



# **New Southwark Plan BACKGROUND PAPER**

**Housing  
December 2019**

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1. Full planning policy overview
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## 1. Executive summary

- 1.1 Given the significant need for housing in Southwark we are committed to delivering as many new homes as possible, including social rented and intermediate homes to meet our acute need. These homes should be of high quality and provide security for our residents to ensure they can feel safe in their homes. Our housing policies seek to achieve this.

### *Policy SP1 – quality affordable homes*

- 1.2 The Inspector's Report for the Draft London Plan sets a 10 year housing target of 23,550 homes (2019/20-2028/29) for Southwark. Within the site allocations within the New Southwark Plan we require the provision for enough homes on sites that 'must' provide housing to meet this target. The 5 and 15 Year Housing Land Supply Report sets out that we can meet our housing target, this set out the sites where we anticipate delivery and the phasing of delivery.
- 1.3 Our adopted Area Action Plans comprise of Canada Water Area Action Plan, Peckham and Nunhead Area Action Plan and Aylesbury Area Action Plan and plan for around 10,000 homes. The emerging Old Kent Road Area Action Plan also plans for 20,000 new homes.
- 1.4 We have prepared a Housing Delivery Test Action Plan which sets out actions we will undertake to boost the delivery of new homes in the Borough. We will monitor these so we can continue to increase the number of homes delivered.
- 1.5 We are committed to delivering new homes and achieving 50% social rented and intermediate homes. We seek to achieve this through:
  1. The delivery of new council homes – achieving the Council Plan commitment of 50% social rented and intermediate homes.
  2. Encouraging developers to exceed 35% social rented and intermediate housing or to follow the fast track route and through increasing the provision of social rented and intermediate housing.
  3. Encouraging developers to use grant from the GLA to increase housing provision beyond 35% social rented and intermediate housing.
- 1.6 We have delivered a significant amount of housing over last 15 years from 2004-2019 of 22,516 homes have been delivered and 41,350 homes have been approved. Of

homes approved around half of them have been delivered. In this period, 2,686 social rented homes have been delivered.

- 1.7 We have an important new council homes delivery programme which seeks to deliver 11,000 new council homes by 2043, we are also on track to deliver or be on site with 2,500 of these by 2022.

*Policy P1 – social rented and intermediate homes*

- 1.8 Through Policy P1 we seek to increase the provision of social rented and intermediate homes. We require a minimum of 35% social rented and intermediate homes. Due to an acute identified need we require 25% social rented homes and 10% intermediate homes to be delivered in developments. This has been confirmed as being viable.
- 1.9 We will also boost the delivery of social rented and intermediate homes through requiring small schemes of nine units or less to provide the maximum viable contribution with a minimum of 35% towards the delivery of new council social rented and intermediate homes.
- 1.10 We have introduced the fast track route where viability testing is not required to be submitted with the application. This is to speed up the planning application process and boost the delivery of social rented and intermediate homes.

*Policy P4- private rented homes*

- 1.11 This policy is required as private rented schemes and general needs housing are different forms of accommodation. Policy P4 is applicable on private rented schemes of 100 homes or more and seeks to ensure these schemes coming forward provide security for the tenants and that schemes are of high quality.
- 1.12 On these schemes, the Mayor sets a preference for discount market rent as the affordable housing provision; however, given our acute need for social rented homes, we require a proportion of social rent equivalent homes (15%) on private rented schemes. Affordable homes delivered through private rented schemes will be allocated through the social housing waiting list and the intermediate rent housing list once it is finalised.

## 2. Introduction

- 2.1 We have produced a number of housing background papers to explain our housing policies as proposed in the New Southwark Plan Submission Version.
- 2.2 This paper focuses on conventional and social rented and intermediate housing. It looks at how the policies have developed over the plan-making period, as well as looking at how they have evolved from the adopted Core Strategy (2011) and the Saved Southwark Plan Policies (2007). It sets out justification for the policies including a review of national and regional policy and a number of evidence base papers that have been prepared to inform our policy position.
- 2.3 The other housing background papers relate to student housing and affordable housing contributions on minor developments of 1 to 9 units.
- 2.4 This paper should be read alongside the 5 and 15 Year Housing Land Supply Report and the Housing Delivery Test Action Plan. There is also a complete review of housing completions over the last 15 years on our website.
- 2.5 This background paper comprises six sections. Section 3 sets out the adopted housing policies, the Core Strategy and the Saved Southwark Plan Policies. Section 4 looks at Policy SP1. Section 5 considers Policy P1 and Section 6 considers Policy P4. Section 7 sets out information on housing monitoring we will undertake following the adoption of the Plan.
- 2.6 Appendix 1 sets out a full policy review, looking at national, regional and local policies. Appendix 2 sets out the evidence and research that has informed our housing policies.

### 3. Current housing policies

3.1 **Table 1** sets out the adopted housing policies for Southwark, these date back to 2007 and 2011.

**Table 1: adopted housing policies in Southwark**

Policy	Saved Southwark Plan Policies (2007)	Core Strategy (2011)																								
SP1		Strategic Policy 5 – sets out a housing target of 24,450 net homes between 2011 and 2026																								
P1	<p>Saved Policy 4.4 - sets out the housing tenure mix required is 70:30 social rented: intermediate housing unless stated as below:</p> <table border="1"> <thead> <tr> <th>Area designation</th> <th>Social rented (%)</th> <th>Intermediate (%)</th> </tr> </thead> <tbody> <tr> <td>Central Activities Zone</td> <td>70</td> <td>30</td> </tr> <tr> <td>Urban Zone</td> <td>70</td> <td>30</td> </tr> <tr> <td>Suburban North and South Zone</td> <td>70</td> <td>30</td> </tr> <tr> <td>Elephant and Castle Opportunity Area</td> <td>50</td> <td>50</td> </tr> <tr> <td>Peckham and Nunhead Action Area</td> <td>30</td> <td>70</td> </tr> <tr> <td>Old Kent Road Action Area</td> <td>50</td> <td>50</td> </tr> <tr> <td>Camberwell Action Area</td> <td>50</td> <td>50</td> </tr> </tbody> </table> <p>It also sets out the affordable housing requirements for developments of 10-14 units.</p>	Area designation	Social rented (%)	Intermediate (%)	Central Activities Zone	70	30	Urban Zone	70	30	Suburban North and South Zone	70	30	Elephant and Castle Opportunity Area	50	50	Peckham and Nunhead Action Area	30	70	Old Kent Road Action Area	50	50	Camberwell Action Area	50	50	<p>Strategic Policy 6 – Homes for people on different incomes, sets out our affordable housing requirements with the requirement of 50% affordable housing and 50% private housing in Aylesbury Core Area and 35% affordable housing everywhere else.</p> <p>It sets out a requirement for a minimum of 35% private housing units in the Elephant and Castle opportunity area and South Bermondsey, Faraday, Livesey, Nunhead, Peckham, The Lane, Brunswick Park and Camberwell Green wards.</p> <p>It also sets out the target number of affordable homes per area.</p>
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Central Activities Zone	70	30																								
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Suburban North and South Zone	70	30																								
Elephant and Castle Opportunity Area	50	50																								
Peckham and Nunhead Action Area	30	70																								
Old Kent Road Action Area	50	50																								
Camberwell Action Area	50	50																								
P4	N/A	N/A																								

- 3.2 Each policy is considered in more detail in the subsequent sections of this report.
- 3.3 The subsequent sections look at the relevant national, regional and local policy where necessary. A full policy review of regional, national and local policy is also set out at Appendix 1.



## **4. Consideration of Policy SP1: quality affordable homes**

- 4.1 This section considers Policy SP1 and provides justification for the policy approach we have taken.
- 4.2 Table 2 sets details how Policy SP1 has evolved through the different stages of the Plan and highlights the key changes at each stage. These amendments have been informed by consultation responses received and further evidence base documents being prepared.

## Evolution of policy

**Table 2:** evolution of the New Southwark Plan Policy SP1 – quality affordable homes

Policy	NSP Options Version (2014)	NSP Preferred Options Version (2015)	NSP Proposed Version Submission (2017)	NSP Amended Policies (2019)	NSP Submission (2019)
<b>SP1</b>	Variety of homes for people on different incomes – rent and part ownership that people can afford	We will build 11,000 new council homes by 2043 by developing our own land and developing on some of our existing estates, including in-fill development.	We will endeavour to secure 50% of all new homes as affordable homes.  This will be achieved through building 11,000 new council homes by 2043 by developing our own land and developing on some of our existing estates, including in-fill development.	N/A.	Policy reworded, including further ways about how we are going to reach our 50% target of affordable housing delivery in the borough.  Reasons reworded, including figures updated.

## Consultation responses summarised - Proposed Submission Version

4.3 The consultation responses received to the Proposed Submission Version of Policy SP1 are summarised below:

- Contradiction with Policy P1 as SP1 sets out 50% affordable housing and P1 sets out 35% affordable housing.
- The policy does not set an evidence based housing target; it only relies on the adopted London Plan housing target and therefore is not considered robust.
- Support for the strategic housing target of 50%.
- The policy should set out the London Plan housing target.
- The 5 and 15 year housing land supply report is out of date and incorrectly calculated.
- Support for the policy objective for good quality affordable homes in the borough and welcome the acknowledgement by the Council to encourage innovative solutions to meeting specific housing needs.

4.4 We have prepared responses for each of the consultation responses received; these can be found on the Examination webpage.

### Background to Policy SP1

4.5 Policy SP1 sets out our strategic approach to housing in the borough. Within the Core Strategy and the Southwark Plan, the relevant policies set a strategic target of net new homes as per the adopted London Plan and 50% strategic target for social rented and intermediate homes.

### Affordable housing target

4.6 It sets our strategic social rented and intermediate homes target for the borough of 50%. This figure is consistent with the Draft London Plan (Policy H5).

4.7 It also confirms our commitment to deliver new council homes, provide high quality homes, including family homes and homes for vulnerable residents.

4.8 Minor amendments have been made to the policy in the Submission Version of the Plan to clarify that this is our strategic target for the delivery of social rented and

intermediate homes and it does not require all individual planning applications to meet this target.

4.9 It explains further on how the 50% target will be achieved. This will be achieved through the following:

- the delivery of council homes, where schemes provide more than 35% social rented and intermediate homes, in line with our Council Plan commitment to 'guarantee developments on council housing land have at least 50% council rented homes'.
- developments being able to achieve a higher provision of social rented and intermediate housing where viability allows, in particular developers following the fast track route.
- developments where a housing association is the developer and they exceed the policy requirement of 35% social and intermediate rented homes.
- housing grant from the GLA increasing the provision of social rented and intermediate housing.

4.10 Policy SP1 has also been updated to confirm that we have achieved 33% net affordable housing and 42% gross net affordable housing on all schemes from 2004-2019 that trigger an affordable housing requirement. This equates to 9,200 gross new affordable homes and 6,416 net affordable homes. These figures are set out in **Table 4** below.

4.11 We are committed to increasing our provision of affordable housing in the borough to 50%.

## Strategic housing target

4.12 The reasons after the policy set out our strategic housing target. They have been updated to include the most up to date Draft London Plan housing target for Southwark.

### *National Planning Policy Framework (NPPF) (February 2019)*

4.13 Paragraph 65 of the NPPF requires strategic policy-making authorities (this includes the Greater London Authority) to establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need can be met over the plan period.

### *London Plan*

4.14 The London Plan (2016) sets a target of 27,362 new homes between 2015 and 2025 (in table 3.1); there are enough sites in Southwark to build 2,736 new homes per year in this period. These targets are informed by the need for housing as evidenced by the Greater London Authority's 2013 Strategic Housing Market Assessment and London's housing land capacity as identified through its 2013 Strategic Housing Land Availability Assessment.

4.15 Table 4.1 of the Emerging Draft London Plan (2019) sets the 10 year target for net housing completions (for Southwark of 25,540). These figures have been informed by the London-wide Strategic Housing Market Assessment (2017) and the Strategic Housing Land Availability Assessment (2017).

4.16 Following the Inspector's Report, our 10 year housing target has been reduced to 23,550 homes over ten years (2019/20-2028/29) which includes 6,010 homes on small sites over ten years, therefore this target is included within the Submission Version of the NSP. This equates to 2,355 homes per annum.

### *5 and 15 Year Housing Land Supply*

4.17 We have prepared a revised 5 and 15 Year Housing Land Supply Report to demonstrate that we can meet our housing target over the next 15 years. It concludes that our housing target of 2,355 homes per annum can be met, including a 20% buffer

given our under delivery over the past three years as required by the NPPF Paragraph 75.

