

## **HIGHBURY GROUP ON HOUSING DELIVERY**

### **RESPONSE TO CONSULTATION DRAFT OF LONDON PLAN**

The Highbury Group is an independent group of specialists from public, private and independent sectors from housing, planning and related professions, which prepares proposals for Government and other agencies on policy options for optimising the output of housing including affordable housing.

The Group's comments focus on the proposed policies relating to housing supply and affordable housing and are limited to policies on Density (D6) and Housing (H5 -7, H10, H12 and M1).

#### **Supply and affordable housing**

1. We have concerns as to the use of the evidence base in relation to the proposed housing targets. We consider that the Strategic Housing Market Assessment (SHMA) has underestimated the annual housing requirement for the 10-year period – the estimate of 66,000 homes a year. This is mainly because the assumption of the timescale to meet the social housing backlog has been amended from the 10 year assumption in the 2008 Plan (and the 20-year assumption in the 2015 Plan) to an assumption that the backlog will only be met over 25 years. As the backlog is primarily in relation to the unmet need for low cost rented homes, this new methodology also depresses the proportion of the 10-year requirement which is for low cost rented housing. Further details of this issue are included in the technical note attached as appendix 1.

2. We have concerns that the estimate derived from the Strategic Land Availability Assessment (SHLAA) that London has a capacity for 65,000 new homes a year for the 10-year plan period is based on assumptions for increased development densities which are higher than those consistent with pre-existing plan policy on sustainable residential quality and will not provide for the range of building types and bedroom size mixes needed to meet the housing requirements assessed in the SHMA. Our primary concern is that development at the assumed densities will not provide sufficient family size homes. Further details are set out in the technical note attached as appendix 1.

3. We therefore question the basic assumption in the draft Plan, that over the next 10 years, London can meet its full housing requirements within the existing administrative London boundary. Providing the required level of new housing to meet the full range of housing requirements requires lower average development densities than assumed in the draft plan and consequently requires more development land than the quantum identified in the SHLAA. This means that a significant contribution to meeting the housing needs of the London metropolitan area, including the supply deficit within London administrative boundary, need to be met by development in the Wider South East. We welcome the draft plan's recognition, in policies SD2 and SD3, of the relationship between London and the Wider South East. However, the Plan must be explicit as to the housing contribution required from the Wider South East. It would be helpful in this context if a SHMA and a SHLAA consistent with those completed for the Greater London administrative area, were also undertaken for the Wider South East. While this is outside the planning powers of the Mayor, it would be helpful if the report by the Examination in Public panel makes a recommendation to this effect.

## **Design-led approach**

4. We are concerned that the adoption of a 'design led approach' as a replacement for the specific policies on Sustainable Residential Quality contained in previous versions of the London Plan will not necessarily increase the output of new homes to meet the challenges of London's population growth, and will not ensure that the new housing supply produced is appropriate to meet the full range of the housing needs of Londoners. Design is one of the tools to meet planning requirements but should come after the definition of preferred locations for higher density development and an assessment of the need for different types of development. A focus on 'good design' without clear design guidelines cannot be a substitute for setting explicit planning policy requirements. If policy D6 remains, the intended content of a management plan this should be spelt out more fully. This should include consideration of all the components set out in Policy 3A.5 on Large Residential Developments in the 2004 London Plan.

## **Housing density**

5. While there is a case for amendments to be made to the density policy, we do not support the removal from the Plan of the density matrix or the removal of the density compliance Performance Indicator. The matrix, which set out appropriate ranges for density of new development in terms of both dwellings per hectare and habitable rooms per hectare relating to a) public transport access; b) the existing built form within an area and c) the relationship to a town or district centre. This has been an important tool in ensuring development density was optimised without compromising sustainable residential quality objectives and which provided a starting point for negotiations between developers and borough planning officers. While there is a case for reviewing the density ranges in the matrix, especially in relation to suburban sites with good public transport access and access to good social infrastructure, there is also a case for more explicit guidance on criteria for deviations from the appropriate range as abandoning the key policy control of development density is likely to facilitate further inappropriate development. This policy shift fails to acknowledge the relationship between development density and the type of new development output, in terms of built form, bedroom size mix and affordability.

