

DRAFT LONDON PLAN 2018

ZACCHAEUS 2000 TRUST RESPONSE

The Zacchaeus 2000 Trust is an anti-poverty charity providing frontline services on Social Security benefits, housing and homelessness. We combine outreach, advice and casework, with additional support services to help Londoners on low-income and/or at risk of homelessness to address multiple issues. We make strategic choices to work intensively over a longer period with a smaller group of people to achieve lasting outcomes for our clients. We work across London reaching vulnerable people who often have complex needs and struggle to access other services.

Z2K welcomes this new draft London Plan. After nearly a decade where City Hall has allowed developers and big business to set the direction of London's growth, this plan re-balances planning policies so they deliver more for ordinary Londoners. We are particularly pleased to note the ambition for half of all new homes built to be affordable and the commitment that those built as London Affordable Rent will be based on traditional social "target" rents, rather than the much more expensive "Affordable Rents" implemented by the previous Mayor.

That said, there are still areas where Z2K thinks policy does not go far enough, for example in ensuring sufficient London Affordable Rent homes will be built, or even where it takes the wrong course, like the target for new housing supply. This is where we have focussed our attention in our response. However, the response also suggests some ways in which the section on social infrastructure could be strengthened.

CHAPTER 4 - HOUSING

London has been stuck in a housing crisis for a generation or more. Some commentators have denied the crisis exists, and until fairly recently most others have chosen to ignore it. But today that crisis is undeniable. Its impact is now felt not only by those suffering at its sharp end, it is felt too by the young professionals paying out half of their income to rent a room in the private rented sector (PRS) and the working families who can't get their foot on the property ladder. If anything, the evidence suggests these trends will get worse not better in the years ahead.

While we would accept the general premise that there will always be more demand for affordable housing in London than there are homes to meet that demand, it is clear that the policies pursued by central Government since 1979 have made this crisis much worse than it would otherwise have been. In particular, the forced sale of local authority-owned housing through the Right to Buy and the *de facto* prohibition on new council housebuilding were absolutely disastrous.

More recently, the Coalition Government's cuts both to investment in new social housing and the Housing Benefit available to help those on low incomes living in the PRS have reversed the limited progress made by its predecessor and the Mayor of London between 2005 and 2010. The extra funding announced since 2016 still only brings capital investment up to the levels of a decade ago. The cuts to Housing Benefit are unprecedented – the Local Housing Allowance (LHA) rate in most London Broad Rental Market Areas is now well below the average of actual rents.

Z2K's staff support hundreds of those experiencing the most acute housing problems every year, addressing the multiple challenges they face as a result of years of policy-making that has not addressed their basic rights. Many are homeless. Others are overcrowded or living in poor quality and even outright dangerous conditions. Most are struggling to pay the rent from their very limited incomes. Very few of these clients will realise the dream of the decent, secure and affordable home

they need and deserve. Given the nature of our work, this submission focusses on those parts of the draft strategy which we think are most relevant – affordable housing and homelessness. It also explains why we argue for more to be included in the final strategy to help overcrowded families.

Policy H1 – Increasing Housing Supply

The strategy is right to aim for a significant increase in the number of new homes built in London each year. However, we believe the target of 649,350 net housing completions over the next 10 years is too ambitious and will lead to over-development which makes it difficult to ensure sustainable communities. Where high targets have already been in place for individual boroughs, there are many developments of poor quality and very little attractive or useful public space. The Isle of Dogs and Stratford High Street are perhaps two most obvious examples. On current evidence, we are not persuaded individual borough planning departments have the intellectual capacity to properly assess and challenge development on the scale proposed.

High targets for new housing which prompt over-development are not just problematic for the physical environment. There are already many parts of inner-London where it is difficult to get onto an NHS GP's register or get children into a local school. The pressures on public transport are also becoming intense in those areas that have suffered over-development. Essential infrastructure like this must keep pace with development. While it is better than the previous reliance on section 106 agreements, the Community Infrastructure Levy (CIL) approach still leaves a time lag before existing health and education facilities is expanded - if it ever is.

