



Carmel Edwards
EiP Secretariat
GLA (Post Point 18)
City Hall
The Queen's Walk
London
SE1 2AA

Get Living
East Village
5 Celebration Avenue
East Village
London
E20 1DB

0203 701 7900
hello@getliving.com

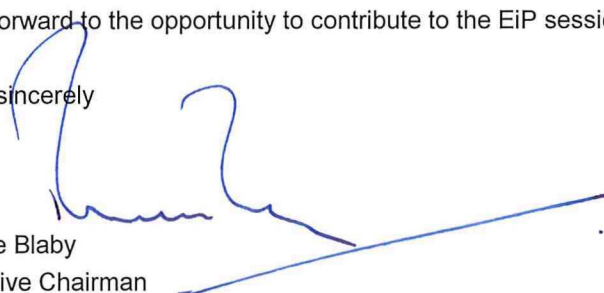
Dear Carmel

London Plan EiP Written Statement, Matter 29 Build to Rent – Get Living London

Please find attached a written statement in relation to the Specific Types of Housing hearing session addressing matter 29, Build to Rent. This statement is submitted by Get Living which is one of the leading providers of Build to Rent housing in London, managing over 2,150 completed homes at East Village and Elephant & Castle. Get Living also has a significant pipeline of future committed development and funds to acquire further sites: we intend to be a significant contributor to future housing supply in London and welcome the opportunity to engage with the London Plan

I look forward to the opportunity to contribute to the EiP session.

Yours sincerely


Rick de Blaby
Executive Chairman

East Village
5 Celebration Avenue
East Village
London
E20 1DB

0203 701 7900
hello@getliving.com

Elephant Central
38 New Kent Road
Elephant & Castle
London
SE1 6TJ

0203 874 1874
elephantcentral@getliving.com

*Get Living London Limited. Registered in
England and Wales No. 07793925*

*Registered address: Lansdowne House,
57 Berkeley Square, London, W1J 6ER*

No.	Issue	Response	DLP Amendment
M29 (a)	Would the criteria to define build for rent set out in Policy H13B be justified and would they be effective in supporting delivery?	<ul style="list-style-type: none"> ▪ Yes; Build to Rent should be distinct from Buy-to-Let and, subject to the points below, the criteria would be appropriate in supporting delivery. ▪ Get Living PLC have no issues with the 50 unit minimum threshold or the covenant to retain units for rent for 15 years, albeit the 15 years should be regarded as the usual maximum. The rationale for this is that investor equity which supports Build to Rent schemes generally takes a 10 year investment outlook after which it seeks an optionality to exit, dilute or otherwise recapitalise. Given that Build to Rent increasingly relies on long term, patient institutional capital, it should be possible to extend the horizon to 15 years but only in certain exceptional circumstances, longer. ▪ The approach to ensuring there is no financial incentive to break up a Build to Rent scheme should be via capturing foregone planning obligations. The maximum clawback sum should not exceed the value of planning obligations foregone at the time of the initial planning consent (to do so would in any case fail to meet the tests for a planning obligation). Additionally, there has to be up-front certainty of cost exposure (the clawback sum) in the event of a covenant break, otherwise investors will be much less inclined to support the Build to Rent sector. ▪ The suggestion that a lease can be broken on one month's notice should be amended to two months' notice. The justification for this is that the owner-manager needs at least two months in order to refurbish, remarket and therefore reoccupy the home. Over 4,000 residents at Get Living's schemes currently have a 2 month notice period and this, along with Get Living's policy of no up-front fees / deposits, is very popular. 	<p>Amend H13 B(2) such that the covenant is generally <u>up to</u> 15 years and only in certain exceptional circumstances longer.</p> <p>Amend H13 B(3) to make clear that a clawback sum should be agreed and that this should not exceed the value of planning obligations foregone.</p> <p>Amend H13 B(6) to require 2 months' notice after the first 6 months.</p>