- 4.18 For the delivery of homes Southwark benefits from four opportunity areas (OA), which have significant capacity for development, growth, and potentially improved public transport access. The four OAs are Canada Water; Elephant and Castle; London Bridge, Borough and Bankside and Old Kent Road and they are essential in delivering Southwark's housing strategy. Significant growth and contribution to the housing delivery is expected from these areas, with several schemes already in the pipeline awaiting delivery.
- 4.19 Our current development plan comprises of the Saved Southwark Plan Policies (2007) and the Core Strategy (2011) and Area Action Plans. The Area Action Plans comprise of Canada Water Area Action Plan, Peckham and Nunhead Area Action Plan and Aylesbury Area Action Plan. These Area Action Plans plan for around 10,000 homes.
- 4.20 The emerging Old Kent Road Area Action Plan has an identified capacity of 20,000 new homes and 10,000 new jobs over the next 20 years (subject to the delivery of the Bakerloo Line Extension). So far 192 dwellings have been built, 505 dwellings are under construction and over 5,000 have been approved with a S106 agreement secured or awaiting S106 agreement. A significant number of homes are subject to live planning applications. A number of pre-application advice requests have been submitted which have the potential to deliver a significant of number of homes.
- 4.21 The development coming forward within the Old Kent Road Action Area will be phased based on the commitment and delivery of the Bakerloo Line extension. It is anticipated around 9,500 homes will be committed in Phase 1 (2018-2023) alongside enhancements to the existing public transport network prior to the confirmation of the Transport and Works Act Order for Bakerloo Line extension. The remaining 10,500 will be committed for Phase 2 (2023-2027) and will be subject to agreement between Southwark Council, the Greater London Authority and Transport for London relating to the status of transport improvements.
- 4.22 The 5 and 15 Year Housing Land Supply Report should be reviewed to understand the development sites and schemes that we expect to come forward in the timeframe.

- 4.23 The site allocations within the NSP are planning policies which apply to each key potential development site of strategic importance. Site allocations are needed to ensure that when a strategic site comes forward for redevelopment it integrates well into its surrounding and contributes towards meeting strategic need for new homes, jobs and infrastructure. Site allocations set out the land uses that must be provided as part of any redevelopment alongside other acceptable land uses that may be provided in addition to the required land uses.
- 4.24 The sites methodology paper sets out that the level of housing expected from development was estimated from the capacity remaining after other land use requirements are met. Our housing requirements are met through site allocations which 'must' provide housing, including sites in the Old Kent Road Opportunity Area. These sites will provide approximately 25,784 new homes. These are required to contribute to our 5 year supply of housing land. Site allocations which 'should' provide housing result in an uplift of approximately 4,941 housing units in the borough. These are identified within the 5 and 15 Year Housing Land Supply Report for years 6-15. Housing on these sites is strongly encouraged to maintain a healthy land supply and allow for contingency when meeting housing targets later in the plan period.

*Strategic Housing Market Assessment (2019)*

- 4.25 A Strategic Housing Market Assessment (SHMA) (2019) has been undertaken by Cobweb Consulting which forms part of the evidence base for the New Southwark Plan.
- 4.26 The SHMA looks at general housing need and the affordable housing need in Southwark. It also looks at housing requirements of specific groups. As set out in the National Planning Policy Framework (NPPF) (Paragraph 60), strategic policies are required to be informed by a local housing need assessment, using the standard guidance set out in the national planning practice guidance. It requires size, types and tenure of housing needed for different groups to be assessed and reflected in policies.
- 4.27 The PPG also provides further guidance on the standard method for calculating the minimum annual housing need figure. It sets out that where an alternative method is considered appropriate by the local authority in exceptional circumstances this can be scrutinised at the examination of the plan.

4.28 A summary of the SHMA in regards to general housing need is provided below.

- **General housing need:** Applying the new formula set out in the Planning Practice Guidance and using the GLA's 2016-central based population and household projections estimates a need of **2,932 households per annum** in Southwark.
- Following the approach set out in previous PPG produces an estimate of the Objective Need for Housing (OAN) of **2,600 household per annum**.
- Cobweb Consulting recommends that we use the 2016- based central trend household projections produced by GLA to provide a better basis for assessing need. Firstly the GLA has a more specialised knowledge of demographic trends in London than ONS, and secondly, the GLA projections are more up to date than the 2014- based projections produced by MHCLG.

4.29 Notwithstanding the approach set out in the PPG and the recommended approach set out in the SHMA, the Draft London Plan 10 year target of **23,550 net additional homes** (as amended in the Inspector's Report) remains our housing target set out in the New Southwark Plan as this is based on strategic need and capacity in London as a whole. This equates to 2,355 homes annually.

### **Delivery of homes in Southwark**

4.30 Southwark Council is a top performing borough for providing social rented housing and other housing tenures. Since 2004 we have **permitted 41, 350 homes** (set out in **Table 3**) and **22,516** of those have been **built**. The annual housing completions are set out in **Table 4** and broken down by housing tenure.



**Table 3: Total net housing approvals in Southwark in the last fifteen financial years**

Financial Year (1 Apr - 31 Mar)	Housing Total	Market Total	Affordable Housing						
			Affordable Housing total	Social Rent	Affordable Rent as per the NPPF definition	Other Intermediate	London Living Rent	Discounted Market Rent	Discounted Market Sale
2004 - 2005	3832	2367	1465	791	0	674	0	0	0
2005 - 2006	2499	1467	1032	776	0	256	0	0	0
2006 - 2007	2980	1689	1291	541	0	750	0	0	0
2007 - 2008	3053	2067	986	517	6	463	0	0	0
2008 - 2009	3175	2371	804	384	35	385	0	0	0
2009 - 2010	1808	1127	681	438	0	243	0	0	0
2010 - 2011	3083	2109	974	505	140	329	0	0	0
2011 - 2012	2128	2082	46	-163	46	163	0	0	0
2012 - 2013	3366	3299	67	-425	146	346	0	0	0
2013 - 2014	4023	3579	444	56	19	369	0	0	0
2014 - 2015	3183	2544	639	215	85	339	0	0	0
2015 - 2016	2213	2542	-329	-912	5	578	0	0	0
2016 - 2017	1598	1188	410	295	0	115	0	0	0
2017 - 2018	1832	1216	616	307	58	194	0	0	57
2018 – 2019	2577	1779	798	426	13	145	53	161	0
<b>Total</b>	<b>41,350</b>	<b>31,426</b>	<b>9,924</b>	<b>3,751</b>	<b>553</b>	<b>5,349</b>	<b>53</b>	<b>161</b>	<b>57</b>

**Table 4: Total net housing completions in Southwark in the last fifteen financial years**

Financial Year  (1 Apr - 31 Mar)	Housing total	Market total	Affordable Housing				
			Affordable total	Social Rent	Affordable Rent as per the NPPF definition	Intermediate	London Living Rent
2004 - 2005	1227	1066	161	50	0	111	0
2005 - 2006	1394	1116	278	69	0	209	0
2006 - 2007	1958	1223	735	330	0	405	0
2007 - 2008	1249	713	536	63	0	473	0
2008 - 2009	1041	742	299	159	0	140	0
2009 - 2010	1333	633	700	421	0	279	0
2010 - 2011	1391	832	559	146	0	413	0
2011 - 2012	1084	491	593	459	0	134	0
2012 - 2013	1065	577	488	326	0	162	0
2013 - 2014	1669	1186	483	299	24	160	0
2014 - 2015	1216	1107	109	-121	61	169	0
2015 - 2016	1390	1277	113	-166	132	147	0
2016 - 2017	2432	1880	552	371	22	159	0
2017 - 2018	859	675	184	90	15	79	0
2018 - 2019	3208	2582	626	190	45	391	0
<b>Total</b>	<b>22,516</b>	<b>16,100</b>	<b>6416</b>	<b>2,686</b>	<b>299</b>	<b>3,431</b>	<b>0</b>

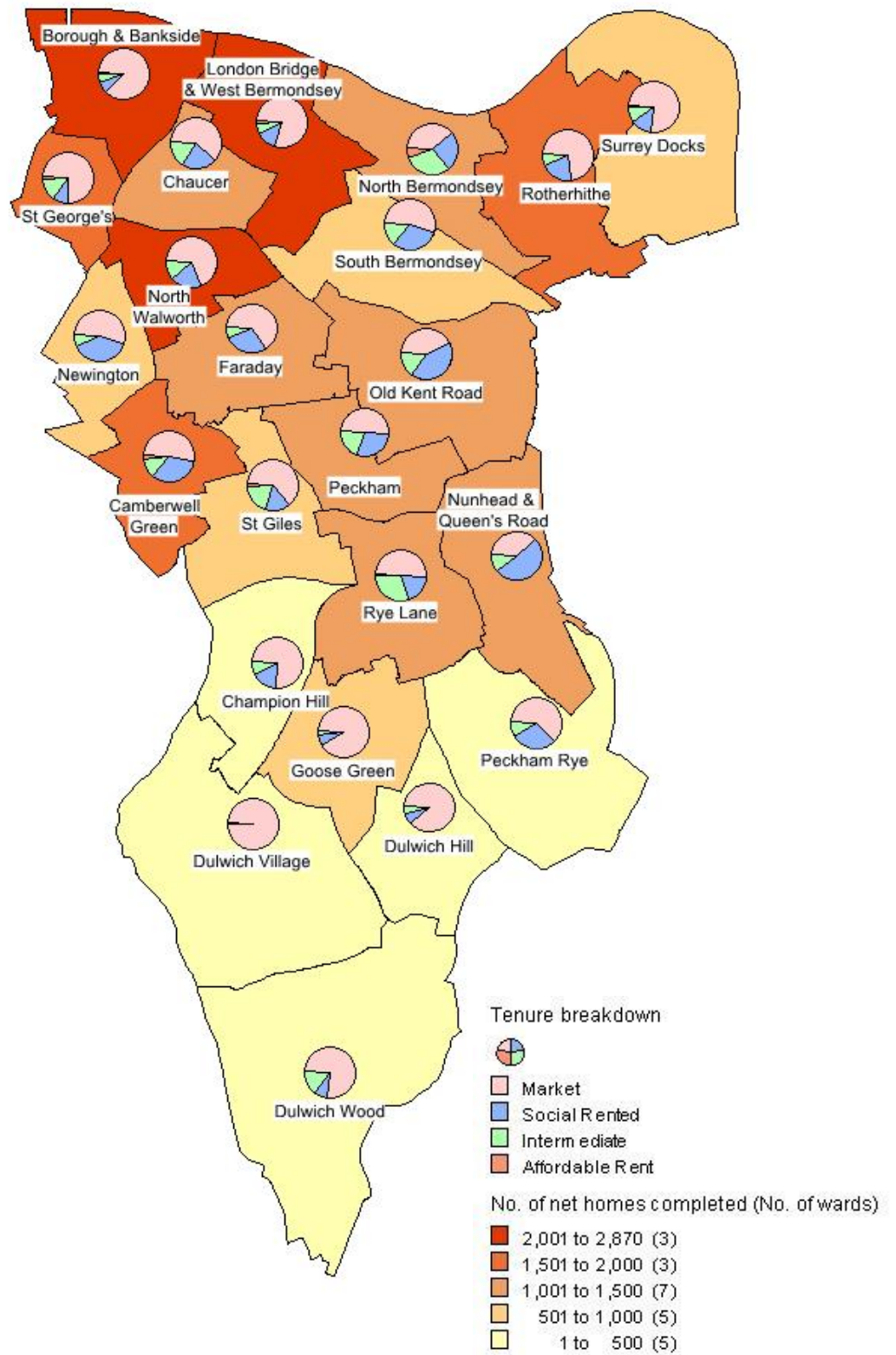
4.31 The schemes presented below are some of Southwark's larger schemes that have had homes demolished over the years and in some cases have resulted in a net loss of social homes. Southwark has consistently delivered a significant amount of net new social rented homes contributing 2,686 net units to Southwark's housing stock over the last fifteen years. The completed schemes that contributed to the loss of social housing in the last fifteen years include:

- The Heygate Masterplan approved under 12/AP/1092 proposed to deliver 2,689 gross units. As part of the proposal 1,107 existing units were demolished on site before the construction works started. Once the masterplan is completed, it will result in 1,582 net units contributing significantly to Southwark's housing stock.
- Under application 13/AP/0876 at Wood dene, site bounded by Queens Road, Meeting House Land and Carlton Grove SE15 in total 333 residential units were approved. As part of the application 323 existing units were demolished, as such the scheme has resulted in 10 net units.

4.32 Under application 11/AP/0191 at Silwood Estate 4B, Land at Silwood Street, Debnams Road, Corbetts Lane, London SE16 in total 128 residential units were approved. As part of the application 63 existing units were demolished, as such the scheme has resulted in 65 net units.

**Table 5: housing completions per ward from 2004-2019**

Ward	Social rented	Affordable rent	Intermediate housing (including shared ownership)	Market housing	Total per ward
Borough & Bankside	132	19	127	1,882	<b><u>2,160</u></b>
Camberwell Green	-288	47	225	889	<b>873</b>
Champion Hill	27	0	19	143	<b>189</b>
Chaucer	240	0	220	755	<b>1,215</b>
Dulwich Hill	14	0	12	175	<b>201</b>
Dulwich Village	-3	0	-4	36	<b>29</b>
Dulwich Wood	17	0	37	153	<b>207</b>
Faraday	208	0	77	633	<b>918</b>
Goose Green	45	0	15	424	<b>484</b>
London Bridge & West Bermondsey	321	53	193	2,205	<b><u>2,772</u></b>
Newington	206	0	45	272	<b>523</b>
North Bermondsey	271	95	422	550	<b>1,338</b>
North Walworth	19	4	322	1,649	<b><u>1,994</u></b>
Nunhead & Queen's Road	289	4	119	380	<b>792</b>
Old Kent Road	299	2	202	506	<b>1,009</b>
Peckham	-156	0	249	602	<b>695</b>
Peckham Rye	115	0	47	260	<b>422</b>
Rotherhithe	187	5	116	1,106	<b><u>1,414</u></b>
Rye Lane	187	13	327	487	<b>1,014</b>
South Bermondsey	267	1	146	537	<b>951</b>
St George's	170	35	259	1,276	<b><u>1,740</u></b>
St Giles	-11	13	151	425	<b>578</b>
Surrey Docks	130	8	105	755	<b>998</b>
<b>Total</b>	<b>2,686</b>	<b>299</b>	<b>3,431</b>	<b>16,100</b>	<b>22,516</b>



**Map 1:** delivery of homes per ward and by tenure between 2004-2019

4.33 **Table 5** confirms that a significant number of homes were delivered in Borough & Bankside, London Bridge and West Bermondsey, North Walworth, Rotherhithe and St George's.

