

Catalyst Housing Limited (2837)

BACKGROUND

- 1.1 These representations are made in respect of the list of matters for consideration at the Examination in Public and taking into account the Draft New London Plan Minor Suggested Changes July 2018. These representations have been prepared by CBRE Limited on behalf of Catalyst Housing Limited ('CHL') further to our representations made on 2nd March 2018 ('March Representation'). As a G15 housing association, managing approximately 22,000 homes across London and the South East, CHL takes a close interest in proposed planning policy and welcomes this opportunity to formally comment on the draft London Plan. This document highlights CHL's position on the emerging plan but is also made in dialogue with, and in addition to, the representations made on behalf of G15.
- 1.2 In broad terms, there is much we support within the draft London Plan, not least its focus on communities, social integration, inclusivity and rebalancing. It is also ambitious, particularly in relation to housing delivery and we think it needs to be, if we are to stand a chance of addressing the housing crisis that has steadily worsened over many decades. A number of the concerns we raised in our previous March Representation have been addressed within the Minor Suggested Changes July 2018, and this is welcomed. However, we remain concerned about several policies (and supporting text), which in their current form are likely to inhibit - rather than accelerate - growth. Below, we have identified the relevant part(s) of the question(s) relating to each matter we are responding to, and outline our comments accordingly. Parts of the question(s) deemed not relevant to our response have been omitted.

AFFORDABLE HOUSING (POLICIES H5 – H8)

Matter M24

M24. Would policies H5 to H8 provide a justified and effective approach to delivering affordable housing to meet the good growth objectives set out in Policy GG4? Overall, would they provide an effective strategic framework for the preparation of local plans and neighbourhood plans in relation to affordable housing? In particular, in relation to each policy:

Policy H5 Delivering Affordable Housing

b) Would the strategic target of 50% of all new homes to be genuinely affordable be justified in light of the identified need?

d) Would the approach to affordable housing providers, public sector land and industrial land be justified and effective?

f) Does the approach taken in Policy H5 provide sufficient flexibility to take account of local circumstances?

g) Overall, would the policy be effective in delivering the affordable homes needed?

Policy H6 Threshold Approach to Applications

a) Would the threshold approach to viability, with a fast track route and viability tested route, as set out in policy H6, be justified and effective? Would the threshold level of affordable housing as set out in Policy H6B be justified and effective?

Catalyst Housing Limited (2837)

b) *Would it provide a framework to increase delivery of affordable homes to meet the full range of identified need?*

c) *Would the approach taken to scheme amendments be effective in increasing delivery of affordable homes?*

- 1.3 In response to the relevant questions in relation to this matter, we have a number of concerns around the 60% strategic target for strategic partners, the 50% affordable housing requirement for industrial land, and how S73 applications are considered. As currently drafted, there is potential to frustrate delivery contrary to meeting the good growth objectives set out in draft policy GG4. There have been a number of changes to the relevant draft policies, however our previous comments in paragraphs 1.4-1.12 of our March Representation have not been fully addressed and we provide commentary on this in paragraphs 1.31-1.39 below.
- 1.4 **Draft Policy H5** relates to delivering affordable housing. The current draft policy wording sets out a range of measures to achieve the Mayor's 50% strategic target, including all affordable housing providers with agreements with the Mayor delivering at least 50% affordable housing across their development programme, and 60% in the case of strategic partners.
- 1.5 We are unclear on the justification for the 60% affordable housing requirement, and also note this is a minimum, and not a target. This would be an unnecessary additional burden for housing associations, who will always seek to maximise affordable housing across sites, but are working under the same constraints and challenges as any developer in the market. Whilst housing associations benefit from grant funding, at the point of committing to a site there is no certainty on grant funding and therefore at the point of tendering and bidding on sites, there must be cautious assumptions around grant to remain competitive.
- 1.6 **Draft Policy H6** sets out the threshold approach to applications, which CHL generally supports. However, as raised in our March Representation, CHL objects to the 50% threshold to be applied where SIL, Locally Significant Industrial Sites ('LSIS') and other industrial sites come forward for residential development (this also applies to **Draft Policy H5 and draft Policy E7 and supporting text**). The draft policy has now been amended to state that this is only applied where there is a net loss of industrial capacity. This addition is welcomed and provides greater flexibility in bringing forward sites, but does not fully address our concerns around the difficulty in delivering such sites.
- 1.7 Sites of this nature are likely to be very expensive to deliver; imposing a 50% threshold will exacerbate this and could frustrate delivery. If the principle of releasing a particular site for alternative use is deemed appropriate, it should not then be subjected to additional burden by comparison to any other development site, particularly when the remediation and other costs are likely to be high. Furthermore, the reference to no net loss does not account for site specific circumstances and economic considerations where market conditions and technological advances result in a different industrial requirement and approach to floorspace. For example, more efficient use of floorspace could result in greater employment and a more intensive use, but this would not be accounted for when assessed purely on a floorspace basis. It would provide greater clarity if the policy defined "industrial capacity" to include both industrial floorspace and industrial job opportunities as a consideration when assessing what constitutes net loss.
- 1.8 Overall, we remain of the view that the threshold should be reduced to 35%, consistent with other development sites, or, could be made more flexible by including an exceptional circumstances clause allowing Boroughs to set a localised affordable housing threshold for

