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**The Mayor's New Approach to Affordable Housing**

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# Tall Storeys

## The first of a series of irreverent reflections on planning by Neil Parkyn

Scene: a meeting room on the 5th floor of a rented office block within sight of the Thames, East of the City, one Friday afternoon.

### Dramatis Personae:

**RICSman** – a well presented chartered surveyor with strong kerb appeal;

**Clientman** – a slightly threatening and classless presence with rather detailed personal knowledge of current Elected Members;

**Templanperson** – agency staff member thinking of next weekend in Prague;

**Oztemp** – as above, but with 'No Worries!'

**Permplan** – permanent staff member counting the days;

### Prologue

RICSman enters with his Team of 14. There aren't enough chairs. Others are fetched.... He opens his Black n'Red hard bound notebook and folds back the page.

The Architect couldn't make it, he explains.. "some business in Court defending his allotment-thingy."

**RICSman:** Well first I just want to say on behalf of my client (turns and smiles) how pleased we are to be given this opportunity of presenting, informally of course, our very latest ideas for what the Borough must agree is a unique opportunity for an Iconic, landmark and game-changing development which will speak clearly to the Investment Community, as evidence that this Council is Open for Business.

**Permplan:** Don't want to cut you short, but we've got a union reps meeting in an hour. Can we get straight to your Option 27, as I understand it.

Neil Parkyn is a retired architect-planner living in France. A former member of RTPI Council, he was a director of Colin Buchanan and Partners. He is also a watercolour artist and technical writer



Is this model to any known scale?

**Oztemp:** Looks a proper dinkum piece of Urban Fabric to me. Great for hosting a Friday bevvv.....

**Templanperson:** Am I to understand that the gross floorspace you propose has almost doubled..? It looks as if we're now talking of about 40 storeys?

**RICSman:** Ah yes, but we felt that this was the only way to do justice to the acknowledged potential for this particular site to deliver a Beacon of Regeneration, a physical embodiment of your Council's totally legitimate requirement for a World-Class development, as our client is pleased to confirm.

**Clientman:** Nigel, I think that's a little fruity. I just want the Borough to have its New Swimming Pool paid for by my development, where all the little children can swim their hearts out.... I remember when I was a minnow at Stowe...

**Templanperson:** Am I right that the living rooms of, I would say, about 40 per cent of the flats would actually never receive any daylight? They look (takes out 1:500 scale ) to be about nine metres face-to-face?

**Ozplan:** Well it does seem a wee bit too hugga mugga even for the All Blacks....

**RICSman:** Certainly we're talking dense urban fabric. That's what our Cities are all about...surely....the chance meetings of talented, well dressed young people. They tend to be out all day, anyway.

**Clientman:** Look, I've got another meeting uptown in an hour. Where have we got to, Nigel?

**RICSman:** I hope that there is a consensus emerging around the table that our very early proposals are a sound basis for further development, so I would suggest we diarize the next 10 meetings...perhaps in our offices just across from Harrods, followed by a spot of lunch

**Templanperson:** Hold the model still, please.... (Takes out Xacto modelling knife and slices off 20 storeys of each of the Styrofoam towers.)

Now, don't we all feel BETTER? ■

RIGHT:  
Styrofoam tower before the cuts



# BRIEFING

## The Mayor's new approach to affordable housing

by Duncan Bowie

For the first time for several years, we have some good news. Firstly the Autumn Statement increased the national investment programme for housing: A new Housing Infrastructure Fund of £2.3 billion with a potential to deliver up to 100,000 homes with £1.4 billion to deliver an additional 40,000 'affordable' housing starts by 2020/21. The London investment programme announced by the Mayor is £3.15 billion for the five year programme 2016 to 2021, with an intention to support 90,000 new affordable homes.

The Government also announced that grant will be available for rent homes. Before the Autumn statement it was understood that the Government would only support home ownership initiatives and some special needs rented housing and that the current 'affordable rent' funding programme, with grants for homes up to 80 per cent market rent, was to be terminated. The Mayor's new housing investment bidding guidance also gives an indication that a proportion of this investment will support rented homes at rents significantly lower than market rents. It has been suggested that grant at up to £60,000 per home might be available for 'affordable' rented homes. For higher rented homes (now defined as London Living Rent based on 30 per cent of average household incomes, and for shared ownership, grant up to £28,000 per home may be available.