The facilitation of higher density development also has an impact on land costs, which then has a negative impact on housing affordability. It is important that maximum permitted densities can simply and transparently be read off the plan and its policies to discourage those bidding for sites from over-bidding and then using viability arguments to secure higher densities or reductions in affordable housing provision. The market's need for certainty in respect of density is logically the same as its need for certainty about affordable housing requirements. The draft Plan adopts this logic for affordable housing (Policy 4.6.13) and should do so for density.

There needs to be adequate mechanisms for ensuring higher density development meet the full policy requirements set out in the Plan in relation to the built form, dwelling type, dwelling size mix, housing affordability, internal and external space standards and design standards in accordance with the principle of sustainable residential quality. This requires amendments to the draft plan policies and supplementary guidance, not just related to development and housing policies but also expanded guidance on delivery mechanisms and safeguards for private sector development set out chapter 11. We emphasise that we support improved design but there is nothing in the Density/SRQ matrix which inhibits good design within the parameters set. They are not alternatives.

The evidence that the matrix has never been enforced and has had little detectable influence is used by the Mayor as an argument for scrapping it. In our view it is evidence of the importance of enforcing it as firm policy as we propose.

### **Housing targets**

6. The proposed London-wide affordable housing target (in effect a target for sub-market housing at a range of 'affordability' levels) is not based on the evidence of the SHMA, which assesses the requirement over the 10-year period at 65% of the total requirement of 66,000 homes a year. As stated in para 1 above, we consider that both of these figures are underestimates. Government planning policy in the National Planning Policy Framework and subsequent detailed planning guidance, requires each Planning Authority to meet the full housing needs within its area. The targets in the plan should therefore be amended to be consistent with the SHMA. This also applies to the targets for different types of sub-market housing and to targets in relation to the bedroom size mix of new homes. The target for low cost rented housing should be 70% of the 'affordable' housing target, with the target for intermediate housing being 30% of the 'affordable' housing target. A target that at least 30% of new homes should have 3 or more bedrooms should also be set.

### **Delivering targets**

7. The Plan or supporting documentation needs to demonstrate that the delivery mechanisms proposed will achieve the targets set. This is covered adequately in chapter 11 of the plan on funding. Previous London Plans have been supported by documentation demonstrating the delivery constraints and how these could be overcome. In this context, the policy in relation to a viability threshold of 35% is not consistent with the Mayor's overall 50% affordable housing target, as the Plan fails to demonstrate how the deficit will be met on sites not covered by the threshold policy. This policy must therefore be amended as proposed below.

### **Defining affordability**

8. The definitions of affordability for different types of sub-market housing products need to be related to the household incomes of the groups for whom the housing is to be provided. Such definitions were included in the original London Plan and are essential if schemes given planning consent are to achieve the objectives for which consent was granted. It is also important that intermediate housing provision is made for households across a range of income levels, and not just for those at the margins of access to homeownership. It is important that the compliance of development proposals in relation to these affordability targets are assessed on a consistent basis and the GLA's viability assessment mechanisms need to be revised to incorporate this with full data to be published on the extent of policy compliance, with justifications for any non-compliance.

9. The requirement for improved monitoring and justifications for non-compliance also applies to the density policy, and the existing system and key performance indicator for monitoring density of new schemes should be retained.

### **Redevelopment of existing housing and estate regeneration**

10. Policy H10 paragraph C wording should be tightened up and made consistent with Mayor's Guide

to Good Practice to Estate Regeneration (which had not been finalised at the time the Draft London plan was published. In particular it is confusing to refer in policy paragraph C to “..general needs housing..” when the discussion begins with “social rented”. Secondly the phrase “..rents at levels based on that which has been lost ..” is too vague to be of any value. In the same way as was drafted with the inclusion of a reference to the “Viability Tested Route”, the reference to the Mayor’s Good Practice Guide on Estate Regeneration should be brought into the Plan Policy wording and not just in the accompanying text (para 4.10.3)

**Proposed Amendments**

**We therefore propose the following amendments to the draft plan. These are set out in the same order as in the draft plan.**

**D6 Optimising Housing Density**

Reinsert at beginning of D6 Policy 3.4A from existing London Plan, including Table 3.2 Density Matrix

Revise **suburban** ranges in matrix as follows:

