



THE COLLECTIVE

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Company Registration No: 7271022
Registered as Share in the City Ltd.
Registered in England & Wales

9 December 2016

Greater London Authority
City Hall
The Queen's Walk
More London
London
SE1 2AA

Sent Via Email Only

Dear Sir/Madam

**A City for All Londoners Consultation
The Collective Ltd**

Introduction

The Collective Ltd is a property development and management company that specialises in delivering and operating high-quality, shared-living rental accommodation across London. Our developments are comparable to serviced apartments or a long-stay hotel. However, given the focus on shared communal facilities between the residents throughout all of our buildings, they are distinct from other products on the market and have therefore been coined 'co-living.'

Established in 2010, we currently operate circa 750 co-living units across 7 sites in London. We have an immediate pipeline consisting of a further 1,000 co-living units and a programme to achieve 5,000 units in London by 2022. We are involved in all stages, from site procurement and development through to letting and management.

Discussions opened with the GLA in 2013 with the aim of establishing a pan-London approach to delivering large scale co-living buildings ranging from 200 to 750 units, and focused on providing high-quality affordable accommodation for London's young working population. Not only are we market leading this new approach, but as a young company, involved with the day-to-day operations and lettings of our co-living schemes, we understand how to create spaces in which London's young professionals want to live. Given the focus on shared communal space, co-living schemes are not just a home, but create a social experience, bringing people together and creating communities. The result is that people wish to remain within a co-living scheme for several years until they reach the next stage of their life. As such, we offer a stepping stone on the ladder between studying and more traditional forms of residential accommodation, at a rental price point affordable to London's young working



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professionals. The affordability of our product will help to keep London's young professionals living in London, rather than being forced away from their places of work.

A complementary use in many of our schemes is serviced office space. Creating synergy between flexible working spaces in the same building as vibrant living communities.

Our existing smaller properties that we manage and operate under previous permissions for HMO's have been rebranded and operate along the shared living concept described above. The product has now evolved considerably and The Collective Old Oak (546 co-living units and 3000 sq.m of serviced office floorspace), is a perfect example of the opportunity for both scale and quality of communal facilities. 5 mins walk from Willesden Junction Station, the scheme was completed in May 2016 and fully-let by October 2016, proving the huge demand for the product.

How we have worked with the GLA so far

In response to ongoing discussions with the GLA, a set of criteria were introduced into the Mayor's Housing SPG, 2016 which recognise the need for this type of specialist housing and set out guidelines for innovative, non-self-contained accommodation. It is supportive of co-living schemes in locations with a high PTAL in mixed-use areas, where high quality management can be ensured and unintended user groups such as the homeless can be controlled. It makes it clear that viability appraisals should be undertaken to determine whether affordable housing can be delivered as part of such schemes. We have embraced these guidelines as the parameters for bringing forward new schemes.

Since 2013, we have engaged with many London Boroughs, all of whom have acknowledged and identified the need to increase the supply of high-quality housing for London's young professionals. The challenge that London's Boroughs have recognised is the lack of a clear planning policy framework that deals with innovative housing products such as co-living, and particularly how to deal with affordable housing targets.

The Collective therefore want to play an active role in taking this document forward along with the recently published Draft Affordable Housing and Viability SPG (2016) and any future changes to the Housing SPG (2016) to assist with the formulation of London Plan policies relating to new forms of innovative housing products. In particular, we propose that a clear set of guidelines and standards should be developed to ensure a quality co-living product is delivered.



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Accommodating Growth

We support the objective for ‘Good Growth’ and believe that new forms of housing are required in order to accommodate London’s rising population and support economic growth across the Capital. Specifically, we see our co-living product as a significant means of supporting London’s growing population. For this reason, it is crucial that a clear set of policies and standards are established to support the delivery of new forms of housing, such as co-living. We would look to build on the broad guidance set out in The Mayor’s Housing SPG (March 2016) to produce specific policies designed at ensuring a high-quality product is delivered.