Benchmarks for affordable rented units, excluding service charges, have been set for 2017/8 at £144.26p for a bedsit and 1 bedroom nit to £186.66p for a home with 6 or more bedrooms. Households with incomes up to £90,000 a year would be eligible for shared ownership homes. The Mayor is also proposing to help providers' cash flow by paying 50 per cent grant at land acquisition stage and 50 per cent at start6 on site stage for 2017/18. This also helps the Mayor to guarantee spend of the enhanced 2017/8 budget.

The other major news for London's housing providers is the Mayor's proposals to modify the way in which the current London Plan affordable housing policy is implemented. The actual policy cannot be changed until the review of the London

Plan is completed, which is a 3 year process. The current London Plan housing target is 42,000 homes a year. Of these 40 per cent should be affordable, of which 60 per cent should be social rent or affordable rent while 40 per cent should be other forms of submarket housing.

The distinction between social rent and affordable rent 9 at up to 80 per cent of marker rent) was removed in the 2011 London Plan review in accordance with the policy of the Coalition Government. Sadiq Khan stated both before and after his election his intention to return to the 50 per cent affordable housing target which was in Livingstone's London Plan which was in effect between 2004 and 2011. However to readopt that target, the London Plan has to complete a full review process.

It should be noted that neither Livingstone of Johnson achieved their targets – for most of both Mayoralties, the output was around 37-38 per cent. However in the last few years of the Johnson Mayoralty the figure dropped, with only 13 per cent of planning approvals in 2015/6 being affordable homes. It could however be argued that this was more to do with lack of Government subsidy for affordable housing and changes in national planning policy than Mayoral planning policies and decisions.

Nevertheless there is an argument that with the recovery of the London development market from the 2008 recession, affordable housing output should have been much better and the Mayoral team is claiming that Mayoral planning decisions since Sadiq became Mayor have averaged 41 per cent affordable housing, though the disaggregation between social rent, affordable rent and other forms of sub-market output is as yet not clear – and these are after all planning consents, not starts or completions.

The main controversy around the Mayor's new draft affordable housing and viability Supplementary Planning Guidance is the proposal for a 35 per cent affordable housing threshold – a threshold above which development proposals will no longer be subject to viability assessment. Firstly it should be acknowledged that this draft guidance supplements and amends but does not replace the pre-existing Housing SPG. It solely relates to one component – the financial appraisal of housing schemes.

Under both the Livingstone and Johnson regimes, under a system introduced at the time of

the adoption of the first London Plan in 2004, all housing schemes referred to the Mayor were subject to full financial appraisal. The London plan policy (3.12) set out in the current 2015 London Plan still requires require in relation to all individual private residential and mixed use schemes that "the maximum reasonable affordable housing should be sought...". This negotiation was to have regard to, amongst other matters, "affordable housing target".

In practice all proposals were in the Livingstone era assessed relative to the 50 per cent London Plan target irrespective of whether the borough concerned had a lower or higher target. During the Johnson era, from the Plan adopted in 2011 to 2016, the applicable affordable housing target was 40 per cent (this is given in paragraph 3.44 and 3.64 as 25,600 in relation to total capacity based target of 42,000. So at least in theory, schemes not meeting 40 per cent would have not been subject to full financial appraisal.

The Mayor's proposal is that a 'fast track' option will appeal to developers. The proposal is that schemes which deliver 35 per cent affordable housing will not need to be subject to financial appraisal. However there are a number of caveats – first schemes should not require Mayoral housing investment grant, with schemes receiving grant expected to deliver at least 50 per cent affordable homes. Secondly, schemes should comply with all other London Plan policies.

The Mayor is stating that at least 30 per cent of affordable housing should be at what is defined as London affordable rents. There will however be flexibility over the other 70 per cent of 'affordable homes', but presumably with a maximum equivalent to 80 per cent of market rent or 80 per cent of open market price. Individual local authorities may have some flexibility to propose local targets, as long as 40 per cent sub-market 'intermediate' sub-target is protected. What is as yet unclear is which other components of policy compliance will be regarded as critical.

