

Draft London Plan Housing supply and targets

Written statements in response to M19 may be up to 4,000 words in length.

M19. Are the overall 10-year housing target for London and the target for the individual Boroughs and Corporations set out in Policy H1 A and in Table 4.1 justified and deliverable? In particular:

It is the HBF's view that the DLP is flawed and therefore unsound regarding its housing land supply assumptions. We consider that an overall target of 53,000 homes a year is a more reasonable target, albeit this is still ambitious. Therefore, rather than risk severe under-delivery, it would be better if the DLP was withdrawn and a new spatial strategy prepared that explored either exporting the housing shortfall to the WSE through a planned programme of population dispersal through new towns and urban extensions in the WSE or else through the agreement of the local authorities of the WSE to incorporate an element of the shortfall in their own housing targets.

a) Are the assumptions and analysis regarding site suitability, availability and achievability and development capacity for large sites in the Strategic Housing and Employment Land Availability Assessment (SHLAA) reasonable and realistic?

We refer to our representations, but in summary, there is a big difference between the theoretical exercise undertaken by the SHLAA and what might be uncovered by the London LPAs as they try and identify a deliverable and developable land supply to implement the DLP ten-year targets.

We note from the SHLAA that the GLA relies increasingly on allocations and potential development in phases 2 and 3 (the phases relevant to the DLP). The extent to which these two categories can contribute to the land supply can only be tested properly at the local plan stage. We are very concerned that these local plans will be too slow in coming forward to conclude whether the SHLAA's theoretical land supply assumptions are soundly based. Even if they are sound, the plans will be adopted too late to deliver the housing targets in full by 2028.

It is essential that the Mayor monitors performance against the delivery of large sites over the next two years and is prepared to implement an alternative plan with an alternative housing delivery strategy, if necessary. This is in keeping with the NPPF paragraph 14 – the need for plans to have flexibility to respond to rapid change.

Approvals

Approvals are the most robust element for phases 2 and 3. These can be relied upon with a good degree of certainty.

Allocations

Allocations are robust, but the suitability, availability and achievability and development capacity of the large sites will require more detailed scrutiny at local plan examinations. There is some element of risk associated with these if third parties dispute them.

Potential sites

Many sites have the potential for development but whether that potential can be realised – i.e. turned into an implementable planning permission is another matter. These are fairly high risk. The suitability and deliverability of these sites can only be properly scrutinised at local plan examinations. We fear this will all occur too late to deliver the DLP targets.

Low probability sites

A more cautious assessment would omit the low probability large sites. This does not have a big effect on the capacity assessment – only 4,121 homes in total over the plan period 2019-2028, or 412 per year would be removed – but if a site is a low probability then it is unwise to include it in the ten-year land supply assessment.

Conclusion

There is a high degree of risk associated with basing the DLP housing targets on the SHLAA assumptions that will need to be tested more thoroughly at the local plan examination. The low probability sites should be omitted. The HBF is content for the other categories to be included. This results in a large capacity figure of 396,522 or 39,650dpa. However, we feel that this is still a very generous allowance of London's large site capacity. The capacity of these sites will still need to be tested at the local plan level, and many issues will come-up that the GLA has been unable to foresee, so a more cautious assessment is needed.

b) Have the environmental and social implications of the proposed increase in housing targets been fully and properly assessed?

Attempts to 'regenerate' and increase the density of development in many areas of the city are likely to be contentious with the public, and understandably so. We have seen this in various 'right to light' cases and disquiet over estate regeneration (although we note that latter category appears to make a very small contribution over phases 2 and 3 – just 77 net additional homes per year).

Even if schemes are rejected outright, there will be delay. We cannot help thinking that this will militate against the delivery of the housing targets. Close monitoring and preparation for a 'Plan B' is essential.

The integration of residential and industrial activities is unlikely to be successful. An examination of the illustration of example schemes contained in the GLA's *Industrial Intensification and Co-Location Study: Design and Delivery Testing* report (October 2018) illustrates why such schemes are unlikely to be promoted by developers. We refer to the illustrations on pages 30, 33 and 36. The Mayor's idea that residents should live with lorries coming and going 24 hours a day illustrates the extremes to which the policy makers are prepared to push the 'compact city' idea.