4.34 Despite these significant delivery figures, we have prepared a Housing Delivery Test Action Plan (HDTAP) as this is a requirement of the Ministry of Housing, Communities and Local Government (MHCLG), NPPF Paragraph 75, where a local authority's housing delivery has fallen below 95% of the housing requirement. The action plan sets out the cause of under delivery and the intended actions to increase delivery.

4.35 The results of the HDT were published in February 2019. **Table 6** below sets out the HDT results for Southwark. Between 2015 - 2018 Southwark delivered 4,771 homes against the target of 5,941 homes. In 2016/2017 Southwark delivered 2,520 homes, exceeding the requirement of 2,155 homes by 365 homes.

4.36 Housing delivery is at 80% against the target. Even though this is one of the highest deliveries of homes by any Council, Southwark is required to produce an Action Plan and add a 20% buffer onto the five year land supply to address the under delivery (this is set out in the 5 and 15 Year Housing Land Supply Report).

**Table 6: Housing Delivery Test results for Southwark**

Year	Housing Delivery Test Requirement (MHCLG)	LBS delivery figures as per the Housing Delivery Test (MHCLG)	LBS net delivery figure from London Development Database
2015/2016	1,630	1,436	-
2016/2017	2,155	2,520	-
2017/2018	2,156	816	-
2018/2019	-	-	3,208
<b>Total</b>	<b>5,941</b>	<b>4,771</b>	<b>7,980*</b>

\*this figure includes LBS delivery as per the Housing Delivery Test from 2015-2018 and LBS delivery as per the LDD from 2018/19.

Source: Housing Delivery Test: 2018 measurement published on 19<sup>th</sup> February 2019 (<https://www.gov.uk/government/publications/housing-delivery-test-2018-measurement>)

4.37 Southwark has consistently approved a significant amount of net dwellings through the planning system over the last fifteen financial years, which on average is equivalent to

**2,757 net dwellings per year.** Notwithstanding this, approving a significant number of homes does not mean all of these homes are delivered.

- 4.38 Approvals and completions within a given year should not be compared as the figures relate to different schemes, the delivery of the approved schemes do not come forward at the same rate.
- 4.39 Completions data for financial year 2018/2019 shows that we delivered **3,208 net new dwellings in total**. This represents a significant and positive contribution to the housing stock and housing delivery in the borough which we seek to continue.
- 4.40 The HDTAP sets out our ambition to lead the way in London in providing good quality genuinely affordable homes for those on all income levels, and a mix of sizes and types to meet a range of needs. It provides further information on all of the initiatives and programmes we are working on to increase our housing delivery and highlights that this is one of our top priorities.
- 4.41 The HDTAP reiterates our commitment to deliver 11,000 new homes in Southwark by 2043, with 2,500 to be delivered by 2022 as set out in the Council Plan 2018/19-2021/22. To achieve this, we have established a New Council Homes Delivery Programme. Through extensive cross-departmental collaboration we have assessed a number of sites across the borough for housing capacity.
- 4.42 Of these new homes 654 have been delivered, 223 are under construction and a further 539 council homes have planning permission. A further 1,426 are in various stages of design development. Where we receive payments in lieu through Section 106 agreements they go towards the delivery of these council homes and we are proactive in delivering these.

## 5. Consideration of Policy P1: social rented and intermediate homes

- 5.1 This section considers Policy P1 and provides justification for the policy approach we have taken.
- 5.2 **Table 7** sets out details on how Policy P1 has evolved through the different stages of the Plan and highlights the key changes at each stage.



## Evolution of policy

**Table 7:** evolution of the New Southwark Plan Policy P1 – social and intermediate housing

Policy	NSP Options Version (2014)	NSP Preferred Options Version (2015)	NSP Submission (2017)	Proposed Version	NSP Policies (2019)	Amended Version	NSP Submission Version (2019)
<b>P1</b>	<p>DM2 - Requires as much affordable housing as financially viable on developments of 10 or more units.</p> <p>Requires a minimum of 35% affordable housing on development with 15 or more units. Schemes of 10, 11, 12, 13 or 14 units to provide specific amount of affordable units.</p> <p>Tenure split 70% social rented and 30% intermediate across majority of the borough. A</p>	<p>DM1 - A minimum of 35% affordable housing where at least 70% of the affordable housing is social rent and up to 30% is intermediate where developments provide 10 or more homes (unless set out in an Area Action Plan).</p> <p>Affordable housing on site, if not, off-site then payment in lieu.</p> <p>Developments for nine or fewer homes to provide a financial contribution towards the delivery of</p>	<p>P1 - Sets a requirement of 35% affordable housing on schemes that creates 11 or more homes.</p> <p>Developments that create 10 homes or less must provide the maximum viable amount towards the delivery of new council homes.</p> <p>Sets an affordable housing requirement of 35% affordable housing with tenure split of 25% social rent and 10% of intermediate housing.</p> <p>All development that does</p>		<p>P1 - Policy renamed.</p> <p>New note on affordable housing added.</p> <p>Introduced the fast track route for applications if 40% affordable housing is proposed, whereby a viability assessment is not required to be submitted with the application. Reasons updated accordingly.</p> <p>Removed fact box on the affordable housing</p>		<p>P1 - Policy reordered.</p> <p>Amendment to the social rented and intermediate housing threshold – developments of 10 homes or more to provide on site social rented and intermediate housing. Developments of 9 homes or less to provide affordable housing contributions.</p> <p>Exceptions to the fast track route added.</p> <p>Reference added on 50% affordable housing</p>

	<p>requirement of 50% social rented and 50% intermediate is set for Elephant and Castle Opportunity Area and Peckham and Nunhead Action Area. Aylesbury Action Area requires 50% private and 50% affordable housing of which 75% should be social rented and 25% should be intermediate.</p> <p>Require affordable housing to be delivered on-site, then off-site, then payment in lieu in exceptional circumstances.</p> <p>Tenure neutral development.</p>	<p>council home. The value of the financial payment will be the difference in gross development value between a scheme providing the level of affordable housing required through DM1.1, and a fully private housing scheme.</p>	<p>not meet affordable housing requirements for viability reasons will be subject to viability reviews. Viability reviews must be published for public scrutiny.</p> <p>Affordable housing on site, if not, off-site then payment in lieu.</p>	<p>definitions.</p>	<p>to be provided on public sector land to follow the fast track route in the reasons.</p> <p>Text referring to affordable and market homes being of comparable size deleted.</p> <p>Note added under social rented and intermediate housing requirements table – setting our requirement for higher social rented housing.</p> <p>Figures updated in reasons.</p> <p>Housing fact box reinserted and revised.</p>
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## Consultation responses summarised Proposed Submission Version and Amended Policies

5.3 A summary of the consultation responses received to the Proposed Submission Version of the NSP Policy P1 are summarised below:

- More flexibility for tenure split on developments based on local housing need, or in areas that are subject to Area Action Plans/Opportunity Area Planning Frameworks.
- Policy should change the wording from 'social rent homes' to 'social housing homes'.
- Policy should allow fast track route for applications that would provide 35% affordable housing.
- Schemes at a policy compliant level should be unfettered from any review mechanisms.
- Policy should differentiate between public and privately owned land.
- Concern the need for social affordable housing need is not met.
- Objection to vacant building credit not being considered.
- Objection to the small sites requirement to provide affordable housing contributions.

5.4 A summary of the consultation responses received to the Proposed Submission Amended Policies Version of the NSP Policy P1 are summarised below:

- Inconsistent with the Draft London Plan fast track approach at 40% affordable housing. Fast track should be for 35% affordable housing provision and 50% affordable housing provision for development on public sector land and industrial sites.
- No evidence to support the 40% fast track approach.
- Southwark should use an affordable housing threshold of 10 or more dwellings.
- Clarity is requested on the point relating to habitable rooms. It is not clear how Southwark Council will determine "equivalence".
- The policy and supporting text should make clear that development can provide a mix of different affordable housing tenures and the Mayor's preferred affordable housing tenures.
- The policy undermines the ability to take a 'portfolio approach' agreed with the Mayor as set out in the Draft London Plan, which states 'where there is an agreement with

the Mayor to deliver at least 50 per cent across the portfolio of sites, then the 35 per cent threshold should apply to individual sites’.

- All schemes should be subject to viability reviews, fast track route should be removed.
- The fact box should be re-inserted, no reasons given for its removal.
- Vacant building credit should be allowed in some instances.
- The new NB statement is unclear and should be deleted.
- ‘Subject to viability’ should be removed.
- The requirement for provision of social rented housing should be increased.

5.5 We have prepared responses for each of the consultation responses received; these can be found on the Examination webpage.

## Background to Policy P1

5.6 This is a development management policy which provides further detail on Policy SP1 which planning applications will be assessed against.

5.7 The general point of the policy is to require a minimum of 35% social rented and intermediate housing on schemes which include housing, with the exception of the Aylesbury Action Area which requires 50% social rented and intermediate housing (apart from in the identified proposals site which have specific requirements).

5.8 The policy sets out the amount of social rented and intermediate homes required in developments. It also introduces the exceptional fast track approach where development provides 40% affordable housing or 60% affordable housing in Aylesbury Action Plan Area where the development provides policy compliant social rented and intermediate housing and no grant subsidy.

5.9 An affordable housing contribution on minor developments of 1 to 9 units paper has been prepared which looks at the affordable housing requirements for minor development of 9 units and less.

5.10 Within the Submission Version of the Plan, a few minor amendments have been made to the policy. This includes:

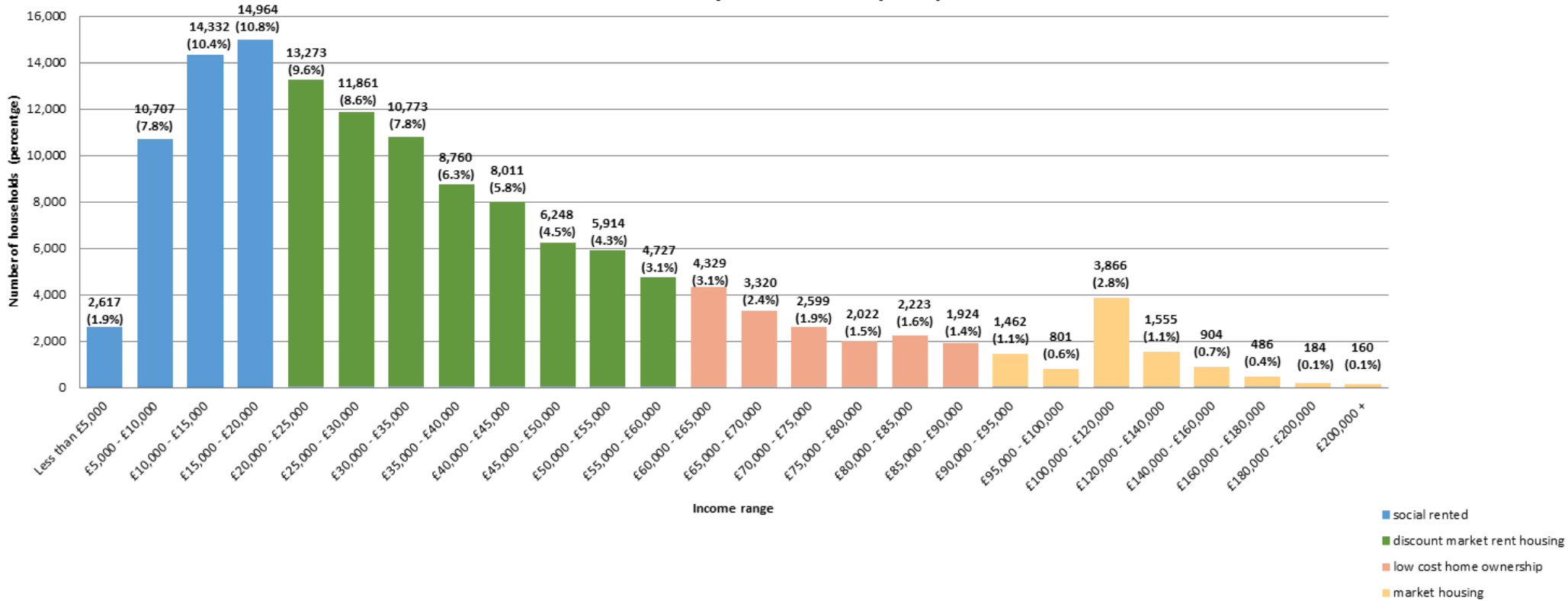
- Re-ordering the policy.
- Moving ‘NB’ statement at the start of the policy to the reasons and rewording it.

