

Response: **The draft London Plan**

2 March 2018

1. Introduction

The National Housing Federation and our members believe that everyone should have a home that is right for them at a price they can afford. It's a considerable challenge, but one that the whole sector is committed to. We welcome the opportunity to respond to the Mayor's draft London Plan.

2. Housing policies

We welcome the centrality of housing to the draft Plan and the Mayor's recognition that increasing the supply of affordable housing is his main priority. Good quality, affordable housing has a crucial role to play in delivering a city that works for all Londoners.

Housing associations working in London share the Mayor's ambition to significantly increase the number of affordable homes being built. They already deliver the overwhelming majority of new affordable homes and are committed to working closely with the Mayor and partners across London's 33 boroughs to deliver even more.

The draft Plan outlines a comprehensive package of measures that have the potential to significantly help housing associations deliver the ambition they share with the Mayor – namely, meeting the housing needs of an even greater number of Londoners. Housing associations are committed to increasing the supply of affordable homes in the capital and building on their already strong track-record. In 2016/17, they started building over 13,500 new homes, including over 8,500 affordable homes.

Before providing a response to some of the more specific policy measures, we would like to make three broad observations which will be critical in ensuring the successful implementation and delivery of the draft Plan's intentions:

- *The political dimension:* the process for consultation and examination of the draft Plan spans several important political events which will impact on its introduction. Some proposed policies – especially those on affordable housing thresholds, small sites and densification – are likely to feature prominently in political debates during borough elections in May 2018 and the Mayoral election in May 2020. Both these events have the potential to reduce the resource and political momentum needed for the draft Plan's successful implementation and delivery.
- *The outer London dimension:* similar to the political dimension, the explicit expectations on outer London boroughs to play a far more prominent role in accommodating the capital's housing growth is likely to be the source of some controversy. The Mayor will need to carefully manage this reaction – particularly the perception it's been imposed, rather than collaborated, on. The Mayor will need to be clear on how he can support the boroughs to implement the plan locally.
- *The cooperation dimension:* the successful implementation and delivery of much of the draft Plan requires significant cooperation between national, regional and local government. Whilst this is something discussed in more detail below, the key issues here relate to the boroughs' interpretation of affordability and the extent to which the funding gap for infrastructure and affordable housing, identified and acknowledged by the draft Plan, undermines its aims.

We are supportive of the setting of ambitious housing targets overall - an increase of over 50% on the current London Plan - and of outlining the net housing completions each borough should plan for. We recognise that these targets differ from those that individual boroughs will have identified through their own planning process as they haven't been assessed in isolation - and targets have been allocated on a fair and sustainable basis. However, we are concerned by the potential for borough resistance to significantly higher targets being imposed on them - especially outer London boroughs where 55% of

all homes are expected to be delivered. **We are keen to understand how the Mayor will address this resistance and ensure that local planning authorities and committees don't stifle the ambition of the draft Plan.**

We understand the focus on brownfield registers and permission in principle – and think there is scope to go further to prescribe the content of permission in principle. **Boroughs should be encouraged to specify both the density and number of homes; dwelling size mix; affordable housing requirement; community and social infrastructure requirements; and, other permitted uses.** These additions would have the benefit of providing increased certainty to both developers and local authorities in ensuring that development coming forward will meet objectively assessed need – and boost community support for new housing. This will also send clear signals to developers as to what is expected on a site which will in turn influence what they pay for land.

We welcome the presumption in favour of small sites, as a way of increasing the contribution they can make to overall supply, and recognise how this can reduce the burden on boroughs identifying the sites needed to meet their housing targets. Housing associations have considerable expertise in delivering smaller, infill sites, so it's clear how this policy could support their contribution to housing supply in the capital. However, it's important this policy is supported by the draft Plan more broadly, in a way that it currently isn't. A failure to do so may mean that the benefits that affordable housing provides, in terms of certain, early upfront cashflow will be lost - negatively affecting scheme viability.

Small sites require a different set of skills and a higher level of resource within local planning authorities, so it will be important for the Mayor to ensure that local authorities are equipped with these. For the approach to in lieu payments to be a success, the Mayor needs to ensure that each borough has a detailed, robust plan in place for the reinvestment of this money into affordable housing. Too often this isn't the case. **Possible alternatives would be for boroughs to identify a housing association partner upfront to transfer lieu payments to. Or for the Mayor to hypothecate all in lieu payments to reinvest as grant funding.**

As detailed in our response to the Mayor's draft London Housing Strategy, we are supportive of the strategic targets for affordable housing and setting affordable housing thresholds for public and private land. This has an important role to play in ensuring affordable housing is factored into the price paid for land; de-risking and accelerating planning permissions; and, crucially incentivising affordable housing delivery. **Housing associations are, of course, committed to delivering higher proportions of affordable housing than the targets and thresholds expect.**

Whilst we are concerned that there is a disconnect between the policy intent of the draft London Housing Strategy and draft Plan for 50% of new homes to be affordable, and affordable housing threshold being set at 35%, we recognise the need for pragmatism to get the strategic aim. However, of greater concern to housing associations is the mismatch in expectations between the Mayor's housing team and planning team. Housing associations are agreeing a five-year programme with the housing team for 50% of their delivery to be affordable. Yet the planning team is delaying planning where individual schemes, within that programme, fail to deliver 35% affordable housing. **It will be important for the Mayor to bridge this gap – and ensures his housing and planning team are working in unison.**

We welcome the Mayor's intention to deliver a mix of genuinely affordable housing and recognise the rationale behind giving local authorities some discretion over the affordable housing tenure mix. However, there are risks over how the boroughs implement this. For all there is an inherent risk based on the draft Plan's assessment of housing need differing from the individual boroughs'. Housing associations are also concerned that many boroughs are likely to prioritise London Affordable Rent without understanding the impact this will have on scheme viability and housing associations' development capacity.