Catalyst Housing Limited (2837)

the Fast Track Route in regeneration and Opportunity Areas (OAs). This would allow delivery and growth in these areas (which by virtue of the OA designation are considered suitable areas to maximise growth and deliver housing) where there are complex viability challenges due to costly site remediation or infrastructure costs, for example.

- 1.9 **Parts G-J of draft Policy H6** relate to S73 applications and the requirements around assessment under the Viability Tested Route. The wording of the draft policy (parts G and H) has been amended to now include schemes determined before the threshold approach that would have qualified for the Fast Track Route.
- 1.10 As outlined in our March Representation, it is quite common to seek revisions to large-scale schemes that are developed over many years, in order for the later phase(s) to respond to (for example) changes in circumstance. In the case of estate regeneration, this often results in enhanced regenerative benefits. If a later phase(s) is built out under a new S73 permission, it has to be able to work with the original consent, given that some elements of the scheme (not least the provision of affordable housing) will have been based upon a site-wide strategy and carefully calibrated accordingly. Whilst revisiting a later phase through S73 (or indeed through an entirely fresh application) may present an opportunity to consider any additional benefits that might arise (compared with the extant consent), we think it is important to take the extant consent into account as a material consideration, with sufficient flexibility within policy to enable exceptions to avoid prohibitive requirements. In other words, the site should still be considered holistically.
- 1.11 The wording of **draft Policy H6 (part H)** has been amended to clarify that viability information would only be required where the amendments would *materially* [our emphasis] alter the economic circumstances of the scheme. It is considered that this would provide some flexibility and allow, for example, a design-led S73 application to be brought forward without being assessed under the Viability Tested Route. However, the draft policy still does not account for our comments above in relation to considering the site holistically. It also should be considered how advanced the development is on site, and acknowledge that a number of financial assumptions would have already been made to enable development to commence. To address this, we would suggest that the draft policy provides additional guidance around how S73 viability is considered, to ensure it takes specific circumstances of the original scheme into account.
- 1.12 As a final point, it is important to ensure the policy is effective and worded without ambiguity. **Paragraph 4.6.3 of the supporting text** states that the percentage of affordable housing on a scheme should be measured in habitable rooms, but also refers to floorspace. It then goes on to state that applicants should present affordable housing figures as a percentage of total residential provision in habitable rooms, units and floorspace to enable comparison. Whilst the draft policy now includes definitions of 'habitable room' and 'habitable floorspace', our previous comments relating to clarity around the ultimate measure, still stand and are set out in paragraph 1.12 below.
- 1.13 It is essential that there is clarity as to what the ultimate 'measure' is – if an estate regeneration scheme is measured such that re-provision is secured to avoid net loss of habitable rooms and floorspace and unit numbers, this will not work and could compromise the ability to effectively meet the needs of the existing community. For example, an estate characterised by over-occupation may need a smaller number of larger units; one characterised by under-occupation may need a higher number of smaller units. In the case of the CHL Portobello Square in RBKC, the legal agreement secures the provision of either a minimum number of units or habitable rooms, with the 'fix' being 'no less than' X floorspace.