- Amending the on site social rented and intermediate housing threshold for developments to 10 homes or more.
- Amending the social rented and intermediate housing threshold for payments in lieu on small sites to 9 homes or less.
- Removing the text about habitable rooms not being of equivalent size in the development that the affordable housing requirements will be calculated in floorspace.
- Adding Aylesbury Action Area to the fast track approach.
- Updating the figures within the reasons.
- Re-inserting the fact box and amending the intermediate housing provision we accept.
- The habitable room factbox from Policy P9 has been inserted under P1, this defines the term habitable room.

## Affordable housing need

5.11 There is an acute need for social rented and intermediate housing in the borough. The bar chart below shows the number and proportion of residents in each income threshold in Southwark. This is then colour coded into which type of housing they can afford. It can be seen that a significant number of residents (31%) can only afford social rented housing which is up to approximately £20,000 income. There is also a significant number of people who require intermediate rent homes according to their income level (50.4%). 11.9% have incomes that can afford intermediate shared ownership products up to £90,000. 93% of residents have a household income that requires social and intermediate housing.

### Home affordability in Southwark (2018)



Source: CACI Paycheck data for Southwark 2018

- 5.12 Policy P1 sets a social rented and intermediate housing requirement of a minimum of 35% on housing developments with the exception of Aylesbury Action Area which requires 50% social rented and intermediate housing on developments (apart from on the identified proposal sites). Aylesbury has a different social rented and intermediate housing requirement than the rest of the borough as it is going through estate regeneration to reprovide the homes that have been demolished. A 50% social rented and intermediate housing requirement (apart from on the identified proposal sites) will ensure that the homes are reprovided.
- 5.13 The policy differentiates between major (10 units or more) and minor schemes (9 units or less). Major schemes have to provide social rented and intermediate housing on site, whereas minor schemes can provide this through financial contributions.
- 5.14 The SHMA 2019 confirms that the affordable housing net annual need in the borough is **2,077 homes**. This is a significant increase from the 2014 SHMA which identified a net annual need of 799 homes. This need is determined through considering backlog need and newly arising need against annual supply of affordable homes.
- 5.15 It identified that 26% of people can afford to meet their needs in the open market within the lower rent level. However, 7% cannot afford a social rent without spending more than 33.3% of earnings. 30% can afford current average social rent and up to 49% lower market rent level. 12% can afford 50-65% of lower market rent level and 10% can afford 66-79% lower market rent level. It is noted that intermediate rents can vary greatly, however they are often found to be in the range of 66-79%. See **Table 8**.

**Table 8:** shows the affordability in the borough of homes.

Affordability	In each category		Cumulative	
	Number	Percent	Number	Percent
Can afford lower quartile market rent	1235	26%	1235	26%
Can afford 80-99% of lower quartile market rent	736	16%	1972	42%
Can afford 66-79% of lower quartile market rent	471	10%	2442	51%
Can afford 50-65% of lower quartile market rent	576	12%	3018	64%
Social rent target group*	1403	30%	4421	93%
Can only afford rent below average social rent level	327	7%	4748	100%

\*Can afford current average social rent and up to 49% of the lower market rent level

Source: SHMA 2019

5.16 The need of affordable homes per bed size is also considered. The most significant shortfalls in supply are set out in **Table 9:**



**Table 9:** shows the need of affordable housing according to bedroom sizes.

<b>Affordability level</b>	<b>No of bedrooms</b>	<b>Annual need</b>	<b>Annual supply</b>	<b>Surplus (+) or shortfall (-)</b>
Social rent and cannot afford 50% of the lower market rent*	1 bed	527	727	200
	2 beds	589	354	<b>-235</b>
	3beds	206	155	-51
	4+ beds	408	36	<b>-373</b>
	Total	1730	1272	-458
Can afford 50%-65% of the lower market rent	1 bed	11	70	59
	2 beds	255	40	<b>-215</b>
	3beds	209	7	<b>-202</b>
	4+ beds	99	2	-97
	Total	575	120	-456
Can afford 66%-79% of the lower market rent	1 bed	173	0	<b>-173</b>
	2 beds	107	0	-107
	3 beds	73	0	-73
	4+ beds	118	0	<b>-118</b>
	Total	471	0	-471
Can afford 80%-99% of the lower market rent	1 bed	504	20	<b>-484</b>
	2 beds	58	22	-36
	3 beds	79	2	-77
	4+ beds	95	0	-95
	Total	736	44	-692
All who cannot afford the full lower market rent	1 bed	1215	817	-398
	2 beds	1010	416	<b>-594</b>
	3 beds	568	164	-404
	4+ beds	720	38	<b>-682</b>
	Total	3,513	1,436	-2,077

\*Includes those who can afford a social rent but not 50% of the lower market rent level (20% of those in need) and those who cannot afford a social rent (7% of those in need), who will be required to spend more of their income on housing than the assumed maximum.

Source: SHMA 2019

5.17 Within **Table 9** the bedroom size with the highest need within each affordable housing category is **highlighted bold**. There is a low supply of intermediate rents between 55-

79% of the lower market rent within the borough. Therefore this results in a high need of this type housing. The social rent and households who cannot afford 50% of the lower market rent has a significant need of two and 4+ beds. For the intermediate rent, there is a need for one, two and three bedroom properties.

## Affordable housing completions

5.18 **Table 10** confirms that 6,416 affordable homes have been completed between 2004-2019. 2,686 of these homes have been social rented, 299 have been affordable rent homes and 3,431 have been intermediate homes. This shows that there has been a significant supply of homes in the borough since 2004.

5.19 We want to ensure we keep providing high levels of housing and in particular affordable housing to ensure our residents have somewhere to live, which is why we are setting a fast track threshold of affordable housing to incentivise developers as they will not be subject to viability negotiations which can delay their application if they follow the fast track approach. Further information on the fast track route is set out later in this section.

**Table 10: Affordable housing completions between 2004-2019**

Financial Year (1 Apr - 31 Mar)	Housing total	Market total	Affordable housing			
			Affordable total	Social Rent	Affordable Rent	Intermediate
2004 - 2005	1227	1066	161	50	NA	111
2005 - 2006	1394	1116	278	69	NA	209
2006 - 2007	1958	1223	735	330	NA	405
2007 - 2008	1249	713	536	63	NA	473
2008 - 2009	1041	742	299	159	NA	140
2009 - 2010	1333	633	700	421	NA	279
2010 - 2011	1391	832	559	146	NA	413
2011 - 2012	1084	491	593	459	NA	134
2012 - 2013	1065	577	488	326	NA	162
2013 - 2014	1669	1186	483	299	24	160
2014 - 2015	1216	1107	109	-121	61	169
2015 - 2016	1390	1277	113	-166	132	147
2016 - 2017	2432	1880	552	371	22	159
2017 - 2018	859	675	184	90	15	79
2018 - 2019	3208	2582	626	190	45	391
<b>Total</b>	<b>22,516</b>	<b>16,100</b>	<b>6,416</b>	<b>2,686</b>	<b>299</b>	<b>3,431</b>

## Sequential approach

5.20 Where a scheme provides 10 or more homes we will apply the sequential approach as set out in the reasons of Policy P1, our Affordable Housing SPD 2008 and the Draft Affordable Housing SPD 2011. The sequential approach is in line with Paragraph 62 of the NPPF and Policy H5 of the Draft London Plan.

5.21 Social rented and intermediate housing must be provided on the development site, in exceptional circumstances it may be justified by the applicant that it is not possible to provide these on-site or be demonstrated that significant benefits will be gained by providing new units in a different location, such as to meet housing needs by creating more family housing. In this case, we will accept off-site provision, where social rented and intermediate housing is provided on another site or sites in the local area.

5.22 In very exceptional circumstances, where social rented and intermediate housing cannot be provided on-site or off-site, we will accept payment towards social rented and intermediate housing instead of the being built as part of the development, known as in-lieu payment or commuted sum.

5.23 The policy also requires schemes of nine units or less to provide the maximum viable amount with a minimum of 35% towards the delivery of new council social rented or intermediate homes subject to viability. Further justification for this approach is set out in the affordable housing contributions on minor developments of 1 to 9 units paper.

## Viability

5.24 Three viability studies have been undertaken by BNP Paribas to assess the viability of all of the contributions in the Plan, this includes the 35% social rented and intermediate housing requirement.

5.25 The Viability Study 2017 states:

**Affordable housing:** *'testing has demonstrated that the Council's Policy DM1 [now Policy P1] requirement of 35% affordable housing remains a reasonable requirement across all developments in the LBS. Some schemes (subject to their benchmark land values) are able to achieve higher amounts of affordable housing (50% affordable housing). As can be expected however, some schemes are also identified as having challenging viability. However, the Council's flexible approach in their policy i.e. that the provision will be subject to viability, will assist with both development viability and ensuring the delivery of the maximum quantum of viable affordable housing. Considering the results of this assessment holistically and considering the Council's preference for social rented accommodation, we recommend that the current requirement of 35% is maintained.*

*In light of the results we consider that there is no need for the Council to adopt a sliding scale of affordable housing for units between 11 to 15 units, and that the Council's flexible policy approach allowing for viability will be sufficient to assist schemes where due to site specific circumstances they are unable to deliver 35% affordable housing' [our underlining].*

5.26 Where it is sufficiently justified that affordable homes cannot be provided on-site or off-site and we agree to accept a payment in lieu, the payment in lieu is £100,000 per habitable room. As set out in the Draft Affordable Housing SPD.

5.27 The Viability Study 2019 states:

**Policy P1 (Social rented and intermediate housing) payment in lieu:** *‘Based on the Council’s approach that “there can be no financial advantage to the developer in not delivering the affordable housing on-site” and in light of the results of our testing we suggest that the Council considers adopting a nuanced approach to the affordable housing contributions, subject to viability, as follows:*

- *CIL Zone 1: £250,000 per Habitable Room;*
- *CIL Zone 2: £130,000 per Habitable Room; and*
- *CIL Zone 3: £82,000 per Habitable Room.’*

5.28 This revised payment in lieu has not been formally implemented at this stage, however, it will be in due course as it has been shown to be viable, this would significantly increase the contributions we receive to build more social rented and intermediate housing.

## Tenure split

5.29 The New Southwark Plan sets a requirement for a minimum of 25% affordable housing to be delivered as social rented housing and 10% affordable housing to be delivered as intermediate housing of the whole development. The exception to this is Aylesbury Action Plan Area which remains at 75% social rented and 25% intermediate housing of the social rented and intermediate housing provided.

5.30 Within the Submission Version we have also removed reference to ‘a minimum of’ in relation to intermediate housing and added a note to confirm that where a development cannot exactly meet 25% social rented and 10% intermediate, our requirement is for the social rented to be a higher provision as this is our priority, given the acute need for social rented housing.

5.31 As highlighted above the Saved Southwark Plan (2007) Policy 4.4 has a different policy requirement than the NSP. A majority of the borough had a tenure requirement

of 70% social rented housing and 30% intermediate housing, this comprised the Central Activities Zone, Urban Zone, Suburban North and South Zone.

5.32 The Southwark Plan was prepared in 2007 when the composition of affordable and market housing was different and there were different tenure splits for different action and opportunity areas to address the disparity in housing tenure.

5.33 **Table 11** sets out the number of social rent, affordable rent and intermediate homes that have been completed within the opportunity areas and actions areas as per Southwark Plan Policy 4.4.

**Table 11: housing completions as per Policy 4.4 of the Southwark Plan from 2004-2019**

Action Area / Opportunity Area as per Saved Policy 4.4	Policy 4.4 requirement (social: intermediate)	Social rent	Affordable rent	Intermediate
Camberwell Action Plan	50:50	252	25	192
Peckham and Nunhead Action Area	30:70	423	17	792
Old Kent Road Action Area	50:50	257	0	111
Elephant and Castle Opportunity Area	50:50	80	39	588

5.34 **Table 11** demonstrates that the intentions of Policy 4.4 are not reflected in the delivery of homes in Camberwell Action Area, Old Kent Road (more social rented homes were provided in both areas) and Elephant and Castle (more intermediate homes were provided).

5.35 However, the policy was effective in balancing the provision of social rented and intermediate homes in Peckham and Nunhead Action Area as there was significantly more intermediate homes delivered than social rented.

5.36 We have a Council Plan commitment to deliver 11,000 council homes by 2043 given the need of our residents. This need is also confirmed by the findings of the SHMA which identifies an annual need of 458 homes at social rent up 49% of the lower market rent. As such, our policy has now been amended to require more social rented housing in development coming forward than intermediate housing throughout the borough.

5.37 The need for social rent homes is more acute than the need for intermediate housing, someone who can only afford social rent has very limited options. People with

intermediate needs, can find lower market rent options that someone requiring social rent could not afford. There are around 11,500 households on the register which we are determined to reduce through the provision of more council homes.

5.38 Paragraph 64 of the NPPF sets out that major developments proposing housing should expect at least 10% of homes to be affordable home ownership. Exceptions to the 10% requirement are: solely build to rent homes; specialist accommodation for groups with specific needs; self-build homes and provision of only affordable housing schemes. Policy H7 of the Draft London Plan does not have a specific requirement for 10% shared ownership; it has a requirement for a minimum of 30% intermediate products (see Para 5.43 below).