Moreover, the likelihood of achieving high densities has been reduced by the collapse of the main business model underpinning it. Housebuilders generally require high levels of forward sales to support the very high costs associated with high density development; indeed, their ability to raise revenue may depend on it. This was possible until recently mainly through off-plan sales to UK buy-to-let investors and overseas buyers, but that market has now shifted. This is because of a combination of reductions in tax relief for buy-to-let investors and a fall in the popularity to London as a location for overseas investors. At the same time, we have a buyer's market. This means that prospective purchasers are much less willing to buy off-plan: they are prepared to wait and see something in the 'flesh'. The exception to this is the institutional build to rent sector where we are continuing to see high densities, but this is still a very small and cautious sector and one that favours a narrow range of popular locations (generally within Zone 3 and near a tube station).

c) Policy H1 B 2) a)-f) identifies various sources of capacity. Will these be sufficient to meet the ten years targets and what proportion of housing is expected to be delivered by means of the different types? How much is expected to be delivered on existing industrial land in the context of Policies E4-E7?

Aside from the broad split between large and small sites in the SHLAA, it is unclear if there is a more detailed dis-aggregation of the supply into these component sources. There may well be, but this is not in the public domain. The statements in the SHLAA at paragraph 1.6 and 4.4 explain how the GLA needs to keep secret its information on potential sites.

This is at odds with the planning practice guidance on housing land supply. This is another peculiarity of the Mayor that deviates from national guidance. The PPG at paragraph: 052 Reference ID: 3-052-20180913 encourages a dialogue with interested parties. In the section titled "*Who should plan makers work with?*" the PPG states:

"The following should be involved from the earliest stages of plan preparation, which includes the evidence base in relation to land availability: developers; those with land interests; land promoters; local property agents; local communities; partner organisations; Local Enterprise Partnerships; businesses and business representative organisations; parish and town councils; neighbourhood forums preparing neighbourhood plans".

(PPG Paragraph: 008 Reference ID: 3-008-20140306).

In the section of the PPG titled "*What are the steps in gathering evidence to plan for housing?*" the PPG states:

"Strategic policy-making authorities will need a clear understanding of housing needs in their area..."

Authorities should use this evidence to:

- *prepare or update their Strategic Housing Land Availability Assessment jointly with the authorities within the defined area or individually to establish realistic assumptions about the suitability, availability, and achievability (including economic viability) of land to meet the identified need for housing over the plan period, including robust evidence of deliverability for those sites identified for the first 5 years of the Plan*
- *prepare a viability assessment in accordance with guidance to ensure that policies are realistic, and the total cost of all relevant policies is not of a scale that will make the plan undeliverable.*

(Paragraph: 032 Reference ID: 61-032-20180913. Revision date: 13 09 2018).

Paragraph 4.4 of the SHLAA states that site level information is only provided for sites identified as allocations and approval (these are listed in the appendices). However, capacity information for allocations is restricted to 'avoid prejudice' at the application stage, although what is meant by this is not altogether clear. This secrecy over the 'potential' large site land supply could inhibit the ability of third parties to interrogate whether the DLP targets are realistic.

In terms of industrial land, we do note that the GLA has aligned the SHLAA with the emerging policy position in the DLP on industrial land (paragraphs 2.54 – 3.59).

d) Will the focus on existing built up areas rather than urban extensions using GB/MOL provide sufficient variety of house types and tenure?

It is hard to say. In theory the encouragement to develop small sites in the outer boroughs could provide more two-storey, terraced, detached and semi-detached homes. However, the thrust of the strategic policies in the DLP, especially Policy D6: Optimising Density ('*development proposals must make the most efficient use of land and be designed at the optimum density*') is to encourage the optimum use of land in order to accommodate the new very challenging housing targets. This will be necessary if encroaching into the Green Belt or MOL is to be avoided. In practice, many flats and few houses will be built. This is the apartment living life-style that Sir Richard Rogers and policy-makers are keen for people to embrace.

e) Is the emphasis on development in outer London consistent with the intention in Policy GG2 that seeks to proactively explore the potential to intensify the use of land on well-connected sites?

Many locations in outer London are well connected by public transport. New opportunities will be created with the opening of Crossrail from November 2019. There is greater untapped potential in outer London. However, whether the scale of housing development expected by the DLP in its time frame to 2029 is feasible is doubted by the HBF. We consider that this will be a much more gradual process.

f) Does the Plan adequately consider the cumulative impacts of other policies on the deliverability and viability of housing?

We discuss the question of viability in some more detail in response to M24. However, we will make the following short observations here.