To take a key issue, will the Mayor require mix in relation to the need for larger family sized homes as referenced in the Strategic Housing Market Assessment and the pre-existing Housing SPG? The housing standards including both internal and external space standards, lifetime homes and the 10 per cent wheelchair homes proportion should be non-negotiable. Then there is the issue of built form. >>>



>>> The Mayor already waives the density policy more often than not, which leaves developers the option of offering 35 per cent affordable homes so long as they can ignore density policy and squeeze more units on to a site – not that that would be anything new.

One of the complexities of setting a viability threshold is similar to the criticism of the Government for imposing a 10 unit threshold for affordable housing requirement, is that the economics of sites varies between sites. This was demonstrated in the various research exercises conducted by Three Dragons both prior to the adoption of the London Plan and the introduction of the financial viability assessment system and the 'Three Dragons' toolkit.

Some sites could produce 50 per cent affordable housing from value uplift on private development, whereas others would struggle to produce 35 per cent even with grant. The risk of a fixed threshold is that site specific negotiation on a higher value site could produce a higher affordable housing out-turn – whether on or off site.

The proposed new regime could significantly reduce the s106 contributions on major sites from what has actually been achieved, which is one of the reasons some housebuilders such as the Berkeley group are welcoming the idea of a fixed 35 per cent. However if the GLA is to apply all the other policy requirements in the Plan strictly, most if not all projects will need to be subject to financial assessment, whether or not they deliver 35 per cent affordable housing as they are not policy compliant on other policy areas. If this is the case, the new fast-track approach will rarely come into operation.

The theory of the threshold is a bit like the theory of CIL. If the rules and payments are fixed in advance, not only is the position clearer for developers, but they would pay less for land. In practice,

there is little evidence of this effect. Moreover as affordable housing requirements and density policies are waived, land prices just climb so that part of the value uplift is kept by landowner and not passed to the developer.

So while the intention of the Mayor's planning team is good, the implementation in practice may not deliver the objectives sought. The objective of clarity is not delivered if there are different perspectives from the Mayor, 33 boroughs and developers as to the disaggregation of the 35 per cent affordable component. Moreover the Mayor does have the difficulty of explaining that, with most private developments at 35 per cent affordable housing or less, he is going to deliver his promised 50 per cent affordable homes in a single Mayoral term. The two tier system proposed also means that private-led schemes will generally not combine grant and the benefits of value uplift – in many ways it was this combination that generated the best schemes with the highest proportions of affordable homes. The mix and match approach remains important, especially given the Mayor is now planner and investor.

The new Mayoral team has done quite well so far, least of all in its negotiations with central Government, but until the Mayor controls land as well as having much more substantive investment resources and greater flexibility as to how they are used, and we have a tax system which no longer incentivises investment for asset appreciation rather than for residential occupation, the Mayor and boroughs will continue to give planning consent to schemes which are not policy compliant, and the Mayor and the boroughs, who after all remain as statutory housing authorities, will continue to struggle to meet the housing challenges London faces. ■

*Duncan Bowie is senior lecturer in planning and housing at the University of Westminster*

## Design review for Croydon

Croydon's has launched a 25-strong advisory team. It includes former RIBA president Angela Brady, designer Wayne Hemingway, critic Hugh Pearman and V&A design director David Bickle.

The panel will meet at monthly one-day 'place review' sessions during which six-member panels will look at proposals for developments coming for

ward in the south London borough which is set to undergo a £5 billion makeover in coming years.

Council chief executive Jo Negrini says: "The place review panel will oversee the development of the whole place with a view to improving the borough's look and feel for those living, working and visiting the borough."



## New tallest building in the City

The City of London's Planning and Transport Committee has approved a resolution to grant permission on 1 Undershaft.

1 Undershaft, the new tallest building in the City of London, which includes the creation of a large public square and public viewing gallery, has received resolution to grant planning consent from the City of London Corporation's Planning Committee.

The new tower has been commissioned by Singapore-based Aroland Holdings Limited who are currently developing tall buildings in capital cities around the world. The approved design has been designed by Eric Parry, the architect behind the acclaimed St Martin-in-the-Fields project in London's Trafalgar Square and the new City of London office development at 10 Fenchurch Avenue.

Aroland Holdings Limited and the Museum of London are working together to explore the creation of new learning spaces to support the Museum's charitable aims at the very top of the tower. ■

## Dissatisfied applicants

Frustration with the time taken to decide planning applications is on the rise, despite there being no discernible drop in performance by planning authorities

A recent survey by the British Property Federation and consultancy GL Hearn found that 80 per cent of applicants are now dissatisfied with determination times – the highest ever recorded.

