

M20. Are the presumption in favour of small housing developments of between 1 and 25 homes in Policy H2 and the targets in Table 4.2 justified and deliverable and will the policy be effective? In particular:

a) Is the modelling of delivery from small sites in the SHLAA justified, including reliance on PTALs?

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f) Based on the historic delivery from sites below 0.25 hectares (whether allocated or windfalls) how will the Plan's expectations for delivery be achieved?

Having regard to the issues already highlighted within the London Borough of Newham's (LBN) response to the Consultation Draft of the London Plan (DLP), it is maintained that the modelling of potential delivery from sites below 0.25ha and consequent small sites' housing targets within Policy H2 are fundamentally flawed. As such, it is considered that there will be significant implications for the successful delivery of the overarching good growth objectives outlined within Chapter 1 of the Plan, as well as the spatial strategy more broadly, especially in light of external threats such as the implications of failing the Government's Housing Delivery Test (HDT).

Flaws in the Modelling of Deliver

Looking firstly at the quantitative outputs outlined within the SHLAA, the assumption that pan-London, 1% of existing housing stock will increase in density within PTALs 3-6 or within 800m of a station or town centre boundary is not a realistic presupposition. The SHLAA outlines at paragraph 6.24 that this assumption is predicated on the impact of proposed policy changes within the DLP, although this has not been expanded upon or modelled to test the accuracy of this assertion.

The SHLAA at paragraph 6.26 outlines that net additional housing growth assumptions are informed by trends in housing completions between financial years 2008/9 and 2015/6, justifying the application of a sweeping methodology London wide. However different Boroughs have very different contexts, histories and land values and as such it is inappropriate to assume that trends at the regional level can be readily applied and achieved at the local, simply through the introduction of a regional policy.

In Newham, where a small sites target of 950 homes a year is proposed by the DLP, past delivery from 2012/13 to 2016/17 saw just 234 units on average. Whilst it is acknowledged that the Borough has restrictions on family housing conversions – due to the extensive demonstrable need and previous loss of such stock – even prior to the adoption of that position in 2012, small sites in a healthy market only averaged 388 units (from 2008 – 2012). In reality at ground level therefore, the method fails to rely on reasonable evidence of past trends for windfall sites. As raised at consultation stage, in this regard the targets are not justified in accordance with the NPPF and PPG (2018).

Secondly, the locational criterion outlined within H2 d2), identified above, are considered overly broad in scope, failing to account for contextual differences at the local level which could have impacts upon the acceptability of housing delivery. For example, a relevant site

falling within an 800m catchment area of a town centre or station may also achieve a PTAL rating between 0-2, indicating poor access to means of public transport. This may be as a result of physical geographical constraints (such as train lines, watercourses and main roads), lack of frequent public transport services, or walking distance from public transport access points. Given the barriers to travel, depending upon the quality town centre's offer, a number of areas identified by the limited locational criteria may not have access to adequate infrastructure to support delivery.

Notwithstanding other issues identified with the modelling, it is questioned as to why these criteria (accessibility to town centres/stations and PTAL ratings) were not applied jointly, to ensure that areas identified as suitable for densification benefit from sufficient access to both public transport and necessary facilities and services.

Thirdly, more widely, the specific modelling of permission types undertaken in calculating the targets will likely have consequences for what can be viably delivered under the policy. A greater degree of transparency is required on this point, to ensure projected targets are not artificially inflated through the modelling of particular permission types. For example, if Lawful Development Certificates are included in the modelling, this could artificially inflate the projected small sites targets for an area, noting these applications are not subject to assessments of quality in the same manner as FUL planning assessments or related application types. Modelling of the small sites targets should also pay closer regard to divergences between levels of planning approvals and completion rates, which do not appear to have been fully scrutinised under the SHLAA modelling and envisioned 1% densification rate.

No reduced figure is calculated for the initial years of the policy changes to allow a transitional period to adjust to the introduced policy framework. This will likely mean later years of delivery will be required to make up shortfalls on previous years, placing greater strain on large sites to deliver overall annual housing targets, these impacts being referred to more broadly in LBN's original response to the consultation Draft London Plan.