We support the key principles associated with ‘housing and mixed-use land’ in particular we acknowledge that,

...in some areas industrial land may be surplus to current needs and could be better used for housing...And it may be feasible for housing and industrial activity to co-exist in certain locations. We need to be creative in how we think about space and promote mixed-use activity. (Page 22)

The nature of the co-living product means that it can integrate well with new and existing industrial uses because it is less sensitive than conventional residential due to the fact that the residents are not permanent and does not accommodate families. There are also clear synergies between co-living and employment space where the mix of uses can support one another.

Co-living is a product that is best delivered at scale in order to support the generous and high quality shared facilities within the schemes therefore we support the view that,

...a denser, more developed London increases people’s access to economic opportunities - and that it should support small businesses. (Page 27)

Housing

We acknowledge and support the following,

Rising numbers of people now live in the private rented sector – and many are finding it less and less affordable. Rents have risen by 20 per cent in the last five years, while average incomes have only risen by two per cent. (Page 35)

Increasing supply and providing the homes that Londoners need means building new homes both for sale and for rent, including a range of different sorts of affordable housing. For people on low incomes, we need more low-cost rented homes. We also need more renting options to help middle earners, which is why I have established the London Living Rent. (Page 39)



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Co-living provides rental accommodation at a price point that falls well within the current income threshold definitions for traditional intermediate housing. Based on the current GLA definition of rental cost being no more than 40% of net income co-living is delivered by The Collective is typically affordable for those on incomes of:

- Zone 1 £45,000 to £60,000
- Zone 2&3 £30,000 to £45,000

It is a market product that relies on no public subsidy and provides accommodation that is affordable to those who would otherwise qualify for traditional affordable housing provided by Boroughs or Registered Providers.

Given that co-living is a housing product (notably contributing towards housing delivery targets) and does not fall within the current definition of traditional affordable housing, we are currently following the Housing SPG, 2016 approach to test what the maximum reasonable contribution this housing product can make towards subsidised affordable housing.

As a rental product, which the London Plan recognises that it has a distinct economic model, and given the rental levels the market derives it will not be able to deliver affordable rental levels for London's young workers and also achieve the target levels for traditional affordable housing sought by the Mayor.

To ensure that co-living maximises its contribution towards mixed and balanced communities and is meeting a range of housing needs, the suggested approach as schemes come forward is to undertake viability appraisals and focus any subsidy available in one or both of the following ways

1. A financial payment to the Borough to bring forward traditional affordable housing to meet the specific local needs
2. A discounted market rent approach to a proportion of the co-living units. This would be expected to follow the similar approach to traditional Class C3 permissions with subsidy rent levels on a proportion of the units set at a level to address local needs. Where this has been explored to date co living has been able to provide for incomes of c £25,000 which would cater for those on low starting salaries in their first jobs.

It is suggested that flexibility is provided for either of these approaches to come forward on a site by site basis.

A further point of discussion with the GLA to date has been whether there are specific qualifying criteria that could be applied to co-living so that it falls within the definition of affordable housing. We would welcome the opportunity to engage



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further on this to enable 100% affordable housing schemes to come forward speeding up delivery in London.

Whilst it is understood the draft definition of London Living Rent does not cover non self-contained accommodation co-living residents would qualify from an income perspective. We would welcome further discussions on how this may be taken forward. For instance if co-living rents were guaranteed within the 20% tolerance on local average household income set for London Living Rent.

Economy

We acknowledged the objective to

... support small and medium-sized businesses by protecting existing workspace, identifying new workspace areas and including places of work in new housing developments. In areas where costs are very high, I want to make sure that new commercial developments include affordable business space, in line with different and changing business demands.

A complementary use in many of our schemes is serviced office space. Creating synergy between flexible working spaces in the same building as vibrant living communities.

The primary focus is to provide flexible working space for small and micro-businesses and the entrepreneurial community within the building. The secondary aim would be to inspire and enable the creation of new small businesses and attract other entrepreneurs and young businesses to the area.

Next Steps

We would welcome the opportunity to work with the London Plan team to ensure that the new London Plan along with the recently published Draft Affordable Housing and Viability SPG (2016) and any future changes to the Housing SPG (2016) include recognition of new forms of housing such as our co-living product in the form of specific policies and standards that deal with the detail of the use to ensure quality products are delivered. The aim is to establish a clear planning policy framework for how to deal with innovative housing products such as co-living and particularly how to deal with affordable housing targets.