No.	Issue	Response	DLP Amendment
M29 (b) (i)	Would the approach to affordable housing requirements be justified and effective?	<ul style="list-style-type: none"> ▪ Yes; in practice, Discounted Market Rent is the only appropriate and compatible tenure alongside Build to Rent. From experience, the running of rental neighbourhoods at scale requires very diligent and efficient management and customer care regimes, supported by holistic technology platforms, on site teams and repair and maintenance capability. If other affordable tenures gave rise to a Registered Provider ownership, such a holistic approach to management would be compromised and investors would be less likely to commit to the sector at scale. ▪ Whilst the introduction of a Fast Track Approach for Build to Rent is welcomed, this should reflect the fact that Build to Rent (providing 35% affordable homes and including the 30% London Living Rent component) is still financially constrained (as per 4.13.2 of the DLP). This is evidenced by the fact that yields on cost at steady state are still in low single digit levels, often below 4%. This point should also be apparent from the fact that the 35% quantum substantially exceeds the 20% indicated within the current national Planning Practice Guidance: <i>“20% is generally a suitable benchmark for the level of affordable private rent homes to be provided”</i> (Reference ID: 60-002-20180913). Given the above, if the 35% quantum is to be maintained it should allow for 30% of homes at Living Rent level and the remainder at rents up to 80% of market rent and £60,000 household income. The current policy wording requiring “the remaining 70 per cent at a range of genuinely affordable rents” offers no clarity and removes much of the benefit of the Fast Track route, particularly for those wishing to factor in policy requirements when acquiring land. Access to grant, as detailed under M29(b)(iii) below would also allow more providers to access the Fast Track route. 	Amend H13 C to require 30% of DMR homes at Living Rent and 70% at rents up to 80% of market rent / £60,000 household income.

No.	Issue	Response	DLP Amendment
M29 (b) (ii)	Would it be effective in meeting local needs?	<ul style="list-style-type: none"> Yes, there is clearly a strong demand and growing need for good quality market rental and DMR housing. Get Living's own experience is that its residents typically earn average London salaries, come from a wide variety of backgrounds and nationalities and work in a wide variety of sectors, public and private. For example the NHS is the largest employer of residents in East Village. Our residents really value strong community, a safe and vibrant public realm, and exemplary on-site service. 	None.

<p>M29 (b) (iii)</p>	<p>Would the approach to discounted market rent homes be effective?</p>	<ul style="list-style-type: none"> ▪ Yes; DMR is the only appropriate tenure for the reasons set out above. Other tenures would need a Registered Provider which results in sub-optimal outcomes (unless the Register Provider is within the stable of the Build to Rent provider). Subject to the points below, the approach to DMR would be effective. ▪ Genuinely affordable rents needs to be defined as affordable to households with an income up to £60,000 to align with the GLA Housing Strategy. ▪ DMR should not be excluded from grant as Build to Rent has very marginal financial viability in most parts of London. The reasons for this include the long term nature of returns (as set out in 4.13.2 of the DLP) and that Build to Rent owners invest more heavily in design and specification than their Build to Sell counterparts. As such, grant support could enable a scheme to be deliverable. ▪ When providing DMR at London Living Rent, the rent should be assessed as a proportion of market rent at the outset. This proportion should then be maintained in perpetuity to offer investor and operator certainty (i.e. the investor will be exposed to fluctuations in market rent to which the DMR is linked, rather than being exposed to future unknown changes published by the GLA from time to time). This approach is consistent with current national Planning Practice Guidance which states: <i>“The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies.”</i> (Reference ID: 60-002-20180913). London Living Rent is set according to median borough figures for earnings, changed from time to time. ▪ DMR at rents other than London Living Rent must therefore be linked to market rent, again as per current Planning Practice Guidance. Income restrictions must therefore also be index linked to the market, so as to avoid a future mismatch between income caps and rental discounts. ▪ Eligibility for DMR homes should be determined by the scheme operator working in conjunction with the borough. The approach should be in line with current Planning Practice Guidance which states that: 	<p>Amend 4.13.3 to allow grant for DMR for qualifying providers (for example those who are Homes England / GLA Investment Partners).</p> <p>Amend 4.13.4 to make clear that DMR (incl London Living Rent) should be assessed and fixed as a proportion of market rent.</p> <p>Amend 4.13.4 to note that final occupancy criteria for DMR homes should be determined by the Build to Rent operator.</p> <p>Amend 4.13.6 to make clear that genuinely affordable rents are those affordable up to £60,000 household income.</p>
------------------------------	---	---	---