	Public Transport Accessibility Level (PTAL)		
	0 to 1	2 to 3	4 to 6
	150–200 hr/ha	180–350 hr/ha	200–450 hr/ha
3.8–4.6 hr/unit	35–55 u/ha	40–80 u/ha	45–115 u/ha
3.1–3.7 hr/unit	40–65 u/ha	50–115 u/ha	55–130 u/ha
2.7–3.0 hr/unit	50–75 u/ha	60–130 u/ha	70–185 u/ha

(proposed increases relate to PTAL 2-3 and PTAL 4-6 and may need to be subject to refinement. Existing ranges for PTAL 0-1 are considered to be appropriate)

Expand D6C to specify minimum components of required management plan. This should include compliance with policies H5, H7 and H12 and all design standards, including internal and external space standards. Design scrutiny needs to explicitly include assessment of utilities, transport and social infrastructure including access to open space and leisure facilities. The Mayor should draft an SPG setting out the components for the required management plan and the submission and assessment process and consult on the draft before a final SPG is adopted. There is a case for reintroducing Policy 3A.5 in the 2004 London Plan on *Large Residential Developments*, which required local planning authorities to prepare planning frameworks for sites of 10 hectares OR that would accommodate more than 500 dwellings, these frameworks to set out the transport and social infrastructure requirements for the development ,including community and ancillary services and how neighbourhood impacts would be dealt with.

*Explanatory note: These amendments would reinsert the density matrix as a basis for ensuring that new developments met the principles of Sustainable Residential Quality. The matrix is amended to support intensification of suburban areas with Public transport Access of at least PTAL 2. The new policies for design scrutiny are retained, but to supplement rather than replace pre-existing density policy. The content of management plans for higher density schemes scrutiny are clarified as is the*

*requirement for higher density schemes to be fully compliant with policy requirements on design as well as affordable housing and bedroom size mix. No changes are proposed to ranges for central and urban areas*

#### **H5 Delivering affordable housing**

A Amend 50% strategic target to 65%

A3) Amend 50% to 65%

A4) Amend 50% to 65%

A5) Amend 60% to 65%

#### **Borough Affordable housing Targets: Reinsert policy 3.11B and 3.11C from existing London Plan**

*Explanatory note. This rebases the affordable housing targets on the evidence base as in the Strategic Housing Market Assessment. It also reinserts strategic guidance on the setting of affordable housing by boroughs in their local Plans which has been omitted from the plan draft. This reinsertion is critical as otherwise boroughs may set their own affordable housing targets too low, which would put at risk the delivery of the London-wide strategic target.*

#### **H6 Threshold approach to applications**

B1 amend 35% to 50%

B2 amend 50% to 65%

B3 amend 50% to 65%

Delete “the 35% threshold will be reviewed.... Supplementary planning Guidance.”

Insert in H6C (3)” including, including internal and external space standards and other design standards”

Amend targets in H6C (4) to reflect above amendments.

*Explanatory note. This would bring the viability threshold into line with the overall affordable housing targets and ensure that schemes were only considered under the ‘fast track’ if they were fully compliant with the relevant London Plan policies. It would ensure that developers did not fast track schemes which were primarily marginally sub-market small units.*

#### **Policy H7 Affordable Housing tenure**

A1 Replace 30% low cost rented homes by 70%

A2 Leave 30% target for intermediate homes.

Delete A3 (40% to be determined by relevant borough)

Para 4.7.4 Affordable rent products should have costs no greater than 30% net income for households with income in the lowest quartile of London household incomes. Further guidance will be given in Supplementary Planning guidance and updated annually through the Annual Monitoring Report.

Para 4.7.6 At least 50% of shared ownership units provided within a development should be affordable by households on annual incomes below £45,000. This will be updated on an annual basis through the Annual Monitoring Report.

Para 4.7.8 At least 50% of intermediate rented units provided within a development should be affordable by households on annual incomes below £45,000. This will be updated on an annual basis through the Annual Monitoring Report.

