

Yours faithfully



Richard Meier
Chair, ULI UK Residential Council

Enc. Appendix 1, Extract from the ULI Build to Rent Best Practice Guide (Edition 2)