Finally, of principal concern is the lack of consideration within the plan as to the nature of existing housing, both in terms of its size – namely its ability to yield further units – as well as how it is being used currently. This matter of the use of existing housing stock raises implications as to whether the small sites presumption is effective in terms of its ability to yield additional units and, if this is achievable, whether this unit generation would effectively house more households. This point will be explored in further details within the sub-section below.

The Newham Context

Housing Typology

Prior to a discussion of the Newham specific context and potential delivery outcomes, Officers acknowledge that draft Policy H2 outlines a number of options for Boroughs to help achieve the small sites' targets. These include residential conversions (subdivisions), extensions, demolition or redevelopment of existing houses and ancillary buildings, infill

development and redevelopment or upward extensions of flats, non-residential buildings and residential garages.

Whilst outlining a range of methods for achieving the small sites target is beneficial given the varying contexts across Boroughs, in Newham options other than residential conversions - and in some instances extensions - are unlikely to be achievable. This is primarily due to the tight urban grain, the predominance of terrace dwelling houses and small land plots in areas within close proximity to stations and town centres (outside of large scale strategic sites), where the presumption in favour of small sites would apply. This is shown in Figures 1 – 3 below. Moreover, given the level of deprivation in Newham (with 40% of the Borough's Wards being in the 10% most deprived in England)¹, the rate of home ownership², or the complexity of land holdings, it is unlikely that freeholders would collectively group together to finance densification of streets via upwards extensions or comprehensive redevelopment. For these reasons, the following local level analysis is primarily predicated on subdivisions being the most likely form of development facilitated in Newham by the small sites policy.