5.39 Policy P1 complies with the NPPF as 10% of affordable homes can be provided as home ownership. However, given our need for intermediate housing and the Mayor's preference for London Living Rent, we will also encourage the provision of London Living Rent. The delivery of London Living Rent homes is also one of the Council Plan commitments which aims to secure 1,000 new homes at London Living Rent by 2022.

5.40 A Southwark Housing Strategy 2020 is currently being prepared which sets out our strategy for delivering more new homes, in particular council homes. The council is proposing to slightly adjust the four overriding key principles:

1. Increasing the supply of quality new homes that people can genuinely afford
2. Demanding the highest standards of quality of homes
3. Ensuring housing provides security and support to meet housing needs and to improve the health, wellbeing and economic resilience of residents
4. Empowering residents and communities to have pride and responsibility in the running of their homes and neighbourhoods.

5.41 The Housing Strategy sets out that we will continue to build 11,000 council homes by 2043, of which 2,500 will be delivered or on site by December 2022. It also sets out that we will build additional council intermediate housing, including shared ownership and intermediate rent.

5.42 Our social rented and intermediate housing requirement is 35% on developments providing housing (with the exception of Aylesbury Action Area). Our housing target is 50% affordable housing. The 15% shortfall between our housing target and

requirement will be met through our new council homes delivery programme. Given our acute need for social rented homes as identified above, our new council homes delivery programme focuses on council homes. Where a council, housing association or developer scheme proposes a high proportion of social rent or council homes, this will be supported as it is addressing an identified need. We will monitor our new council homes delivery programme to understand whether 10% of shared ownership products are being delivered. If this is not the case, we will monitor the delivery of all housing delivery schemes (of developers, housing associations etc.) to ensure our overall housing delivery is providing 10% shared ownership. If this is not being met, we will review approving schemes which do not provide 10% shared ownership to ensure this can be rebalanced.

5.43 Policy H7 - Affordable housing tenure of the Draft London Plan sets out the split of affordable products that should be applied to residential development:

- 1) A minimum of 30% low cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners incomes
- 2) A minimum of 30% intermediate products which meets the definition of genuinely affordable housing, including London Living Rent and London Shared Ownership
- 3) The remaining 40% to be delivered by the borough as low cost rent or intermediate products based on identified need.



5.44 The affordable housing offer we accept is:

Social housing	Intermediate housing
Social Rented	Shared ownership
	Shared equity
	London Living Rent
	Discount market rent at the equivalent to London Living Rent
	Community Land Trust
	Discounted market sale
	Starter Homes

5.45 Our tenure requirement of 25% social rented homes and 10% intermediate homes of the whole development is in general conformity with the Draft London Plan, as the social rent equates to 71% and intermediate equates to 29% of the whole development.

5.46 We will not accept London Affordable Rent, Affordable Rent or Discount Market Rent as we do not consider them to be 'affordable' and therefore they do not fall under social rent or intermediate housing. We will only accept Discount Market Rent where it is at a rent level equivalent to London Living Rent. As identified in the SHMA, there is a significant need for social rented and intermediate housing in the borough, 37% of residents are not able to meet social rent and up to 49% lower market rent, of this 7% can only afford rent below average social rent level. We need to ensure our social housing is affordable to our residents and therefore we only accept social rented housing. Where residents cannot afford social rent levels they will have to spend more of their income on their rent.

5.47 We have re-introduced the factbox to Policy P1 setting out what affordable housing we accept and their definitions for clarity.

## Intermediate rent housing list

5.48 Where London Living Rent or discount market rent equivalent to London Living Rent are proposed as part of the affordable housing in market schemes, these homes will be allocated to households on the intermediate rent housing list. Further information on the intermediate rent housing list is set out in Section 5 of this report which looks at private rented schemes.

## Shared ownership products

5.49 Where shared ownership products are provided, they have to be advertised at a Southwark income level and can then be cascaded out after three months post completion to London-wide threshold (up to £90,000). Southwark's shared ownership affordability thresholds are updated annually on our website. The most recent figures are from January 2019 as below:

	1 bed	2 bed	3 bed	4 bed
January 2019	£47,290	£55,876	£64,863	£73,561

## Fast track route

5.50 Policy P1 introduces the fast track approach in exceptional circumstances:

- Where development provides 40% social rented and intermediate housing with a policy compliant tenure mix (25% social rented and 10% intermediate housing) and no grant funding the applicant can follow the fast track route. A viability assessment is not required for public scrutiny in this case. 35% affordable housing should be provided as 25% social rented homes and 10% as intermediate homes, the remainder can be social rented and/or intermediate homes.
- In the Aylesbury Area Action Plan area, where development provides compliant social rented and intermediate homes of 60% and no grant funding, the applicant can follow the fast track route. A viability assessment is not required for public scrutiny in this case.
- For developments proposed on public sector land, the Mayor's approach will be followed.

5.51 The fast track route provides an incentive for developers to push up their social rented and intermediate housing provision as they can fast track their application. We have set a higher threshold than the Draft London Plan given our acute need to deliver social rented and intermediate housing. Most of our planning applications coming forward are meeting 35% affordable housing and therefore we want to ensure we can increase the provision further. If 40% social rented and intermediate housing is not being achieved or 60% social rented and intermediate housing in the Aylesbury Area Action Plan area, the applicant has the option to follow the viability tested route.

5.52 We set out a number of planning applications that have been to committee in the last year which have provided at least 35% affordable housing in **Table 12**.

**Table 12: schemes which include housing that have been to planning committee in the last 18 months providing at least 35% affordable housing**

Application reference number	Address	% of affordable housing per habitable room	Decision
16/AP/4458	Elephant and Castle Shopping Centre	36%	Approved July 2018 (subject to JR).
17/AP/3910	136-142 New Kent Road	36%	Approved July 2018.
18/AP/0737	Kennington and Walworth Delivery Centre, 111-123 Crampton Street	35%	Approved September 2018.
17/AP/4546	180 Ilderton Road	35%	Approved September 2018.
18/AP/0897	Ruby Triangle Site, bounded by Old Kent Road, Ruby Street and Sandgate Street	40.5%	Approved September 2018.
17/AP/4596	Nyes Wharf, Frensham Street	37%	Approved September 2018 (subject to legal agreement).
17/AP/4819	Land at 313-349 Ilderton Road	36.4%	Approved December 2018 (subject to legal agreement).
18/AP/1049	78-94 Ormside Street	35%	Approved December 2018 (subject to legal agreement).
17/AP/4612	49-53 Glengall Road, SE15 6NF	35%	Approved January 2019 (subject to legal agreement).
18/AP/3246	Land At Cantium Retail Park, 520 Old Kent Road, London SE1 5BA	35.5%	Approved March 2019 (subject to legal agreement).
18/AP/3551	Southernwood Retail Park, 2 Humphrey Street	35%	Approved May 2019 (subject to legal agreement).
17/AP/2773	Malt Street Regeneration Site	40%	Approved June 2019 (subject to legal agreement).

18/AP/0091	Dockley Road Industrial Estate, 2 Dockley Road SE16 3SF	35%	Approved (subject to legal agreement).
17/AP/4508	6-12 Verney Road, SE16 3DH	36%	Approved June 2019 (subject to legal agreement).
17/AP/4649	Iberia House, 2 Hatcham Road SE15 1TW	35%	Approved July 2019 (subject to legal agreement).
18/AP/0196	Land bounded by Ruby Street, Murdock Street and 685 – 695 Old Kent Road	36%	Approved October 2019 (subject to legal agreement).

5.53 The Draft London Plan Policy H5 delivering affordable housing sets out how the strategic target of 50% of all new homes delivered across London to be genuinely affordable. This includes:

- 1) Using grant;
- 2) 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;
- 3) Public sector land delivering at least 50% affordable housing on each site and public sector landowners with agreements with the Mayor delivering at least 50% affordable housing across their portfolio;
- 4) Industrial land appropriate for residential use in accordance with Policy E7 Industrial intensification, co-location and substitution, delivering at least 50% affordable housing where the scheme would result in a net loss of industrial capacity.

5.54 Supporting text of Policy H5 sets out further information on the ‘threshold approach to applications’ which was first introduced in the Mayor’s Affordable Housing SPG. Developments that meet any of the criteria set out above and meet or exceed the threshold without public subsidy (this includes grant, public loans (including the Mayor’s London Housing Bank) and any public land at a reduced cost) can follow the fast track approach and accordingly a viability assessment will not need to be submitted with a planning application removing the need for extensive viability negotiations on affordable housing that can take place.

5.55 Schemes that do not meet the threshold or require public subsidy to do so will be required to submit a viability assessment which will be publicly available and scrutinised. Comprehensive review mechanisms will also be applied to schemes that do not meet the relevant threshold as set out in Policy H6 threshold approach to applications.

- 5.56 Policy H6 then sets further information on the threshold approach to applications. This applies to major developments which trigger an affordable housing requirement.
- 5.57 The threshold level of affordable housing on gross residential development is initially set at:
- 1) A minimum of 35%; or
  - 2) 50% for public sector land where there is no portfolio agreement with the Mayor; or
  - 3) 50% for Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Sites appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution where the scheme would result in a net loss of industrial capacity.
- 5.58 We are applying the 50% fast track approach on public sector land where there is no portfolio agreement with the Mayor as set out in the London Plan. If schemes do not comply with the 50% fast track route, they can follow the viability tested route.
- 5.59 We are not applying the fast track route for Strategic Industrial Locations, Locally Significant Industrial Sites and non-Designated Sites as per Policy H6.
- 5.60 The Old Kent Road Opportunity Area Viability Study (April 2016) prepared by BNP Paribas Real Estate on behalf of Southwark considers the viability of meeting planning policy requirements as set out in the New Southwark Plan and the Old Kent Road Area Action Plan for development in the Old Kent Road opportunity area.
- 5.61 The testing confirms that the Council's policy requirement of 35% affordable housing is acceptable. In some instances, subject to their benchmark land value and grant funding available, sites can achieve higher provisions of affordable housing (45% affordable housing). The study also confirms that some schemes have challenging viability.
- 5.62 Although some sites can deliver 45% affordable housing, industrial sites can incur exceptional costs which can be an issue for development viability. Our flexible approach to affordable housing in the Borough (including Old Kent Road action area) ensures full consideration can be given to the viability of redeveloping sites.

- 5.63 It is unviable to set a threshold approach of 50% affordable housing on Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Industrial Sites appropriate for residential uses where the scheme would result in a net loss of industrial capacity.
- 5.64 Expecting 50% affordable housing to be provided on industrial land, particularly on Old Kent Road may have significant consequences on the viability of schemes coming forward, and as such, this requirement is not applied in Policy P1.
- 5.65 The Mayor's Affordable Housing and Viability SPG (August 2017) Paragraph 2.84 states 'when considering Opportunity Areas, Housing Zones and industrial land, LPAs may wish to apply a localised affordable housing threshold for the Fast Track Route or fixed affordable housing requirements that maximises affordable housing delivery'. Accordingly, we are retaining our 35% social rented and intermediate housing requirement on industrial land which will be subject to viability testing, where 40% social rented and intermediate housing is proposed or 60% in the Aylesbury Area Action Plan area social rented and intermediate housing is proposed, applicants can follow the fast track route.
- 5.66 Policy H6 sets out that to follow the Fast Track Route of the threshold approach, applications must meet the following criteria:
- 1) Meet or exceed the relevant threshold level of affordable housing on site without public subsidy. Where agreed by the borough, small housing developments may follow the Fast Track Route where they meet the relevant threshold of off-site as an in lieu payment (as set out above).
  - 2) Be consistent with the relevant tenure split (Policy H7 Affordable housing tenure). Small housing developments may follow the Fast Track Route where the tenure split is to the satisfaction of the borough.
  - 3) Meet the other relevant policy requirements and obligations to the satisfaction of the borough and the Mayor where relevant.
  - 4) Demonstrate that they have taken account of the strategic 50% target in Policy H5 Delivering affordable housing and have sought grant to increase the level of affordable housing.
- 5.67 The Policy also sets out that developments which provide 75% or more social rented and intermediate housing may follow the Fast Track Route where the tenure mix is

acceptable to the borough or the Mayor where relevant. We will also implement this policy where it is appropriate.

5.68 The Policy confirms that fast track applications are not required to provide a viability assessment at application stage. To ensure an applicant fully intends to build out the permission, the requirement for an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough).

5.69 Where an application does not meet the requirements set out at para 4.65 it must follow the Viability Tested Route. This requires supporting viability evidence to be submitted in a standardised and accessible format as part of the application:

- 1) The borough, and where relevant the Mayor, should scrutinise the viability information to ascertain the maximum level of affordable housing using the methodology and assumptions set out in this Plan and the Affordable Housing and Viability SPG.
- 2) Viability tested schemes will be subject to:
  - a. An Early Stage Viability Review if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough)
  - b. A Late Stage Viability Review which is triggered when 75% of the units in a scheme are sold or let (or a period agreed by the borough)
  - c. Mid Term Reviews prior to implementation of phases for longer phased schemes.