Given these concerns, Z2K believes the draft London Plan should stick to the more realistic target of 50,000 homes a year set out in the draft London Housing Strategy. This in itself represents a 50 per cent increase in housing delivery above current construction, which is challenging enough when combined with the draft London Plan's very correct desire to increase the proportion of genuinely affordable housing and improve design quality. We believe that the reduced London-wide target should be translated into a 25 per cent reduction in the target for each individual borough set out in Table 4.1 – as this is the approach least likely to lead to dispute.

Policy H5 – Delivering Affordable Housing

Z2K strongly supports the aim of at least half of all new housing built in London being affordable. Such an outcome would outstrip the reality in almost every year since the 1970s, which shows the scale of the challenge, especially when only relatively limited public subsidy is available. While the ambition of meeting the Strategic Housing Market Assessment (SHMA) of 43,000 is a noble one, Z2K does not believe this is possible without over-development, poor design quality and homes that are not actually affordable to those on low incomes. In fact, it will probably cause all three. We therefore believe the target of 25,000 new affordable homes in the draft London Housing Strategy is both more realistic and sensible for the present moment.

Policy H7 – Affordable Housing Tenure

Our second key concern with the proposals is that the affordable housing built should be genuinely affordable for those in housing need. We are pleased to note that the current Mayor has moved away from the "Affordable Rent" model of up to 80 per cent of market rents, which was introduced by the Coalition Government and implemented by his predecessor. This disingenuous policy led to new tenants facing rents of up to £250 a week for a one-bedroom flat in inner-London and not all that much less in outer-London. We also strongly agree that the new "London Affordable Rent" should be based on the traditional social rents used up until 2010. In practice, this means rent levels

of around 30-40 per cent of average income in that area. The wording in para 4.7.4 potentially allows too much ambiguity and might need to be revised. Z2K also believes that, given the numbers of homeless and overcrowded households and others languishing on council waiting lists in the Capital, this London Affordable Rent should be the default affordable housing option.

That said, we recognise there is a huge demand from Londoners on average incomes for homes that are at a sub-market rent which enables them to save for a deposit – or at least spend less of their income on rent. We therefore agree that the “London Living Rent” product is a valuable policy tool. We also support the proposition that LLR should be a “Rent to Buy” product, and as such that it should be considered as an affordable home ownership product. However, expenditure of Social Housing Grant on such schemes should not be at the expense of London Affordable Rent homes.

It has long been the case that the Shared Ownership model is unaffordable for those Londoners on low incomes. The inclusion in the Affordable Housing Programme, of Shared Ownership flats offering 25 per cent share for £100,000 or more as affordable, when their owners have to pay rent and service charges on the remaining 75 per cent is indefensible. By 2010, the shared ownership model in London was clearly broken. Instead of finding an alternative, in a desperate attempt to sell such flats, the former Mayor increased the income threshold to £90,000 a year. This approach – subsidising the home ownership aspirations of wealthy households - was a gross misuse of the very limited public money available.

Our final concern, therefore, on the section of the Draft London Plan is on Policy H7 itself. While we recognise that even recalcitrant boroughs like Westminster have finally begun to talk publicly about the need for more meaningful increases in new affordable housing, we are not persuaded that is yet delivering those homes in practice. As evidence of this we would cite the retention of Westminster's own local policy that 60 per cent of affordable housing should be “intermediate” – allowing just 40 per cent to be Affordable Rent. This target has been set despite the borough having well over 2,000 homeless households in temporary accommodation, half of whom are outside its area.

Given this, the proposal to allow individual boroughs to determine locally whether 40 per cent of the affordable homes built in their area should be either London Affordable Rent or “intermediate” products gives too much latitude for those boroughs who have sought to focus on the aspiration for home ownership instead of meeting local housing need, including their statutory responsibilities. We note the presumption in para 4.7.2 that the 40 per cent to be decided by the borough will focus on Social Rent / London Affordable Rent, but feel that the list of potential exemptions outlined, particularly the terms “viability constraints” and “mixed and inclusive community”, will become loopholes both in Local Plans and individual applications.