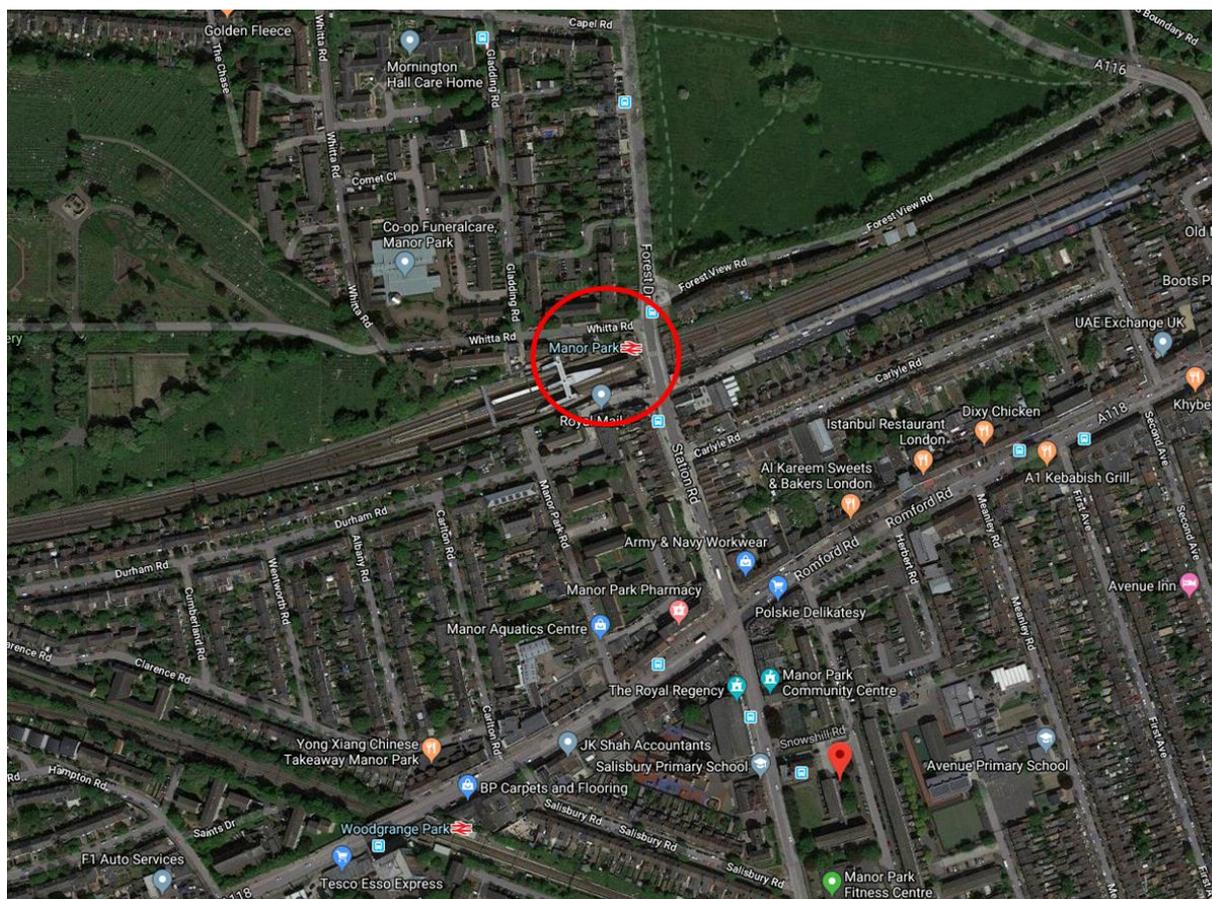


Figure 1: Image taken from Google Maps, with Manor Park Station located centrally within the image (circled red)

¹ Newham Local Plan 2018 (Adopted 10th December 2018)

² Newham Local Plan Review Issues and Options Part 1: Policies (February 2017); ORS, Outer North East London Strategic Housing Market Assessment (September 2016)

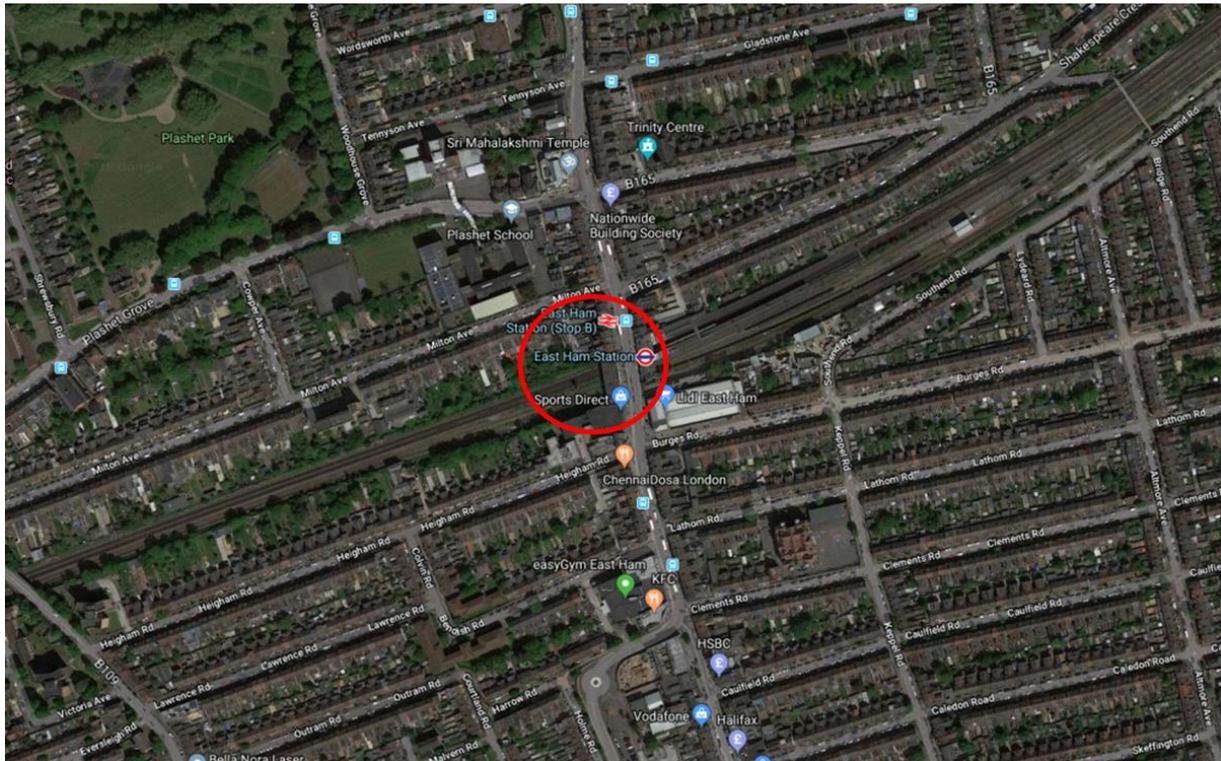


Figure 2: Image taken from Google Maps, with East Ham Station located centrally within the image (circled red)