We recognise that, in recent years, London's industrial land has become increasingly endangered as competition for land has intensified. To that end, we understand the draft Plan's aims to protect industrial land, alongside consolidation, intensification and co-location of uses where possible. However, housing associations remain concerned about the interaction between protecting industrial land and delivering co-located housing growth. Their recent experience is that - as a result of low commercial and industrial rents, together with low demand for some industrial space - affordable housing is subsidising the cost of the industrial units. This seems perverse given the overwhelming need for affordable housing and the viability issues its delivery already faces.

We support the Plan's overarching aims on estate regeneration – and the rationale behind it. The principles and philosophy that underpin housing associations' approach to estate regeneration closely reflect both the draft Plan and the Mayor's good practice guide. There are a number of factors which shape the successful delivery of estate regeneration and planning is certainly one of them. In that regard, the draft Plan provides welcome and much needed clarity and leadership. It offers an effective vision and framework for estate regeneration in the capital to take place within.

However, there are a number of factors which are, to a large extent, outside the Mayor's control, so it will be important to ensure the draft Plan's requirements are applied with pragmatism – especially given the long-term nature of estate regeneration. A stable (housing) policy environment is critical, with the recent focus on home ownership demonstrating the risks of uncertainty. Housing associations' business models are dependent on long-term certainty and control over their rents. This is critical to retaining lender confidence and supporting private finance (which covers up to 90% of the cost of estate regeneration). The 2015 rent reduction was outside the Mayor's control and took significant development capacity out of the sector. Whilst the estate regeneration housing associations deliver will primarily be funded by private finance, continued grant funding and bond guarantees are critical – which requires central government backing. Finally, consideration needs to be given to boroughs' vision for their areas and residents. Many see estate regeneration as a vehicle to deliver more mixed communities and raise prosperity.

So, whilst housing associations are supportive of the need to deliver like-for-like replacement of affordable homes, it is critical this is balanced with viability. As a caveat, we welcome the flexibility of the focus on floorspace and 'rents based on social rents' provides. We would also note housing associations' existing strong commitment to maintain or increase the number of affordable homes provided. However, given the issues identified above – alongside the funding gap the draft Plan identifies and is reliant on central government closing – it will be important for the Mayor to show pragmatism over the draft Plan's expectations.

We are supportive of the approach to Build to Rent and recognise its role in increasing housing supply in capital. We are also pleased to see that Build to Rent providers will be held to more comparable affordable housing obligations than those proposed at the national level - it is absolutely right that all housing development contribute towards affordable housing supply.

3. Design polices

Housing associations are committed to delivering and maintaining great places to live, both in terms of the quality of the homes they deliver and importantly, the wider locality and sense of place. We recognise the importance of making best use of available land in London in order to deliver more of the homes we so desperately need, and the resulting emphasis on density.

The draft Plan is clear that higher density development should explicitly consider the impact on surrounding infrastructure, and where necessary include proposals for infrastructure improvements. However, it also argues that 'the density of development proposals should be based on, and linked to,

the provision of future planned levels of infrastructure rather than existing levels.’ We agree with the sentiment of this policy statement as it is reasonable and appropriate for planned development to take account of future planned infrastructure. However, it is unclear that the structures and processes are in place to ensure housing developments and infrastructure are actually delivered in such a coordinated fashion. There is therefore a risk that this policy intent, while good on paper, is undeliverable in practice and therefore serves to further increase pressures on existing infrastructure, fuel local opposition to housing development and potentially delay planned developments due to stalled or disjointed infrastructure delivery.

We believe national and local policy makers should do more to ensure housing and infrastructure are actually delivered in a coordinated, timely and sustainable way. While both the GLA and Homes England have established numerous funds for infrastructure which unlocks housing development, these are not sufficiently strategic, coordinated or integrated into local planning processes. In order to ensure the policy intent in the draft Plan is delivered on the ground **we would urge the GLA to work with the boroughs, DfT and other stakeholders to develop a strategic and coordinated approach to infrastructure investment and delivery which is more integrated with the planning system.**

We strongly welcome the draft Plan’s focus on transport links, active travel, social infrastructure and proximity to employment opportunities, with regards to high density development. London is a growing and dynamic city and our housing delivery must reflect that, but in so doing it is essential that we maintain a focus on the lived experience of Londoners and the quality of the places they will live in now and in the future.

Housing associations are committed to building and maintaining quality and safe buildings, and the safety of residents is of paramount importance. **We therefore welcome the draft Plan’s focus on ensuring robust fire safety is at the heart of proposed developments.** Fire safety, and engagement with the London Fire Brigade, should begin at the design phase and run throughout all phases of development.

The National Housing Federation and our members are actively involved in the Independent Review of Building Regulations and Fire Safety, led by Dame Judith Hackitt, as we recognise the importance of contributing towards a new, fit for purpose system of regulation for high risk and complex buildings. Given the review’s timescales, Dame Judith hopes to publish her final recommendations in spring 2018, **we believe it is important for specific proposals regarding the fire safety of buildings, and associated regulatory or planning requirements placed upon developers, to take into account the review’s recommendations.**

The requirement for all major development proposals to be submitted with a Fire Statement produced by an appropriately qualified third party seems sensible and appropriate. **However, to ensure the future regulatory regime for fire safety is effective and coherent we believe the Mayor should await the recommendations of the review before finalising such a requirement.**