*Explanatory note: These amendments introduce targets for different types of affordable housing which are based on the proportionate requirements set out in the SHMA. They reintroduce explicit income related definitions for different types of affordable housing and would ensure that part of the sub-market intermediate provision are targeted at middle income households and not just at those at the top of the intermediate housing income range. This was specified in some previous London Plans.*

### **H10 Redevelopment of existing housing and estate regeneration**

Reword H10C as follows: “For estate regeneration schemes the existing affordable housing floorspace should be replaced on an equivalent basis ie where social rented floorspace is lost, it should be replaced by social rented accommodation with rents and security the same or very similar to that which has been lost, and the delivery of additional affordable housing should be maximised. All schemes should follow the Mayors Good Practice Guide to Estate Regeneration, including the use of ballots as appropriate, and the Viability Tested Route (see Policy H6 Threshold approach to applications).”

*Explanatory note: This amendment would bring the policy into line with the recently published Mayor’s Good Practice Guide to Estate Regeneration*

### **H12 Housing Size Mix**

Insert new policy;

At least 30% of a new development should be units with at least 3 bedrooms, unless the local planning authority determines that a specific site is unsuitable for residential accommodation for households with children.

Delete H12C 9 (Boroughs should not set prescriptive dwelling size mix requirements for tenures other than social rent)

*Explanatory note. This reintroduces a London-wide target for family sized homes, based on the SHMA evidence base, while leaving some flexibility on its application to avoid the provision of family housing on unsuitable sites, and the division between tenures. Boroughs should be able to set local housing size mix requirements by tenure, which are based on evidence and local priorities.*

## **M1 Monitoring**

### **Table 12.1 Key performance indicators and measures**

Reinstate KPI 2 From existing London Plan. Optimise the Density of Residential Development: Over 95 per cent of development to comply with the housing density location and the density matrix.

*Explanatory note. This will ensure continued monitoring of density compliance and identify the proportion of new developments, which are either below or above the appropriate density ranges. The Mayor should continue to publish maps of density compliance and identify specific non-compliant schemes, and the justification for approving or supporting schemes outside the appropriate ranges.*

*Effective monitoring and housing and planning policy making require a step change in the availability of data covering, at Borough level, losses of housing units from each tenure and rental band as well as new production. This is essential to give an adequate view of how the stock is changing through the sale of council housing under Right to Buy, redevelopment, conversion between rental bands and otherwise.*

## Appendix 1 Technical Note

### 1 Housing density and sustainable residential quality.

The draft has amended the density policy by removing the density matrix. This in effect involves abandoning the key principle of Sustainable Residential Quality (SRQ) which has been a core principle of all versions of the plan since 2004 and derives from the pre-2000 work of the London Planning Advisory Committee (LPAC). The concept of density ranges for development based on public transport access, the existing built form within a neighbourhood and the relationship to town and local centres (and social infrastructure and other services) has been replaced by the concept of design-based scheme-specific appraisals. This is in line with the new approach of design led planning, without the setting of clear design criteria which are actually measurable in relation to a specific development proposal. Policy D6 sets thresholds above which applicants should submit a management plan. These thresholds relate solely to PTALs (public transport access levels) and do not relate to any of the other components of the density matrix. They are set at the top of the ranges for smaller units in the central area: 110 units per hectare for PTAL 0-1; 240 units for PTAL 2-3, and 405 units per hectare for PTAL 4-6. Neither the content of such a management plan nor the criteria for assessment are specified. It is significant that the thresholds refer to units per hectare and not habitable rooms per hectare. This completely disregards the fact that the impact of development in terms of public transport and demand for services relates to the number of people occupying/ likely to occupy new homes and not the number of dwellings (The density matrix was amended to focus on habitable rooms rather than dwellings in 2007).

The density policy, presented as 'design led' makes no reference to policy requirements in terms of types of housing to be provided either in terms of built form, mix of units in terms of bedroom size (i.e.: whether studio flats or family sized homes) or affordability. There is no recognition that there is a relationship between density of development and type of housing output (despite the evidence of monitoring of development output in recent years, which has shown a reduction in family sized homes and affordable homes as densities have risen). It is also significant that policy H12 on housing size mix refers to optimising the housing potential of sites, without specifying any dwelling mix targets at a London wide level (despite this being included in previous London Plans and/or Mayoral supplementary planning guidance). While there is a reference to resisting schemes which consist mainly of one person and/or one bed units (H12B), the focus of the overall policy is on smaller units rather than family sized units and H12C says that boroughs should not set 'prescriptive' dwelling mix guidance for market led schemes. The focus is clearly on enabling developers to build homes that are most profitable for them, rather than on meeting the requirements as identified in either the London-wide Strategic Housing Market Assessment or in sub-regional or borough specific SHMAs.