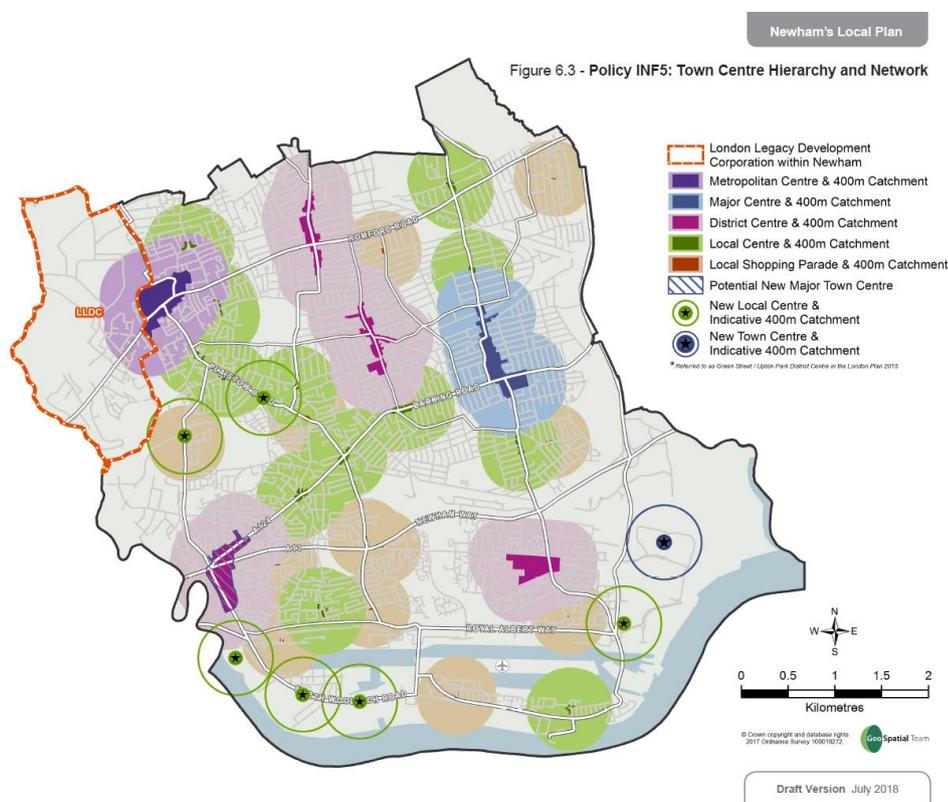


Figure 3: Town Centre Hierarchy Map taken Newham Local Plan (Policy INF5) 2018

Stock Availability

Historically, Newham has seen high levels of properties (particularly 3 bedroom homes) either subdivide to form smaller flats, or convert to Houses in Multiple Occupation (HMOs). There are approximately 51,200 households in private rent in LBN (about half of the total housing stock) and a quarter of these are occupied as HMOs. HMOs are evenly distributed across the Borough with some hot spots in Stratford and West Ham, East Ham, Manor Park and Canning Town. Similar patterns can be seen with subdivision from houses to flats, however the exact number, as clarified by the following discussion, is currently unknown.

In assessing the wide range of flaws in the methodology for small sites modelling, perhaps the most concerning assumption in a Newham context is the scale of existing property subdivision that is unrecorded within the London Development Database (LDD), meaning these properties would not have been netted off from potential supply during the formulation of the small sites target.

From 31st July 2013 Newham has benefitted from an Article 4 direction, restricting the conversion of use class C3 dwelling houses to C4 HMOs under permitted development allowances. This, together with a 2012 policy protecting 3 bed plus family housing, has helped to control loss of homes that are in the most need in LBN. However, many historic conversions undertaken prior to this date and unauthorised conversions since, will not have been recorded through the planning system. This is likely to be the case for other Boroughs with similar housing values and types, as well as those where HMO conversions can still be undertaken through permitted development (PD) channels, given that not all conversions will be formally regularised for planning purposes through the Lawful Development Certificate process.