5.70 Our viability review requirements are set out within the Development Viability SPD March 2016. This will be reviewed and amended as necessary.

5.71 Policy H6 states where a viability assessment is required to ascertain the maximum level of affordable housing deliverable on a scheme, the assessment should be transparent and in line with the Mayor's Affordable Housing and Viability SPG.

5.72 The Policy also considers Section 73 applications and deeds of variations. It sets out:

For schemes that were approved under the Fast Track Route, and schemes determined before the threshold approach that would have qualified for the Fast

Track Route, any subsequent applications to vary the consent will not be required to submit viability information, providing the resultant development continues to meet the relevant threshold and criteria at Paragraph 4.65 above.

For schemes where the original permission did not meet the threshold or required tenure split, including schemes determined before the threshold approach that would not have qualified for the Fast Track Route, viability information will be required where an application is submitted to vary the consent and the borough or the Mayor where relevant consider this would materially alter the economic circumstances of the scheme. Such cases will be assessed under the Viability Tested Route.

Any proposed amendments that result in a reduction in affordable housing, affordability or other obligations or requirements of the original permission should be rigorously assessed under the Viability Tested Route. In such instances, a full viability review should be undertaken that reconsiders the value, costs, profit requirements and land value of the scheme.

The Mayor should be consulted on any proposed amendments on referable schemes that change the level of affordable housing from that which was secured through the original planning permission.

- 5.73 We will apply the criteria above to any schemes that come forward with a S73 application or deed of variation and they originally followed the fast track route.
- 5.74 Paragraph 4.6.3 sets out that the percentage of affordable housing should be measured in habitable rooms to ensure that a range of sizes of affordable homes can be delivered, including family sized homes.
- 5.75 Paragraph 4.6.3 also sets out that habitable rooms in affordable and market elements of the scheme should be of comparable size when averaged across the whole development. This is not a requirement of P1 as we have moved the factbox on habitable rooms from Policy P9 to Policy P1 which sets out criteria for calculating habitable above 28sqm where they will be counted as two habitable rooms or more depending on how large they are, this is expanded on below.



## Habitable room definition

- 5.76 Within the Submission version of the NSP a habitable room is defined as a room with a window within a dwelling that is intended to be used for sleeping, living, cooking or dining, regardless of what it is actually used for. This excludes enclosed spaces such as bath or toilet facilities, corridors, landings, hallways, lobbies, utility rooms, and kitchens with an overall floor area of less than 11sqm.
- 5.77 Within the Draft London Plan (July 2019) a habitable room is any room used or intended to be used for sleeping, cooking, living or eating purposes. Enclosed spaces such as bath or toilet facilities, corridors, hallways, utility rooms or similar should not be considered habitable rooms.
- 5.78 The habitable room definition stated within the submission version of the NSP is consistent and in conformity with the definition set out within the Draft London Plan.

## Habitable room calculation

- 5.79 Policy P1 sets out that social rented and intermediate housing requirements will be calculated in habitable rooms. The Southwark Affordable Housing SPG (2008) states that for the purposes of affordable housing calculations, any room across the entire development that is over 27.5 sqm will be considered as two habitable rooms.
- 5.80 Following feedback from development management case officers the standard size of a habitable room has been rounded up from 27.5 sqm to 28sqm to allow for more straightforward calculations. In the absence of national or regional policy guidance on establishing the size of one habitable room, 28 sqm has been used as the higher threshold to define one habitable room.
- 5.81 Table 14 and Table 15 below set out details of two planning approvals and rooms sizes within these proposed developments. They show how these room sizes compare to the minimum room sizes required by the Residential Design Standards SPD (2015). These approvals are exceptional cases within the Borough, however, some rooms approved within the penthouses on the upper floors of these developments significantly exceed the minimum size requirements and do not equate to the sizes of rooms usually delivered as affordable housing or private housing across the borough.

**Table 14: Planning application 14/AP/1302 at Fielden House, 28-42 London Bridge Street & 21-27 St Thomas Street SE1**

<b>Floorplan (unit name)</b>	<b>Room specification</b>	<b>Area (sqm)</b>	<b>Minimum room sizes as per the Residential Design Standards SPD (2015) (sqm)</b>	<b>Number of habitable rooms as per old calculation</b>	<b>Number of habitable rooms as per new calculation</b>
25th floor penthouse apartment (A2 1)	Open plan kitchen + living + dining	130.44	30	2	9
25th floor penthouse apartment (A2 2)	Open plan kitchen + living + dining	141.04	30	2	10
26th floor penthouse apartment (A1)	Bedroom	68.54	12	2	4
26th floor penthouse apartment (A1)	Open plan kitchen + living + dining	153.22	30	2	10
<b>Total habitable rooms</b>	-	-	-	<b>8</b>	<b>33</b>

**Table 15: Planning application 14/AP/3842 at 185 Park Street, SE1 9BL**

<b>Floorplan</b>	<b>Room specification</b>	<b>Area (sqm)</b>	<b>Minimum room sizes as per the Residential Design Standards SPD (2015) (sqm)</b>	<b>Number of habitable rooms as per old calculation</b>	<b>Number of habitable rooms as per new calculation</b>
16th floor	Bedroom	42.33	12	2	3
16th floor	Open plan kitchen + living + dining	89.96	30	2	6
17th floor	Open plan kitchen + living + dining	68.8	30	2	5
18th floor	Living room	147.5	15	2	10
<b>Total habitable rooms</b>	-	-	-	<b>8</b>	<b>24</b>

5.82 Paragraph 90 of the officer's report for planning application 14/AP/3842 states that: *'The development at 185 Park Street includes units that are much larger than 'standard' flats. All rooms larger than 27.5sqm have been counted as two habitable rooms in line with policy. In addition, rooms which are far greater in size than 27.5sqm have been counted as multiple habitable rooms as agreed with the applicant in order to ensure a reasonable approach to the calculation of affordable housing requirement.'*

5.83 As per the above evidence, the calculation of habitable rooms has been revised to allow habitable rooms to be captured proportionate to the room sizes. The new calculation is set out in Table 16 below. The last two columns within Table 14 and Table 15 set out how habitable rooms would be calculated using the old and new habitable room calculations. It is clear that that by applying the new calculation method on a scheme, this would result in a higher number of habitable rooms, and therefore in a higher requirement of social rented and intermediate housing. In order to account for the larger rooms and to fairly translate this into the provision of social

rented and intermediate housing, the new approach in calculating habitable rooms is considered fair and reasonable given our acute need for this housing as set out in Section 4 of this paper.

**Table 16: Habitable room calculation**

Area (sqm)	Habitable room
0-28	1
28.1-42	2
42.1-56	3
56.1-70	4
70.1-84	5
84.1-98	6
98.1-112	7
112.1-126	8
126.1-140	9
140.1-154	10

5.84 When applications like the aforementioned are submitted we do not encourage habitable rooms of this excessive size as this restricts the number of homes provided and given our great housing need our preference would be for homes of a reasonable size. With the introduction of this calculation, it will ensure the maximum amount of social rented and intermediate housing is secured in such developments.

5.85 This requirement will be updated in the Affordable Housing SPD.

### **Vacant building credit (VBC)**

5.86 Paragraph 63 of the NPPF sets out that vacant building credit can be applied so that affordable housing contribution is reduced; this does not apply where the building has been abandoned.

5.87 The Draft London Plan Policy H9 sets out that out, inter alia, Vacant Building Credit is unlikely to bring forward additional development in London, therefore in most circumstances, its application will not be appropriate in London. However, there may be some limited circumstances where the credit would, in line with the intention of the

credit, provide an incentive for development on sites containing vacant buildings that would not otherwise come forward for development.

5.88 Subsequently in the Inspector's Report to the Draft London Plan it recommends that the Policy H9 is deleted because it is contrary to national policy. It advises that if boroughs wish to disapply the vacant building credit, they can do that based on local evidence.

5.89 Policy P1 sets out that we will not accept the application of vacant building credit.

5.90 BNP Paribas undertook a Vacant Building Credit Viability Study in 2015, this concluded that:

- Testing demonstrates that there is no correlation between the viability of schemes and the VBC policy mechanism which operates on net additional floorspace.
- The nuances of development viability are more complex than the application of the VBC, as it varies from site to site and scheme to scheme.
- The Study concludes that the application of the VBC on schemes in the Borough will undermine the objectives of the Development Plan. We are of the opinion that the Council's current approach of determining each scheme on its own merits will ensure the Council is able to maintain a reasonable supply of affordable housing in the Borough without prejudicing the delivery of development. We are aware that schemes are coming forward for redevelopment in the Borough on this basis and we consider that there is no need to incentivise development in Southwark, particularly given the context of the quick recovery of values in the Borough following the recession. Values have increased by almost 50% since the peak of the market prior to the recession and are predicted to grow further over the next five years.

5.91 Further justification is set out in the Vacant Building Credit Viability Study 2015.

5.92 As Policy P1 sets out that the provision of affordable housing is subject to viability, where the costs of a development impacts the viability and the deliverability of the scheme this will be identified whether VBC is applied or not.

5.93 It is important that the VBC is not applied to ensure we secure the most amount of social rented and intermediate housing as possible given the acute need and our strategic target in Policy SP1.

### **Updates required to Supplementary Planning Documents following the adoption of the New Southwark Plan**

5.94 Following the adoption of the New Southwark Plan we will update a number of our Supplementary Planning Documents to reflect the new policies. In relation to housing this will be the Development Viability SPD and the Affordable Housing SPD.

5.95 The Development Viability SPD will be updated following the adoption of the New Southwark Plan to reflect the newly adopted policies. This will provide additional updated guidance on the fast track approach and viability reviews.

5.96 The Affordable Housing SPD will need to be updated to consider the fast track approach, types of affordable housing accepted, habitable rooms calculation and private rented schemes requirements.

## 6. Consideration of Policy P4: private rented homes

6.1 This section considers Policy P4 and provides justification for the policy approach we have taken. Private rented homes are also referred to as 'build to rent'.

6.2 **Table 17** sets details on how Policy P4 has evolved through the different stages of the Plan and highlights the key changes at each stage.

## Evolution of policy

**Table 17:** evolution of the New Southwark Plan Policy P4 – private rented homes

Policy	NSP Options (2014)	NSP Preferred Options (2015)	NSP Submission (2017)	NSP Proposed Version (2017)	NSP Amended Policies (2019)	NSP Submission (2019)
<b>P4</b>	<p>No specific policy.</p> <p>Factbox: We recognise that PRS can potentially help to meet the needs of Southwark residents who cannot afford to buy in Southwark and could provide high-quality, longer-term rental accommodation. As yet we can see no evidence as to why PRS should be prioritised above</p>	<p>DM4 – secured for the rental market for a minimum of 30 year term with tenancies which last a minimum of three years.</p> <p>Equivalent affordable housing to conventional housing schemes as per DM1.</p>	<p>Sets a threshold of more than 100 homes.</p> <p>Provide tenancies for private renters for a minimum of three years with a six month break clause.</p> <p>Be secured for the rental market for a minimum 30 year term.</p> <p>Provide affordable homes in accordance with P1 or Table 3 (social rent equivalent – 12%, Affordable rent at London Living Rent equivalent</p>	<p>Amendment – to provide affordable homes in accordance with P1 or Table 3 (social rent equivalent – 15%, Affordable rent at London Living Rent equivalent 20%) , subject to viability.</p>	<p>Note added under affordable housing table – setting our requirement for higher affordable rent capped at London Living Rent. However this is separate to our consideration of social rent in conventional housing which is always our overall priority.</p> <p>In the reasons figures have been</p>	



<p>other conventional or affordable housing. We therefore consider the provision of new affordable housing to be a priority for the borough and thus will continue to treat PRS as a form of market housing, eligible for affordable housing contributions.</p>		<p>18%, Affordable rent for household incomes between £60,000 and £90,000 per year – 5%) , subject to viability.</p> <p>Sets a requirement to be subject to a viability review.</p> <p>Sets a requirement for the discount market rent homes at social rent equivalent to be marketed to households on Southwark’s social housing waiting list.</p>	<p>updated.</p>
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## Consultation responses summarised - Proposed Submission Version and Amended Policies

6.3 The consultation responses received to the Proposed Submission Version of Policy P4 are summarised below:

- Objection to 35 per cent affordable housing requirement.
- Objection to the affordable housing requirement being different to market housing.
- Concerns over the lack of evidence to support the 30 year term instead of a 15 year.
- Concerns over the set threshold of 100 homes, and not 50 as per the draft London Plan.
- Policy P4 should apply to all new private rented housing.

6.4 The consultation responses received to the Proposed Submission Version Amended Policies of Policy P4 are summarised below:

- Should be a requirement to secure the PRS for 15 years, not 30 years. Not consistent with the Mayor's Affordable Housing and Viability SPG 2017.
- Inclusion of Affordable Rent for household incomes of £60,000 - £90,000 per year as an appropriate affordable housing product should be re-inserted into the policy.
- The policy is inconsistent with the Draft London Plan which allows solely discount market rent on build to rent schemes.
- The affordable housing requirement should be the same as P1.
- This sentence should be deleted: 'where the provision of private rented homes generates a higher development value than if the homes were built for sale, the minimum affordable housing requirement will increase to the point where there is no financial benefit to providing private rented homes over built for sale homes'.
- It should not be necessary for affordable housing reviews to be required where 35% affordable housing has been provided and implementation targets have been met.
- Do not support that the build to rent affordable homes should be allocated on the social housing waiting list and the intermediate housing waiting list.