Z2K's own preference would be for a clear London-wide target of 70 per cent London Affordable Rent and 30 per cent intermediate, as established in the 2004 London Plan. However, if the current Mayor wants to retain an element of local discretion, this should be set at a maximum of 10 per cent – enabling a maximum of up to 40 per cent intermediate - where a borough can demonstrate that this would not have an unduly adverse impact on homeless and overcrowded families in the area.

Policy H10 - Estate Regeneration

Estate Regeneration has become one of the most controversial issues in London. Z2K recognises there have been many very good – and necessary - examples of redevelopment on local authority and housing association estates. However, most of those were undertaken with levels of central government funding support that are far in excess of anything likely to be provided today. The reliance on private investment to deliver such regeneration projects makes their value much more

debatable. The emphasis today is clearly on increasing the number of flats, rather than making the estates themselves more attractive places for people to live.

There are only two such schemes in Westminster affecting our clients – Ebury estate and Church Street. Both are mired in opposition from existing residents, who rightly question if/when they will be allowed to return and the terms under which those homes are made available. Others doubt the promises about what their new homes and neighbourhood will look like if they do. We have also followed closely the debates on similarly controversial projects in other boroughs, most notably the Heygate and Aylesbury estates in Southwark, Cressingham Gardens in Lambeth, the West Hendon estate in Barnet and the West Kensington & Gibbs Green estates in Hammersmith & Fulham.

We therefore agree with the Mayor's most recent statement that the safeguards for existing residents will go beyond those in the Draft London Plan, and that he will now insist on a ballot of tenants and resident-leaseholders before agreeing to funding. However, we do also feel that the needs of homeless or badly-housed people should be considered as well, and that the non-residents need to be taken into account too. That means the requirement to deliver an overall uplift in genuinely affordable housing must be provided in estate regeneration schemes. The Haringey Development Vehicle (HDV) would be an example where such an uplift was not demonstrated.

Policy H13 - Build-to-Rent

Z2K does not have a preference for home ownership over renting or *vice versa*. Our key concern is that people have the degree of security they need to make the place they live in a real home, and to enjoy the many advantages of being part of a sustainable community. We recognise that, while the PRS never provided a decent, secure and affordable home for all, for a century or so, institutional investment meant generations of Londoners did at least have a roof over their heads, and for some it was a genuinely settled home. For that reason and others, we understand the benefits of encouraging an expansion of institutional investment.

That said, Z2K is uneasy about the rapid growth of the "Build-to-Rent" sector in London over the past decade. We believe too many of the developments permitted so far have failed to include an appropriate proportion of genuinely affordable homes. Even where the local planning authority has the desire to ensure "Build-to-Rent" schemes include affordable housing too, the difficulties of scrutinising and challenging rental income values has made it hard to ensure targets are met.

The Mayor has clearly tried to address this in his recently-approved Supplementary Planning Guidance on Affordable Housing & Viability. Even this document, however, accepts that "*where a developer is proposing a Build-to-Rent development ... The affordable housing offer can be entirely Discounted Market Rent (DMR)*". The Mayor's preferred DMR model - the London Living Rent - is specifically designed for households on middle incomes who want to be able to build up savings to buy a home.

Z2K understands the logic of this approach for developers pursuing Build-to-Rent schemes, but we believe the failure to include social housing for homeless and overcrowded families is too great a price to pay. We will never make meaningful progress in tackling London's now chronic housing crisis, unless we ensure all new developments play their part in meeting need. Z2K also concerned about the number of housing associations now pursuing this model themselves, with small flats at barely sub-market rents offering security of tenure only slightly greater than an AST.

As such, if Build-to-Rent schemes are not to include genuinely affordable social homes at London Affordable Rent, then we believe the Mayor of London should discourage them.

CHAPTER 5 - SOCIAL INFRASTRUCTURE

As an anti-poverty charity, Z2K recognises most ordinary Londoners rely on public services, and that these need to be expanded to meet those needs of a growing population. We are especially concerned about the current pressures on both school places and NHS facilities. While the Community Infrastructure Levy (CIL) approach does at least offer greater certainty of meaningful financial contributions to those services in the medium-term, it doesn't bring forward the payments of those monies significantly, which means there is still likely to be a long delay in schools and GP practices being built. Given this, we believe the Boroughs should be encouraged both to be more specific about the need for these provisions in site allocations in their own Local Plans.