The viability studies that have been prepared to support the DLP are very high-level studies that have to make some very general assumptions about costs and values across a wide area. For example, the London Plan Viability Study 2017 (LPVS 2017) relies on estimates for CIL rates (paragraph 5.8.17) and an estimate of only £1,500 per dwelling for S106 (paragraph 5.8.20). If these 'estimates' are too conservative, and we think they are, then this could have a big effect on viability. Our experience at London local plan examinations provides evidence that the London authorities are struggling to achieve viability across the local authority area on the basis of 3%% affordable housing, let alone 50%. We have provided examples of this in our response to M24.

Also the Benchmark Land Values (BLV) that have been assumed are too low. The London Plan Viability Assessment (LPVS) in chapter 8 outlines in Table 8.1 the BLVs assumed across

the range of residential locations. This is repeated in the Addendum Report of November 2018 in Annex J. These are set out as thousands of pounds (£000s) per dwelling. We consider that these BLVs are unrealistically low. For example, a landowner, or householder, in the highest value location in London (like RBKC) is expected to sell his/her land for just £300,000 (and this is before capital gains tax is paid). This is not an adequate return to compensate for the aggravation and costs associated with selling a piece of land. Conversely, it is unlikely that a householder in one of the lowest value locations in London (say the outer reaches of Havering) would sell his/her bit of back garden to make way for a house or several houses, for a return of just £10,000 (before tax). They would not bother especially when they are losing their garden and may have new neighbours living next to them cheek-by-jowl. The LPVS only supports the Mayor's case for the viability of all the London Plan policies, because this critical value input has been pitched so low.

g) What is going to bring about the step change in delivery implied in the Plan compared to the current one? What are the tools at the disposal of Boroughs in 1.4.6? Is it realistic to expect this to occur from 2019 or should there be a stepped or transitional arrangement?

Large sites will provide some 40,070 net additions a year (Table 1.1). This is more-or-less in line with the latest figures of overall completions in London from the MHCLG for 2016/17 – which is a figure of 39,560. However, the latest record of net completions for London from the MHCLG for 2017/18 has seen this figure fall to 31,723.

Achieving 65,000 net additions would require a major departure from long-term trends.

We contend that this is unfeasible. The new London Plan is essentially a continuation of the 'compact city' philosophy that informed the two previous London Plans. This strategy failed in the past. There is no reason to think that it will be successful a third time.

The principal difference in the Mayor's approach this time around is his policy to encourage the development of more small sites.

The step-change in delivery is supposed to come from the Mayor's small sites strategy. We explored our concerns about the small sites in our representations, and we will summarise our chief concerns in M20. However, in summary, these sites have not been identified. There is no certainty that they will emerge in enough numbers. Nor are there that many established small developers operating in London. Integral to the success of the strategy, therefore, is the Mayor's 'presumption in favour of small housing developments' as expressed in Policy H2 Part D (albeit this comes with some heavy caveats in Part F). This represents a major 'leap of faith' and although the HBF supports the Mayor's general approach, it will take a long time before it begins to take effect. Certainly, the HBF has very grave reservations about relying on the small sites approach to yield 24,573 completions a year from 2019.

We do not support a stepped trajectories or transitional measures. This would merely result in residual housing targets that are too big to be delivered in the last few years of the London Plan.

h) Should Table 4.1 include targets for different types and tenures of housing?

No. This would be too restrictive. The London LPAs in preparing supporting local plans are best placed to determine the most appropriate type and tenure of homes needed.

Table 4.3 provides a guide for plan-makers.

Table 4.4 provides benchmarks for older people. The HBF considers that the policy for older persons housing needs strengthening to ensure that provision for these types of homes are provided for in local plans but we do not feel that Table 4.1 needs to be amended to include a reference to this and other type and tenures of home.

i) Should the target be for longer than 10 years given that the plan period runs to 2041?

Lengthening the plan period will help little in overcoming the doubts that many, including the HBF, have about the deliverability of the Mayor's strategy. It would merely result in even bigger and impossibly large annual target to deliver later on. For example, if we assume that the DLP under-delivers by 20,000 homes in 2019/20, the residual housing requirement for the remaining nine years would rise to 67,222dpa. If the DLP under-delivers again by 10,000 homes in 2020/21 then the residual requirement for the remaining eight years would rise to 68,472dpa. This backlog cannot be made good.

The degree of under-delivery will vary from borough to borough. In some boroughs the under-delivery in the early years (especially those with large small site components to their targets) will feed into residual annual targets that may become impossibly big.