## Background to Policy P4

6.5 Private rented schemes are a reasonably new housing sector nationally and in London, therefore it is important to have a policy specifically relating to private rented schemes to ensure this can be delivered ideally to benefit our residents. Given the differences between private rented schemes and general market housing, we cannot rely on the general housing needs Policy P1.

- 6.6 Both the PPG and the Draft London Plan have introduced policy and guidance on the build to rent sector. This is set out at Appendix 1. Within our consideration of Policy P4 we cover relevant areas of the guidance and policy in this Section.
- 6.7 The PPG sets out that where a need is identified, planning policies should set out how build to rent developments can be accommodated. Paragraph: 001 Reference ID: 60-001-20180913.
- 6.8 Private rented schemes are schemes that have only properties to be rented out and they are managed by a private landlord or management company which is a requirement of Policy P4 for consistency and longevity for the tenants, this is in line with the Draft London Plan. None of the properties go on the market for sale which will be secured through a Section 106 agreement.
- 6.9 This has been introduced as a number of people cannot afford to or do not wish to purchase a property and therefore seek rental properties. These new private rented schemes seek to provide more security for renters.
- 6.10 The SHMA sets out that depending on the data source used, the provision of homes in the private rented sector in Southwark is between 32,300 (extrapolating an increase from the 2001 to 2011 Census) and 37,400 homes based on estimates on the English Housing Survey (EHS). According to the EHS the sector grew by 17% nationally between 2011 and 2017 which confirms the importance of this sector in meeting housing need.
- 6.11 It is important that new development coming forward is of high quality and standards meet the design standards of homes that are built for sale which is a requirement set out in Policy P4.

### **Private rented schemes – threshold**

- 6.12 We have a threshold of 100 homes and more for private rented schemes, where a scheme is proposed for less than 100 homes it will be assessed as per Policy P1, in particular the affordable housing requirement.
- 6.13 We have a higher threshold than the Draft London Plan (50 units), however the Draft London Plan sets out that boroughs may set their own threshold to reflect local

housing market circumstances and affordable housing need. We have set a higher threshold as it is considered to be easier to manage and benefit from economies of scale e.g. on service charge for a developer to provide security and professional management for larger schemes.

- 6.14 In addition, our preference is for market housing to be provided as this will result in more social rented housing.

#### **Private rented schemes – covenant**

- 6.15 We have set a period of 30 years for which the development needs to be secured as build to rent through a Section 106 agreement, again this is a higher figure than the Draft London Plan (15 years). The Draft London Plan acknowledges that this will increase as the market matures.

- 6.16 We have set a target of 30 years as this will give a number of residents a significant period of time to live in these homes and will provide more security and longevity. It also ensures that there can be more cycles of people to live in them until they can afford to or choose to purchase a property. E.g. if residents rent a property for five years on average, this will give six rounds of tenants to occupy the property.

- 6.17 Where the 30 year covenant is broken, a clawback mechanism will be triggered which will result in a penalty charge towards affordable housing. The clawback mechanism will be implemented as set out in the Mayor's Affordable Housing and Viability SPG 2017 which sets out how the payment to the local authority will be calculated.

#### **Private rented schemes – tenancies**

- 6.18 Policy P4 sets a requirement of tenancies for a minimum of three years with a six month break clause in the tenant's favour and structured and limited in-tenancy rent increases agreed in advance. This is to ensure security and control for renters and they can be confident that their living circumstances will not change with short notice which can be an issue with private rented homes and can impact people's livelihood.

- 6.19 The requirement for longer tenancies with a break clause in favour of the tenants and limited in-tenancy rent increase in advance is in general conformity with the Draft London Plan.
- 6.20 Within our policy we have not made reference to the up front charges as per Policy H13 of the Draft London Plan as this is stipulated in the Tenant Fees Act which came into effect in June 2019.

### Private rented schemes – affordable housing provision

- 6.21 Policy P4 requires development proposing private rented homes to provide 35% affordable housing, a minimum of 15% should be provided as social rent equivalent and a minimum of 20% should be provided as affordable rent capped at London Living Rent. This was changed from the Proposed Submission Version of the Plan as set out below:
- Social rent equivalent – ~~a minimum of 12%~~ 15%
  - Affordable rent capped at London Living Rent equivalent – a minimum of ~~18%~~ 20%
  - ~~Affordable rent for household incomes between £60,000 and £90,000 per year – a minimum of 5%.~~
- 6.22 The bracket between £60,000 and £90,000 has been removed from the affordable housing requirements to be in general conformity with the Draft London Plan which requires discount market rent products to be capped at up to £60,000 incomes. The proportion of the remaining two has now been amended accordingly.
- 6.23 The PPG sets out that the affordable housing should be provided by default as affordable private rent and managed collectively by a single build to rent landlord. 20% is set as a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity). Local authorities can set a different threshold if evidence justifies this in terms of need and viability (Paragraph: 002 Reference ID: 60-002-20180913).
- 6.24 Given the need for affordable housing as set out in Section 4, we have increased the affordable housing requirement to 35% on build to rent schemes, in general conformity with Policy H13 in the Draft London Plan.

- 6.25 The PPG sets out that the affordable private rent level should be set at least 20% less than the private market rent (inclusive of service charge) for the same or equivalent property (Paragraph: 003 Reference ID: 60-003-20180913).
- 6.26 In Policy H13 the Mayor sets out that build to rent schemes can, in terms of affordable housing offer, solely provide Discounted Market Rent (DMR) at a genuinely affordable rent, preferably London Living Rent level. The DMR must be secured in perpetuity and meet the criteria of Policy H13.
- 6.27 Given the acute need of social rented housing in the borough, as set out in Section 4, we require 15% of the affordable housing in build to rent schemes to be social rented equivalent. These rents should be calculated the same way as social rents, using the formula set out in the HCA Rent Standard Guidance.
- 6.28 Within the Submission Version we have also removed reference to ‘a minimum of’ in relation to social rented equivalent and added a note to confirm that where a development cannot exactly meet 15% social rented and 20% affordable rent capped at London Living Rent our requirement is for the affordable rent capped at London Living Rent to be a higher provision as this is our priority in private rented schemes. This is separate to our consideration of social rent in conventional housing which is always our overall priority This will assist with meeting the Council Plan commitment and also to meet our need for intermediate homes. This is also in line with the Draft London Plan which seeks Discount Market Rent homes at a genuinely affordable rent, preferably London Living Rent.
- 6.29 The supporting text of the Draft London Plan acknowledges that low cost rent, including social rent, on build to rent schemes can be required, although this would need to be managed by a registered provider. We do not require social rented equivalent homes to be managed by a registered provider as this is likely to be a small proportion of units and therefore it will be difficult to get a registered provider to manage these properties. The Section 106 agreement will ensure these are delivered at social rent levels and remain in perpetuity.
- 6.30 To reflect this change, further viability work was undertaken to test whether the removal of the higher rent bracket and the increase in the social rented requirement remained viable.

6.31 The Viability Study 2019 concludes that:

*'We have undertaken sensitivity testing of Private Rented Sector ('PRS') schemes removing the provision of 5% of units as Affordable Rent units affordable to incomes of £60-90k. The results of our appraisals including 15% of units as social rent equivalent and 20% of units at affordable rents capped at London Living Rent indicate that the proposed amendment to policy P4 will have a minor impact on the revenue and therefore value of PRS schemes. This reduction in revenue has not however changed the viability position as set out in the November 2017 Update Study. Our testing has demonstrated that in most instances PRS developments should be able to viably deliver affordable housing as part of the scheme as required by the emerging NSP through Policy P4. Further sensitivity testing on the schemes where viability is identified as being challenging has identified that the impact of the change to Policy P4 will be minimal being a reduction of between 1.5% and 4.5% affordable housing.*

*We note that the NSP Policy P4 applies the requirement for affordable housing flexibly and in this regard as with residential schemes for sale, PRS schemes which are identified to have viability issues due to achieving lower values, higher benchmark land values or significant abnormal costs will be considered on a case by case basis subject to viability. We therefore consider that Policy P4 as proposed is reasonable and will ensure the delivery of the maximum reasonable quantum of affordable housing whilst ensuring development can viably come forward over the plan period where site specific issues arise that impact on schemes' viability. Amend the previously tested 5% affordable rent (incomes of £60-90k) requirement to 15% social rent equivalent and 20% affordable rent capped at London Living Rent'.*

6.32 In terms of viability, this is an acceptable amendment to Policy P4.

### **Private rented schemes – viability review**

6.33 As set out in Policy P4, we will require a viability review to be carried out to increase the number of affordable homes and/or the affordability of affordable homes where an improvement in scheme viability is demonstrated between the grant of planning permission and the time of the review; this will be undertaken in line with the Mayor's Affordable Housing and Viability SPG.

## Private rented schemes - fast track route

- 6.34 The Draft London Plan Policy H13 sets out the Fast Track Route for private rented schemes, they must deliver at least 35% affordable housing, or 50% where the development is on public sector land or industrial land appropriate for residential uses in accordance with Policy E7. The Mayor expects at least 30% of DMR homes to be provided at an equivalent rent to London Living Rent with the remaining 70% at a range of genuinely affordable rents. If the above criteria are not met, the Viability Tested Route must be followed in Policy H6.
- 6.35 We are not applying the fast track route on private rent schemes that follow Policy P4. As this is a new housing product, it is important to give the product time to mature and we need to be able to scrutinise the viability of the scheme to ensure enough affordable housing as viable is provided.

## Private rented schemes - social and intermediate housing list

- 6.36 The PPG sets out that the eligibility criteria for the affordable private rented schemes should be agreed between the local authority and the scheme operator. It should be set out in the section 106 agreement.
- 6.37 The PPG states: 'eligibility should be determined with regard to local household income levels, related to local rent levels. Where authorities maintain an 'intermediate housing list' they may wish to suggest names from this, or potentially even their Statutory Housing list, taking into account the affordability of the homes to those on the list. Authorities should refrain from having direct nomination rights from their housing list' (Paragraph: 009 Reference ID: 60-009-20180913) [our underlining].
- 6.38 Policy H13 of the Draft London Plan sets out that discount market rent homes should be allocated according to intermediate eligibility criteria, which can include locally defined eligibility criteria [our underlining]. Where the borough has an intermediate or DMR waiting list they should agree with the applicant a process for providing priority access to the DMR units for those on the waiting list.



- 6.39 As such the national and regional policies are not consistent. Although the Inspector's Report for the Draft London Plan did not object to this and therefore we have taken the approach of the Draft London Plan.
- 6.40 Social rent equivalent homes will be allocated to households on our social housing waiting list as these are households most in need of these homes.
- 6.41 Consistent with the Draft London Plan, we have been preparing an Intermediate Rent Housing List, this has not yet been finalised. Discount market rent homes developed as part of private rented schemes that are capped at London Living Rent equivalent will be allocated as per the list. This will ensure people most in need will get allocated these homes offering middle-income Londoners below market rents and longer, more secure tenancies.

## **7. Monitoring**

- 7.1 This section sets out the housing monitoring that will be undertaken for the New Southwark Plan.

### **Policy requirements for monitoring**

- 7.2 The Draft London Plan sets out that boroughs should publish and annually update their housing trajectory based on the housing figures in the Plan and identify the sources of housing capacity to achieve targets.
- 7.3 Paragraph 4.5.10 requires boroughs to have monitoring arrangements in place to ensure that the additional homes are delivered. The Mayor requires information on off-site and cash in lieu delivery as part of the data collection for the Annual Monitoring Report.
- 7.4 Policy H8 – Monitoring of affordable housing sets out that boroughs are required to have clear monitoring processes to ensure that the affordable housing secured on or off site is delivered and recorded in line with Section 106 agreement. Monitoring processes should ensure that any cash in lieu payments are used to deliver additional affordable housing. Boroughs should ensure that where a review mechanism is triggered, it is implemented and the number of extra homes delivered, or cash in lieu is recorded. Borough must publish this monitoring information annually and share it with the GLA.

### **Monitoring in Southwark**

- 7.5 The Integrated Impact Assessment submitted with the New Southwark Plan sets out a number of indicators which will be monitored to understand the success of the Plan. This sets out a number of housing monitoring indicators.
- 7.6 As well as these indicators, we also have a monitoring section on our website which includes significant data on the delivery of new homes, social rented and intermediate homes and family homes.

- 7.7 We are improving the website to provide comprehensive data about developments that have taken place in Southwark and planning permissions in Southwark since 2004.
- 7.8 The website will continually be updated to ensure the public can see how we are meeting our Draft London Plan homes target, our 50% affordable homes target and also the Council Plan commitments in relation to new homes.
- 7.9 We also have a number of digital projects being undertaken which relate to the delivery of homes in the borough. These are:

### **Affordable housing monitoring project**

- 7.10 This looks at how we might access clear and timely information on the affordable housing stock in the borough. We also want to be able to monitor this information on a frequent basis and make it publically available in an easy and clearly presentable way.