In seeking to test this assumption, the LBN Private Housing and Enforcement Team have provided data regarding the level of 'SHELL' property records within the Borough. These records are generated as a result of Unique Property Reference Numbers (UPRNs) becoming redundant following the subdivision of properties to two separate address points. In seeking to highlight potential existing subdivided properties, the dataset also includes address points associated with multiple licencing records.

Recorded data of SHELLs date from the mid-2000s, when all licencing records began to be uploaded in electronic format to the Council's internal system. However, it is noted the vast majority of records post-date 2012, following the introduction of the Council's Private Rented Licencing Scheme, compulsory for all properties rented privately within the Borough. Prior to the introduction of the scheme, only larger HMO properties (over three storeys and occupied by more than 5 unrelated tenants) would have been required to be licenced.

Records indicate that a total of 914 buildings have been subdivided without planning consent, with an additional 1422 new homes generated. This represents a significant portion of the existing housing stock within the Borough which appears to have already been subject to densification but not captured through LDD planning records. Overall, this is

around 10% of LBN's ten year small sites target, or one full year of expected small sites delivery, already proven to be unable to come forward.

To illustrate these findings in the context of a localised case study, Officers have taken a street within LBN which would benefit from the presumption in favour of small sites, being St Stephens Road in East Ham. The street contains approximately 115 residential terraces with PTAL ratings ranging from 3 to 4. Licencing records indicate 10 subdivided properties along the street from the extracted data. This would equate to around 9% of the total terrace buildings along the road having already been subdivided.

In undertaking an analysis of case studies and potential impacts on streets, Officer have noted that the data records supplied do not appear to highlight some historic permissions or associated planning records linked to subtle variations in address points, notably records pre-dating electronic recording of planning applications. Whilst this discrepancy does raise implications for the level of SHELL properties identified through licencing records, it is equally true that if these records are unable to be comprehensively analysed and filtered at Borough level, it is highly unlikely the LDD dataset utilised by the GLA has been scrutinised rigorously enough to provide assurances with certainty as to the current levels of housing stock lost to subdivision.

The failure to net off these premises accurately has far reaching implications with regards to the validity of the small sites targets. Noting the reduction in site supply available for subdivision, the likelihood of LBN meeting its overall housing target reduces whilst the likelihood of failing the HDT increases. It is concerning that the GLA have failed to collaborate with the Boroughs in terms of their evidence base surrounding such properties or accounted for their existence within the SHLAA.

Finally, it should be acknowledged that the modelling assumptions do not acknowledge that capacity from small sites will be finite or that anticipated delivery may reduce over the projected 10 year period in the event the policy was adopted without modification.

Household Formation & Unit Size

Whilst LBN's planning policies seek to exercise control over subdivisions and levels of HMO conversions, it is accepted that existing lawful conversions or subdivisions within the housing stock do meet an identified need. As such, local plan policy is reasonable in its allowance for HMOs, provided that they are within the right locations, of acceptable quality and do not result in the conversion of 3 bed plus family units. The latter criteria also applies to flat conversions, provided there is scope within the existing property to allow for this change of use and still meet space standards and safeguard amenity. Housing conversions, as encouraged under DLP Policy H2 modelling, could present significant unacceptable implications for the borough's housing mix, overstepping the Strategic function of the plan, as discussed in the LBN response to the DLP consultation and EiP responses M7 and M28.

Moreover, subdivision of existing HMOs appears unlikely in real terms to result in an increase of individuals (households) being housed, noting that existing HMO properties will often benefit from a higher level of bedrooms and occupancy than C3 dwelling houses. This

may be in part influenced through PD conversions and lower space standard thresholds required under Private Rented Sector licencing requirements. The subdivision of such properties, which would require as a minimum individual bathroom/kitchen facilities alongside compliance with MHCLG Technical Housing Standards, in many cases could result in an equivalent or lesser number of individuals being housed. There is therefore little benefit in producing more units, if this doesn't positively impact household formation rates.