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

While the Plan seeks to introduce as a new vision, the concept of 'Good Growth', this appears to be rhetoric rather than substance given the proposed changes to density policy represent not just an

abandonment of the core principle of 'sustainable residential quality' but in effect incentivise development which does not meet the housing needs of Londoners as identified in the new Strategic Housing Market Assessment and adds further barriers to the ability of the boroughs, as local planning authorities, to respond appropriately to the full range of identified needs. The new policy in effect gives preference to the objective of maximising unit out-turn over other key planning policy objectives.

## **2 Housing Requirements and Housing Supply**

The new SHMA sets out the housing requirements of London at 66,000 per annum. This contrasts with the two estimates in the 2014 SHMA of 49,000 pa (based on meeting the housing need backlog over 20 years) and 62,000 pa (based on meeting the backlog over 10 years, the assumption used in the 2004 and 2009 SHMAs). It should be noted that the SHMA is based on secondary data as the last London-wide housing needs survey was undertaken before the 2004 SHMA. The new SHMA, while generally applying the same methodology as the 2014 SHMA, also extends the period for meeting the backlog from 20 years to 25 years. The new SHMA concludes that 55,540 additional homes are needed each year to meet household population growth. With a total backlog of 208,621 homes needed, meeting this backlog over 25 years, produces an additional annual requirement of 8,761 giving a total requirement of 64,301. This is then adjusted to recognise the fact that some new homes are left vacant or used as second homes, to give an annual requirement of 65,878 (rounded up in the plan to 66,000). Applying a 20-year backlog clearance approach would take the annual requirement to 67,548; applying a 10 year requirement would take the requirement to 77,879. Previous government guidance was to assume backlog is met over 5 years. If this was applied to London, the annual housing requirement for the first 5 years of the plan would be 98,741, falling to 57,017 in the subsequent 5 year period on the basis that the backlog had been fully cleared in the first five years.

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

The SHMA also gives bedroom size requirements:

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

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

The new housing supply target of 65,000 a year, derived from the SHLAA assumes, development at significantly higher densities than assumed in the 2014 SHLAA. In previous SHLAAs, new housing sites (i.e.: those without planning consents or without capacity estimates in Local Plans) were assessed for capacity in relation to the mid-point in the applicable density range in the London Plan. The new SHMA explicitly assumes densities towards the top of the applicable range (for example 355 dwellings per hectare (dph) in the highest range of 140-405 for schemes in the central area with PTAL of 4-6) or 65 dph in the lowest range of 35-75 for schemes with PTAL of 0-1 in suburban areas. It then assumes a further uplift to top of the applicable range in town centres and a further uplift significantly above the top of the range in Opportunity Areas. The justification given is that in practice consented schemes in Opportunity Areas have been at these density levels. In effect the SHLAA is replacing capacity estimates based on the SRQ principles by capacity estimates which reflect that in practice density policies have been breached.

So, the assumptions on which housing targets are based are in effect set to reflect practice, which has generally not accorded with policy, rather than the actual policy. This reflects the abandonment of the principles of Sustainable Residential Quality in favour of reinforcing and legitimising current trends in development. The housing targets set therefore have no regard to either the form or mix of homes to be built. The implication is that rather than increasing land supply for new housing, the targets rely on intensified use of identified land. This is in accordance with the compact city assumption – that London's housing needs can be met through intensification without any use of green belt land or reliance on any contribution from districts outside the London administrative boundary. It is significant that the SHLAA has no quantification of the hectarage of the housing sites identified relative to the hectarage identified in the 2014 SHLAA.

### **3. Affordable housing targets and application**

The SHMA gives annual tenure requirements as:

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

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

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

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

Market 50%  
Intermediate (London living rent and shared ownership) 15%

Low cost rent 15%

Affordable housing to be determined by borough 20%.

The disaggregation of affordable housing targets is taken from the Mayor's Housing Strategy which was published in advance of the completion of the SHMA. The targets therefore appear to be related to the current affordable housing funding regime, rather than the assessment of housing requirements in the SHMA. The overall 50% affordable housing target falls short of the 65% requirement. The minimum target for social rented housing of 15% is far short of the estimated requirement of 47%, and even if all 33 local planning authorities used all of the 20% discretionary element for low cost rent, the aggregate would at 35% still fall far short of the 47% requirement.

