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Our ref: JC/D

Dear Sir

The Draft London Plan December 2017 – Policy H13 *Build to Rent*

I am writing to provide comments from Deloitte LLP about Draft London Plan Policy H13 *Build to Rent*. Our comments are made in the context of the firm's approach to supporting its staff in meeting their housing needs through a programme of facilitating occupation of professionally managed rental accommodation.

Deloitte's approach to supporting its staff in meeting their housing needs

Deloitte is well known to the Mayor of London, GLA and London Boroughs as an organisation that is closely involved in creating housing solutions in London. Our clients include the GLA, Homes England, TfL, Network Rail, National Grid, the NHS and many other private sector land owners and developers, with whom the firm works to deliver housing solutions in the capital.

Deloitte has also taken the lead in identifying how to support its staff in meeting their housing needs. In 2015, the firm established a pioneering solution to help its graduate recruits to access more affordable and professionally managed rented accommodation, in the East Village development on the Queen Elizabeth Olympic Park. The housing solution forms part of Deloitte's approach to securing the best talent and to supporting its staff in finding a place to live.

Having been closely involved in the creation of Get Living London (GLL) at East Village, Deloitte identified the opportunity to partner with GLL as a way for large corporate organisations to play a part in solving the housing crisis. Currently, approximately 150 of Deloitte's staff live in rented accommodation in East Village.

Deloitte is exploring how to promote expansion of the programme to enable wider groups of staff in the firm to meet their housing needs in the private rented sector. It is also working with representatives of national and region government to consider how its programme can become a template for other major corporate employers to adopt a similar model. We are bringing together a group of senior executives from major London employers with a selection of providers of large scale build to rent housing development, to consider how the programme can be expanded. Through our discussions with senior officials in government, we are keen to involve the GLA in this process.

Linked to the Mayor's objectives for growing a good economy in London in draft Policy GG5 *Growing a good economy* and to achieving the objective of having 6.9m jobs by 2041, upscaling Deloitte's housing solution

would have benefits to London's economy that flow from enabling people to find employment opportunities in the capital.

Policy H13 Build to Rent

Deloitte firmly believes that the Build to Rent sector (BTR) will play a vital role in meeting London's housing needs. Through its partnership with GLL, the firm recognises how important the rental market is to London, particularly for younger generations who are looking for employment, but are either unable to or do not wish to own their own homes. We support the London Plan's approach to having a specific strategic policy for BTR, given the benefits to residents of occupying professionally managed accommodation.

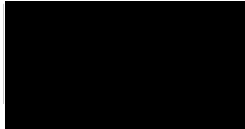
Deloitte would like to ensure that the Build to Rent policy in the London Plan will enable new developments in the sector, and that it does not introduce unintended obstacles to BTR schemes coming forward. In particular, we are aware that it is very difficult for BTR providers to acquire sufficient land at viable prices to meet growth plans, and we support calls for a levelling of the playing field in the land market. In particular, providers need greater certainty about levels of affordable housing and rents that can be charged, so that they can bid for land at a level that is competitive with providers of homes for sale.

In this context, Deloitte makes the following comments on the approach to Policy H13:

- Benefits of Build to Rent – paragraph 4.13.1 helpfully confirms that the planning system should take a *"positive approach to the Build to Rent sector to enable it better contribute to the delivery of new homes"*. Deloitte suggests that Part A of Policy H13 should also include this positive encouragement to the sector, particularly to reflect the benefits that are expressed in paragraph 4.13.1. We also suggest that paragraph 4.13.1 should include an additional important benefit about the role of BTR in helping to provide housing to support London's economic growth benefit, reflect the principle in Part D of draft Policy GG5.
- Affordable housing – Deloitte considers that the London Plan should include a lower threshold level of affordable housing to enable BTR schemes to take advantage of the Fast Track viability route. Parts A and D of Policy H13 recognise that there are differences between the financial viability of Build to Rent and Build for Sale developments. It is therefore unrealistic to expect the BTR sector to achieve a 35% threshold before it qualifies for the Fast Track Route. The 35% threshold establishes a political expectation that this level of affordable housing should be provided in BTR schemes. It will substantially increase the risk, time and cost of the planning process for BTR projects, while reducing certainty to the sector. The high threshold will also make it harder for BTR providers to compete in the land market to acquire sites, as the higher expectation on affordable housing will significantly reduce financial offers. A lower threshold for BTR will create increased certainty for the sector, will support its ability to meet the growing need for professionally managed rental accommodation, and will reduce the cost of taking projects through the planning system.
- Discount Market Rent – Policy H13 is currently unclear about the approach to achieving Discount Market Rent units (DMR) and how to qualify for the Fast Track viability route. Part A suggests the *"preference"* for DMR at London Living Rent, and Part C states that the range of other discounts below market rent should be agreed with the borough and/or the Mayor *"where relevant"*. The policy should provide more certainty about what levels of rent should be provided in order to qualify for the Fast Track Route, as the default may be for schemes to be automatically sent down the Viability Tested Route. We also question whether it is relevant that BTR should be required to satisfy *"all other requirements"* of Part C of Policy H6 *Threshold approach to applications*, particularly the requirements to take account of the strategic 50% target and to seek grant funding to increase levels of affordable housing.
- Allocating specific sites – Deloitte supports the principles in paragraph 4.13.13 that boroughs should allocate specific sites for BTR and include an element of BTR in large sites. However, we suggest that these principles should be explicitly included in Policy H13.

We would be pleased to discuss these comments with officers at the GLA. We will also continue to work with the GLA to explore how to encourage other large businesses to follow Deloitte's programme of supporting staff in meeting their housing needs in the private rented sector.

Yours faithfully



Jeremy Castle
For Deloitte LLP