This point is closely tied to that made at consultation stage and within M7: no account or investigation has been made in terms of property size variations to determine if existing properties have the scope to create quality new homes that meet space standards. Despite Policy H2's amendment to prevent conversions that don't meet space standards, these premises have not been netted off from modelled small sites projections. It is therefore wholly possible that units are counted in as appropriate for conversion, when in reality they could never gain planning permission. Again, this calls into question the basis of the target projections.

Conclusion

Overall, the modelling of small sites' delivery and the consequent targets are not considered to be robustly justified and fail to comprehensively consider the importance of historical trends or locational factors in evidencing future potential housing delivery. Specifically, the form of modelling exaggerates the level of available supply from sites within relevant PTALs or town/centre catchment areas, failing to account for local and site specific constraints, or unit size or availability, all of which will impact potential deliverability of the targets forecast.

Consultation with London Boroughs prior to publication of the small sites targets may have afforded the opportunity to account for these omissions and address barriers to delivery within the proposed method of modelling. However, instead the small sites housing target is exaggerated through the standard multipliers which simply do not translate to local realities. This may have itself been eased by sensitivity testing, both to account for fluctuations in the market or shortfalls in the ten year targets (M17a), but also to address 'unknowns'. Whilst it is appreciated pinning down factors such as unlawful conversions – which by nature are illusive – presents difficulties, it is not enough to suggest that without knowing exact figures these cannot be removed from the modelled assumptions. At the very least, an appropriate and agreed upon percentage should be arrived at and netted off through further discussion with the Boroughs.

Overall, the GLA's failure to engage with the constituent Boroughs or to adequately sensitivity test in the formation of the modelling appears to have exacerbated its shortcomings (see also our response to Matter M5a), bringing into question the validity of the assumptions made within the Strategic Housing Land Availability Assessment (SHLAA) and Policy H2 of the DLP.

c) Has adequate consideration been given to the cumulative impacts of this policy on, amongst other things, infrastructure, affordable housing provision and the character of some neighbourhoods as referred to in paragraph 4.2.5?

Small sites development, at the rate that is proposed in the DLP will have significant cumulative impacts in terms of amenity and the knock-on affects to the character of neighbourhoods, and on the provision of infrastructure and affordable housing.

As discussed in M20a) it is unlikely (particularly in LBN given the nature of housing stock) that a collective effort to densify small sites will be made by land owners. Instead additional supply is likely to come forward from numerous individual subdivision applications that will incrementally increase units in dense urban areas, pressurising already strained infrastructure provision. As such, there will be limited opportunity to minimise or mitigate the local impacts of such growth, through financial contributions or new GP surgeries for example, as compared to the opportunities presented by comprehensive, masterplanned redevelopment that could instead come from other sources of supply (such as Green Belt release sites). Taking a 950 unit scheme, the equivalent of one year of LBN's small sites target, would equate to a contribution of £4,108,381.85^[1] in Mayoral and Borough CIL. (This figures are notwithstanding any other infrastructure requirements which may be applied to larger schemes and assume an LBN policy compliant housing mix).

Moreover, such reliance on supply from this source will fail to yield any affordable housing. Again using a 950 unit scheme as an example, 475 units of affordable housing would be required to meet Newham's Local Plan thresholds, with a tenure split of 285 units as social or affordable rent and 190 units as intermediate products.

Applied over the ten year plan period, this could result in a loss of up to 4750 units of affordable housing and £41,083,818.50 of CIL contributions that would otherwise have come forward on larger schemes of the same unit level yield. Note this CIL figure does not take account of indexation, which is likely to increase over time resulting in even higher CIL contributions. It is remiss therefore, given the demand for affordable housing and significant CIL funding gaps across London, that the GLA are unwilling to explore alternative options (or even a combination of options together with some small site intensification) such as green belt release, that would yield new units while still allowing for such high proportions of planning gain to be captured.

Finally, it should also be noted that there is a significant likelihood of boroughs failing the HDT through unrealistic, untested delivery targets (highlighted in M20a) in addition to the threat from market downturn (see M17). It cannot be argued that infrastructure sufficiency and neighbourhood character will be adequately addressed via other policies of the framework given that the HDT could significantly weaken the London Plan's weighting once Boroughs begin to fail on an annual basis.

^[1] LBN Community Infrastructure Charging Schedule (2013). Post code areas E15/16.