No.	Issue	Response	DLP Amendment
		<i>"Final decisions over the occupancy criteria for affordable private rent homes should be made by the build to rent scheme operator" and "Authorities must take a reasonable position in negotiating occupancy criteria with build to rent developers, and eligibility should not constitute grounds for refusing planning permission."</i> (Reference ID: 60-009-20180913)	
M29 (b) (iv)	Should the discount level be defined locally to take account of local circumstances?	<ul style="list-style-type: none"> ▪ No; in relation to the DMR tenure, London should be viewed as a city-wide housing market. The London Housing Strategy defines genuinely affordable as households whose incomes fall under £60,000. If set lower there is a risk that keyworker households would be excluded. ▪ No; any exact discount should be agreed on a site specific basis taking into account viability and up to 80% of Open Market Rent or £60,000 household income. 	None.

No.	Issue	Response	DLP Amendment
M29 (c)	Are there specific design requirements of this type of housing and would the policy be effective in delivering them?	<ul style="list-style-type: none"> ▪ Yes; Policy should recognise that the design of apartments, common parts and supporting amenity varies considerably from traditional Build to Sell conventions. Get Living has five years' experience from East Village and Elephant Central. Based on this, the key flexibilities helpful to residents and operators are: <ul style="list-style-type: none"> ○ Apartment and amenity space standards – residents increasingly demand (and live within) communal amenity provision such as lounges, kitchens, cinema rooms, roof gardens, parcel storage, co-working spaces etc. Where this is provided there should be flexibility on dwelling / private amenity space standards. ○ Car and cycle parking – residents are generally much less likely to own a car, instead making use of rental services. Many boroughs do not currently permit reduced parking ratios for Build to Rent, this results in wasted costs or reduced ability to deliver affordable homes. Build to Rent developers also often own retail and commercial space within their schemes but at present are often prevented from sharing car parking between uses. It should be clear that flexibility on parking standards must be exercised. ○ Internal design – Build to Rent schemes seek to create community and resident interaction. They also focus on whole life costs, including maintenance / replacement and resident move-in / out. As such, schemes are sometimes more effective if diverging from standard corridor widths, lift sizes, unit type mixes and core arrangements. This flexibility should be supported. 	Amend Policy H13 (or Policy D) to make clear that boroughs should exercise design flexibilities for Build to Rent.

No.	Issue	Response	DLP Amendment
M29 (d)	Overall, would it meet the objective of Policy GG4 to delivering the homes Londoners need?	<ul style="list-style-type: none"> Yes; there is a need for diversification in the delivery of housing and Build to Rent, supported by policy, has the opportunity to play a significant role in this. The government's Letwin review acknowledged this point. It should also be noted that investment in Build to Rent is generally net additional investment to the housing sector (i.e. it is made by investors seeking a low risk, long term return who would not otherwise invest in for-sale housing delivery). There is growing demand for good quality rental accommodation to meet housing need and an increasing preference to rent homes as a matter of choice, as evidenced in Get Living's Millennial Living Report 2018 (https://corporate.getliving.com/pdfs/get_living_millennial_living_in_2018_report_first_look.pdf). There is growing anecdotal evidence of families all the way up to seniors making the choice to rent homes and migrate back into the City. Subject to the amendments noted within this statement, policy H13 has the potential to support Build to Rent and therefore contribute materially to policy objective GG4. However, Get Living's experience is that boroughs' understanding of and attitudes towards Build to Rent are mixed. To be effective, policy H13 should therefore place greater emphasis on a duty for boroughs to assess the need for Build to Rent and plan for it. This could be similar to the current national Planning Practice Guidance which states: <i>"local planning authorities should use a local housing need assessment to take into account the need for a range of housing types and tenures in their area including provisions for those who wish to rent."</i> and <i>"If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent."</i> (Reference ID: 60-001-20180913) 	Add to Policy H13 a requirement for boroughs to assess the need for and plan for Build to Rent

Word Count (excluding headers & footers) - 2,000 words.