Policy S4 – Play & Informal Recreation

Z2K is concerned about the dwindling amount of open space in the Capital and the inadequacy of much of the child play-space included in new developments. The guideline amount of communal child play-space included in new developments is based upon an estimate of the number of children multiplied by 10 square metres. The estimated number of children is determined through the Greater London Authority's "child yield" calculator. This formula is based upon one developed in Wandsworth in the early 2000s. However, that was based upon assumptions about the size of households when they first moved in the flats, rather than at a later stage in their lifecycle.

For private/intermediate flats, the yields are as follows:

- Studio & One-bed – 0.01 children per flat (i.e. one per 100 flats)
- Two-bed flats – 0.1 children per flat (i.e. one in every ten flats)
- Three-bed flats – 0.33 children per flat (i.e. one in every three flats)

For social/affordable rented flats, the yields are as follows:

- One-bed – 0.2 children per flat (i.e. one in every five flats)
- Two-bed – 1 per flat
- Three-bed – 2 per flat
- Four-bed – 3.29 per flat
- Five-bed – 4.5 for flat

The number of children in houses is slightly higher, though very few houses are actually built most big schemes in London these days. In the London Plan, these estimates are actually broken down between different age groups, so that designated "toddler", "junior", "teenager" etc play-space is sometimes specified within borough policies and individual planning applications:

- 0-4 years old
- 5-10 years old
- 11-15 years old
- 16-18 years old

What this shows is a dramatically higher number of children expected in social/affordable housing than their equivalent private/intermediate unit. While the number of children expected in each of the social/affordable might be a slight under-estimate, it isn't unreasonable. However, the numbers expected within private/intermediate flats seems to be much too low. This has an adverse impact on the amount of child play-space within developments, which are majority private/intermediate housing.

Example – “Glaucus Works”, Leven Road E14 (LB Tower Hamlets)

Housing Breakdown

	One-bed	Two-bed	Three-bed	Four-bed	Total
Market	43	56	19	0	118
Intermediate	6	11	0	0	17
Social	6	7	6	6	25
Total	55	74	25	6	160

Child Yield

	One-bed	Two-bed	Three-bed	Four-bed	Total
Market	0.43	5.6	6.33	0	12.36
Intermediate	0.06	1.1	0	0	1.16
Social	1.2	7	12	19.74	39.94
Total	1.79	13.7	18.33	19.74	53.46

The total communal child play-space required from this development is 530 square metres. This example shows that just 12.5 children are expected from the 135 private/intermediate flats, while 39 are expected from the 25 social/affordable rent flats. If there was no social housing in this scheme the total child play-space required for the 135 private/intermediate flats would be an area 10 metres by 13.5 metres (about half a tennis court). It is only the much more realistic assessment of the number of children in the 25 social flats that means this development gets anywhere near delivering the child play-space for the number of children it is actually likely to contain.

The “child yield” formula for private/intermediate flats is not reflective of reality and results in much less communal child play-space being included within schemes than is necessary. This has the impact of making schemes much less attractive to households whose circumstances change after having children sometime after moving into a development. Of course, they might have the option to move out and buy elsewhere. Social tenants are rarely able to do so, and so end up stuck in places without sufficient amenity, especially as their own children and those of their neighbours get older. Z2K believes the “child yield” formula should be revised to at least the following rates:

- Studio & One-bed – 0.1 children per flat (i.e. one per 10 flats)
- Two-bed flats – 0.33 children per flat (i.e. one in every three flats)
- Three-bed flats – 1 child per flat

	One-bed	Two-bed	Three-bed	Four-bed	Total
Market	4.3	18.48	19	0	41.78
Intermediate	0.6	3.63	0	0	4.23
Social	1.2	7	12	19.74	39.94
Total	6.1	29.11	31	19.74	85.95

Z2K believes the calculation there will be 86 children living within these 160 flats is a much more realistic one. We hope this illustrates why change in the child yield formula is so urgently needed and we hope that the Mayor will take the opportunity to do this in the final London Plan.