We argue that the targets in the plan should be based on the SHMA rather than on the current funding regime and as a strategic planning authority the Mayor should set London-wide targets rather than leave so much discretion to individual planning authorities - who will have little if any regard to needs presented outside their own authority's area.

The Plan has no policies on how individual boroughs should set affordable housing targets (and targets for different sub-categories of sub-market housing) within their Local Plans. There is no replacement for policy 3.11B, C and D in the 2015. This is a significant deficiency. The new approach to affordable housing focuses on assessment of individual development proposals with a focus on viability assessments rather than on assessment against London-wide or borough-wide targets. This approach would allow a borough either to drop any specific borough wide affordable housing target or to amend or reduce its current Plan targets.

The delivery of the 50% affordable housing target is problematic. In previous versions of the London Plan, policies have required each application referred to the Mayor to be assessed in relation to the London Plan target – 50% in the 2004 and 2008 Plans; 40% in the 2011 and 2016. Policy H6 in the new plan, following the recent GLA affordable housing and viability SPG, proposes that for private sector led schemes without grant, a 35% affordable housing output would be acceptable and such a scheme would be exempt from a viability assessment. Neither the policy nor SPG specify a minimum proportion of low cost rented housing within such a scheme. Policy H6B proposes a 50% affordable housing target on public sector land and a 50% target on sites, which are within Strategic Industrial Locations and Locally Significant Industrial sites. Other policies seek to protect industrial floorspace, so this assumes higher proportions of affordable on mixed use sites, with employment uses retained through intensification. There is an assumption that sites with Mayoral grant will provide at least 50% affordable housing, but again no minimum proportion for low cost rented housing. It is unclear how the aggregation of these different targets will be a London-wide affordable housing outturn of 50%. This could only be achieved if a significant proportion of grant funded schemes achieved affordable housing outputs of at least 65% - this seems unlikely given current funding regimes and limits on grant per home. Moreover, given both funding regimes and targets, the proportion of social rented homes will be far below the proportionate requirement of 47% of total net new supply identified in the SHMA and possibly below the minimum 15% target set.

#### **4. Definitions of affordable housing**

The Plan policies defining the affordability of different categories of sub-market housing are unsatisfactory. This is a complex issue given Government policies state that any housing for sale at a price below 80% of market value and for rent at below 80% market rent is considered to be

affordable in planning terms and consequently contributes to any affordable housing target set in a Local Plan. The former Mayor of London was required by central government to remove the separate definition of social rent from the 2011 London Plan. However, the Government now recognises the need for new social rented housing (including council housing) and the opportunity to restate a satisfactory income-related definition of social rented housing should not be lost, as it would now be difficult for the Government to object to this. The Mayor should be seen to be taking a lead.

Para 4.74 on London Affordable Rent ( put forward as a new form of low-cost rent ) , refers to rent levels well below the Government's definition of ' affordable rent' (which is at up to 80% market rent) ' based on traditional social rents' and then refers to the Mayor's Affordable Homes Programme 2016-21. However, this is not a statutory planning document. Moreover, this programme terminates in 2021 at which point a new programme will be established, with potentially new funding criteria, whereas the new Plan is to extend to 2041. The term 'traditional social rent' is not defined within the Plan and there is no reference to rent levels in relation to household income levels. The solution to this problem is to restate the definition of social rent housing costs (rents and service charges) included in the 2004 and 2008 London Plans as 30% of net incomes for the lowest quartile of households. This will ensure schemes aiming to provide low cost rent units, whether or not funded from the Mayor's Affordable Homes Programme, can be assessed as to whether or not they meet explicit affordability criteria. This is important given that some schemes may be provided directly by boroughs or indirectly through s106 agreements without grant from the Mayor's programme.

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

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

Note: The views and recommendations of the Highbury Group as set out in this and other papers are ones reached collectively through debate and reflect the balance of member views. They do not necessarily represent those of all individual members or of their employer organisations. The group's core membership and previous statements and research presentations are on the group's website:

<https://www.westminster.ac.uk/highbury-group-on-housing-delivery>

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