This is despite the research finding that average determination times for major applications – at 31 weeks from submission – were no longer than last year, reports Colin Marrs in the AJ.

## Flying too high

A new application has been submitted to the City for 22 Bishopsgate tower. It features a 59-storeys reaching 255m, and replaces the approved scheme for a 62-storey skyscraper. The developer French investment manager AXA IM – Real Assets, working with development partner Lipton Rogers, said the reduction in height would allow a 'more elegant resolution to the top of the building in the context of air traffic control constraints'.

## Lost planning appeals costs councils millions

Of the 217 councils who responded to an FOI request, 178 had incurred costs over the past six years, with the total bill for those councils who responded coming to £11,965,077.

Property consultants Daniel Watney sent out FOI requests to the 418 principal local authorities of the UK, asking for details of the costs awarded from appeal proceedings between financial years 2010/11 and 2015/16.

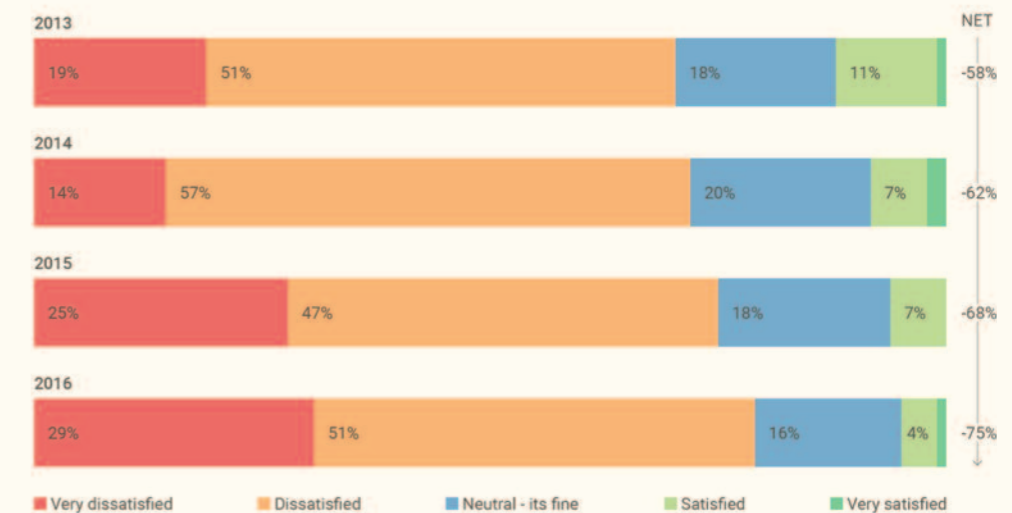
## Workspace providers

London mayor Sadiq Khan, has announced proposals to recruit a team of entrepreneurs and business leaders to help protect London's workshops, studios and workspaces via the establishment of a so-called Workspace Providers Board.

# CLIPBOARD

## Applicants' satisfaction with planning application times: 2013 - 2016

SOURCE: CAPITA REAL ESTATE



## Bungalow-building boom

A report by London Assembly member Andrew Boff urges the mayor to encourage a bungalow-building boom to provide better downsizing options so as to free up family homes across the capital.

## Top of the shops

Retail giant Tesco has identified around 15 more of its major stores across London as sites for flats to be built on top of the shops and the adjoining multi-storey car parks.

## PD for basements up in the air

A High Court judge has ruled that if a residential basement development includes significant engineering operations amounting to a 'separate activity of substance', planning permission should be required for the works.

The case concerned plans to construct a basement extension to a 19th Century terraced cottage in Camden. The development would extend the two-storey property's floor space from 128 to 161 square metres.

The property was neither listed, nor in a conservation area. The London Borough of Camden ruled

that the development did not require planning permission and issued a certificate of permitted development. Neighbours had objected to the project and there were concerns about the stability and structural integrity of neighbouring properties.

Mr Justice Cranston found that the council misdirected itself before concluding that the engineering works proposed were a separate activity of substance that require planning consent.

Can there be a basement extension which does not involve 'significant engineering operations'?

## New BIDs

Putney and Wandsworth town centres will both become Business Improvement Districts in April after local firms voted through plans aimed at boosting trade and dealing with local issues. ■