Similarly, we would be very concerned about any proposal to adopt a backloaded trajectory for London as a whole. This would merely result in more challenging targets later on. Moreover, many of the London LPAs already adopt backloaded trajectories in their local plans to circumvent the problem of identifying a land supply beyond the first five years (e.g. RBKC), so there is the risk of backloading what is already backloaded.

A better approach to counteract the risk of severe under-delivery is to subject the London Plan to an immediate comprehensive review to devise a new strategy. If the Plan is a sound one, then it is reasonable to expect that the housing targets will be achieved in full in years 2019/20 and 2020/21. If not, then this will indicate that a radical new strategy is required. The NPPF in paragraph 14 requires that plans have the flexibility to respond to rapid change. There is no flexibility in the DLP if the SHLAA housing land supply assumptions prove to be flawed. Therefore, a new revised London Plan with a new strategy will have to be prepared as a contingency.

If the DLP is too optimistic the consequences of any failure are similarly magnified. The London Plan is too important to the national economy and meeting national housing needs to fail.

j) How and where is the shortfall between the identified need of 66,000 additional homes a year and the total annualised average target of 64,935 to be made up? Will LPAs outside London in the wider south east be expected to deal with this on an ad hoc basis and is this realistic?

The DLP is unsound because there is no effective strategy that will deal with the unmet need. This is because the Mayor has not attempted to find a solution in preparing the new Plan. The DLP is unsound because it has not been positively prepared and nor does it represent an effective delivery strategy.

As we have argued in response to M4 and M5 there is no tangible plan or agreement in place with any local planning authority in England to accommodate part or all the shortfall of 1,065dpa. There is a very high likelihood that this shortfall will be neglected, just as the shortfall of 6,600dpa in the current London Plan has been neglected.

This will not be dealt with on an ad-hoc basis. There is no evidence of any appetite among LPAs outside of London to do so. They have not shown readiness to cooperate to date with the Mayor regarding the existing shortfall of 6,600dpa. This is partly because the Mayor of London has not approached them seeking assistance, but also because the local authorities outside of London have argued that since the Mayor has not requested such help. Without an explicit and formal request on paper for assistance from the Mayor they are not obliged to consider whether they can accommodate all or any element of the shortfall.

k) Does paragraph 4.1.8A adequately explain how Boroughs are to calculate a target beyond 2028/29?

No. The approach is unsound because it is ineffective and contrary to national policy.

There are two things wrong with the approach.

First, capacity should not be confused with an objective assessment of housing need. To base a target on capacity rather than need would be contrary to national policy. The Mayor is responsible for assessing the objective housing needs of London, and he treats London as a single housing market area. He has the responsibility for setting new targets for the London boroughs beyond 2028/29.

Second, it is difficult to know how the SHLAA could be used to identify a target. The SHLAA does not provide material on potential site availability after 2028/29 to enable an LPA to identify a target for the period beyond 2028/29.

Targets could be automatically rolled forward. This is established practice in London (as in the London Plan 2016, Policy 3.3 D). The draw-back is that rolled-forward targets are not underpinned by a realistic assessment of housing land supply.

Our solution is this: the DLP should be re-drafted to make clear that the DLP will cease to form part of the development plan for London once the plan expires in 2028/29. The Mayor will have to ensure a new plan is ready and in place before this date. Paragraph 4.1.8A should be re-drafted to make this clear.

l) What will be the implications for London Boroughs if the Plan targets are adopted which increase the requirement in recent development plans?

Revised local plans for all 35 London LPAs will need to be prepared. As far as we have been able to ascertain, there is only one draft local plan in preparation that reflects the new DLP target – the local plan for Lambeth (Reg 18 stage consultation).

However, the new London Plan targets cannot be adopted quickly enough through 35 supporting borough plans although the preparation of local plans is vital to identify and allocate land so that the targets can be delivered. The track record in this respect is not good. Some 16 London LPAs have still to update their local plans against the Boris Johnson London Plan of 2016 let alone make provision for the new London Plan targets. This increases the risk of the under-delivery of the housing objectives of the DLP.

Even if 35 local plans could be quickly prepared, examined and adopted, the size of the small site allowance is so great, that the London LPAs cannot reasonably assure delivery of the housing targets.

Overall, although the HBF supports elements of the new Plan, we consider the DLP to be ineffective because it will not deliver the housing need.

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