### **Viability assessments project**

- 7.11 The viability assessment process involves property developers providing local authorities with a self-generated assessment of the costs involved in bringing about development and the income from that development. In this process there is a significant information asymmetry between the developer and local planning authority, a lack of accessibility to members of the public and it acts as a barrier to small developers. This project looks at whether a new approach to viability would be feasible. Extensive research and high-level prototyping has indicated that better use of data and digital tools could assist in addressing some of the challenges to effective evaluation.
- 7.12 Once these projects are completed, these should improve our monitoring, particularly affordable housing.

# Appendix 1

Policy background

- 1.1. This section sets out the full policy background that has informed our housing policies relating to affordable housing, family homes and private rent homes. It looks at national, regional, sub-regional and local policies and strategies and highlights the key areas relating to housing in the New Southwark Plan. Elements of each policy have been considered in the relevant sections above.

## **National Policy**

### *National Planning Policy Framework February 2019 (NPPF)*

- 1.2. Ministry of Housing Communities and Local Government published a revised National Planning Policy Framework ('the NPPF') in February 2019, this provided minor clarifications to the revised version published in July 2018. The emphasis of the 'planning rulebook' is to deliver more quality well-designed homes.
- 1.3. The principle of sustainable development runs through the NPPF, with three overarching objectives: an economic objective, a social objective and an environmental objective. As set out at paragraph 9, these objectives should be delivered through the preparation and implementation of plans and the application of the policies in this Framework; they are not criteria against which every decision can or should be judged.
- 1.4. Chapter 5: Delivering a sufficient supply of homes seeks to increase the supply of homes through setting requirements for making strategic policies and decision making.
- 1.5. Paragraph 60 confirms that strategic policies should be informed by a local housing need assessment, using the standard guidance in the national planning policy guidance.
- 1.6. Paragraph 61 sets out that the *size, type and tenure of housing needed for different groups should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.*

### Affordable Housing

- 1.7. Paragraph 62 sets out that planning policies should specify the type of affordable housing need and expect it to be met on-site, unless off-site provision or an appropriate financial contribution in lieu can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 1.8. Paragraph 63 confirms that the provision of affordable housing should not be sought on residential developments that are not major developments, other than in designated rural areas. It also sets out that vacant building credit can be applied so that affordable housing contribution is reduced, this does not apply where the building has been abandoned.

- 1.9. Paragraph 64 sets out that major developments proposing housing should expect at least 10% of homes to be affordable home ownership. Exceptions to the 10% requirement are: solely build to rent homes; specialist accommodation for groups with specific needs; self-build homes and provision of only affordable housing schemes.
- 1.10. Paragraph 65 requires strategic policy-making authorities (this includes the Greater London Authority) to establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need can be met over the plan period.

#### Land availability and small and medium sites

- 1.11. Paragraph 67 sets out that local authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. Sites should then be identified accordingly, with consideration of their availability, suitability and likely economic viability.
- 1.12. It continues that policies should identify a supply of specific, deliverable sites for years one to five of the plan period (with an appropriate buffer). Specific and developable sites or broad locations for growth, for years 6-10, and where possible, for years 11-15 of the plan.
- 1.13. Paragraph 68 recognises the contribution small and medium sites can make to meeting housing requirements. 10% of small and medium sites (no larger than one hectare) are to be identified in the development plan and brownfield register. It has also increased the size of these sites from half a hectare or less to no larger than one hectare, unless it can be shown that 10% cannot be achieved.
- 1.14. This should be achieved through the use of tools such as area-wide design assessments to bring forward small and medium sites, supporting the development of windfall sites in planning policies and decision making and working with developers to encourage the sub-division of large sites where this could help speed up the delivery of homes.
- 1.15. Paragraph 70 states that allowance for windfall sites in supply needs to be evidence based. Plans should resist inappropriate development of residential gardens.

#### Supply and delivery

- 1.16. Paragraph 73 sets out how local authorities are to demonstrate the expected rate of housing delivery over the plan period, considering whether it is appropriate to set out the anticipated rate of development for specific sites. A specific supply of deliverable sites should be identified and updated annually to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old. The supply of specific sites should in addition include a buffer of:

- a) 5% to ensure choice and competition in the market for land; or
- b) 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market that year; or
- c) 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply (our underlining).

1.17. Paragraph 74 states that a *five year supply of deliverable housing sites, with the appropriate buffer, can be demonstrated where it has been established in a recently adopted plan, or in a subsequent annual position statement which:*

- a) *Has been produced through engagement with developers and other who have an impact on delivery, and been considered by the Secretary of State; and*
- b) *Incorporates the recommendation of the Secretary of State, where the position on specific sites could not be agreed during the engagement process.*

1.18. Paragraph 75 states that local authorities are to monitor progress in building out sites which have permission. If the delivery has fallen below 95% over the previous three years as indicated by the housing delivery test, an action plan should be prepared in line with national planning guidance. The assessment is over a three year period and assesses number of net homes delivered against the number of homes required.

*National Planning Practice Guidance as updated (NPPG)*

1.19. The National Planning Practice Guidance ('the NPPG') that sits alongside the NPPF will be updated where necessary in due course to reflect the published NPPF.

Housing and Economic Land Availability Assessment (July 2019)

1.20. It should be noted that only housing need is assessed in this paper.

1.21. This sets out that an assessment of land availability identifies a future supply of land which is suitable, available and achievable for housing and economic development uses over the plan period. The assessment is an important source of evidence to inform plan-making and decision-taking, and the identification of a 5-year supply of housing land.

1.22. The Mayor has prepared a Strategic Housing Land Availability Assessment 2017 which forms part of the evidence base for the London Plan. This identifies potential development sites in Southwark and has informed our target in the draft London Plan.

1.23. Within the New Southwark Plan site allocations we identify sites with the potential to deliver housing. We have also prepared a sites methodology paper as part of the evidence base for the Plan which looks at the potential capacity for each of the sites. It also discounts sites that have been put forward by stakeholders where they are not suitable or required to be allocated.

#### Housing and Economic Need (July 2019)

1.24. This is set out in our 5 and 15 Year Housing Land Supply Report.

#### Housing Supply and Delivery Guidance (July 2019)

1.25. This is set out in our 5 and 15 Year Housing Land Supply Report and our Housing Delivery Test Action Plan.

#### Housing Need of Different Groups (July 2019)

1.26. The housing need standard method does not break down the need into individual groups. The PPG sets out guidance for individual groups.

1.27. It sets out that plan-making authorities should assess the need for housing of different groups and reflect this in planning policies. It continues that when producing policies to address the need of specific groups, plan-making authorities will need to consider how the needs of individual groups can be addressed having regard to deliverability (Paragraph: 001 Reference ID: 67-001-20190722).

1.28. Private rented sector - tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, Homelet Rental Index and other commercial sources (Paragraph: 002 Reference ID: 67-002-20190722)

1.29. Affordable housing – the PPG sets out that strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market. It then sets out further detail on how the affordable housing need should be calculated (Paragraph: 006 Reference ID: 67-006-20190722).

#### Build to Rent (September 2018)

1.30. The PPG sets out that local planning authorities should use a local housing need assessment to determine local need for a range of housing types including those who wish to rent.

1.31. Where a need is identified, planning policies should set out how build to rent developments can be accommodated. Paragraph: 001 Reference ID: 60-001-20180913.

1.32. Affordable housing should be provided by default as affordable private rent and managed collectively by a single build to rent landlord. 20% is set as a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity). Local authorities can set a different threshold if evidence



justifies this in terms of need and viability (Paragraph: 002 Reference ID: 60-002-20180913).

- 1.33. The affordable private rent level should be set at least 20% less than the private market rent (inclusive of service charge) for the same or equivalent property (Paragraph: 003 Reference ID: 60-003-20180913).
- 1.34. Agreements for the affordable private rent and level of discount should be secured through a section 106 agreement (Paragraph: 005 Reference ID: 60-005-20180913).
- 1.35. The eligibility criteria for the affordable private rented schemes should be agreed between the local authority and the scheme operator. It should be set out in the section 106 agreement.
- 1.36. The PPG states: 'eligibility should be determined with regard to local household income levels, related to local rent levels. Where authorities maintain an 'intermediate housing list' they may wish to suggest names from this, or potentially even their Statutory Housing list, taking into account the affordability of the homes to those on the list. Authorities should refrain from having direct nomination rights from their housing list' (Paragraph: 009 Reference ID: 60-009-20180913).

#### Viability (September 2019)

- 1.37. PPG sets out that plans should set out the contributions expected from development including levels and types of affordable housing and other infrastructure required. These should be informed by evidence of need of affordable housing and infrastructure and supported by evidence that it is viable to request these contributions along with all other policies in the plan including the cost implications of the Community Infrastructure Levy and section 106.
- 1.38. Affordable housing requirements should be set as a whole figure and not a range. Different types of sites or developments can have different requirements (Paragraph: 001 Reference ID: 10-001-20180724).
- 1.39. The PPG now sets out that the role of viability assessments should be at the plan-making stage and further viability assessments at the decision making stage should not be required. The cumulative cost of all policies should not undermine the deliverability of the plan.
- 1.40. It confirms that the responsibility is with the site promoters to engage in plan making, taking into costs, their own profit levels and ensuring policy compliance of schemes (Paragraph: 002 Reference ID: 10-002-20180724).
- 1.41. The PPG also sets out viability that needs to be undertaken at the plan-making stage.

### *Housing Delivery Test Measurement Rule Book (July 2018)*

- 1.42. MHCLG has prepared a rule book for calculating the Housing Delivery Test result. It is an *annual measurement of housing delivery in the area of relevant plan-making authorities*. The results of the test are to be published annually. The first housing delivery test was published in February 2019 and identified that Southwark had an under delivery, of 80% of the target accordingly we would be required to have a 20% buffer of sites on our housing target as set in Paragraph 73 of the NPPF.

### **Regional Policy**

#### *London Plan March 2016*

- 1.43. The London Plan sets the strategic vision and objectives for London to accommodate sustainable development and growth to 2036 and beyond. It sets out policies to inform planning decisions and LDF preparation by London boroughs in the capital.
- 1.44. The London Plan (2016) sets a target of 27,362 new homes between 2015 and 2025 (in table 3.1); there are enough sites in Southwark to build 2,736 new homes per year in this period. These targets are informed by the need for housing as evidenced by the Greater London Authority's 2013 Strategic Housing Market Assessment and London's housing land capacity as identified through its 2013 Strategic Housing Land Availability Assessment.

#### Opportunity Areas

- 1.45. The Plan recognises Canada Water, London Bridge, Borough & Bankside and Old Kent Road as Opportunity Areas. Policy 2.13 – Opportunity areas and intensification areas sets out that boroughs should prepare more detailed policies and proposals for these areas. The Plan recognises that the opportunity areas are areas with significant capacity to accommodate new housing, commercial and other development linked to existing or potential improvements to public transport accessibility. It is recognised that these areas can typically accommodate at least 5,000 jobs or 2,500 new homes or a combination of the two, along with other supporting facilities and infrastructure.

#### Housing Choice

- 1.46. Policy 3.3 - Increasing housing supply sets out that boroughs should seek to meet and exceed their minimum borough annual average housing target in Table 3.1.
- 1.47. Boroughs are encouraged to seek additional development capacity, including through releasing brownfield land for housing, through:
- *Intensification*
  - *Town centre renewal, especially centres with good public transport accessibility*
  - *Opportunity and intensification areas and growth corridors*

- *Mixed use redevelopment, especially of surplus commercial capacity and surplus public land, and particularly that with good transport accessibility*
- *Sensitive renewal of existing residential areas, especially in areas of good public transport accessibility.*

1.48. Boroughs must also must identify new sites and review existing sites for inclusion in their local plans. Boroughs should also monitor housing capacity and provision against targets set in Table 3.1, local housing needs assessments and the sensitivity ranges set out in the SHLAA report and updated in the London Plan Annual Monitoring Report.

1.49. As set out in the PPG, Policy 3.8 - Housing choice sets out the different types of homes need to be planned for determined by need.

1.50. It highlights that people should be given a choice of homes they can afford that meet their requirements. It set out that consideration should be given to the provision of housing sizes and types, support for the private rented sector (PRS), provision affordable family housing, 90% of new homes meeting Building Regulation requirement M4 (2) 'accessible and adaptable dwellings', 10% of new homes meets Building Regulation requirement M4 (3) 'wheelchair user dwellings', i.e. is designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users.

1.51. Consideration should also be given to the needs of older Londoners and communities with larger families, needs of other supported housing and strategic and local requirements for student housing and gypsies and travellers. Accommodation for service families and custom build should be planned for determined by need.

1.52. Annex 5 – Specialist housing for older people sets out an indicative annualised strategic benchmarks to inform local targets and performance indicators for specialist housing for older people 2015-2025. For Southwark it sets an annual indicative requirement benchmark of:

- Private sale: 45
- Intermediate sale:15
- Affordable rent: 55
- Total: 115

#### Affordable Housing

1.53. Policy 3.10 – Definition of affordable housing and paragraph 3.61 sets out the definition of social rented housing, affordable rented housing, intermediate housing and market housing. Policy 3.10 requires affordable housing to remain at an affordable price for future eligible households.

1.54. Policy 3.11 - Affordable housing targets sets out local authorities should set a affordable housing target of 60% for social and affordable rent and 40% for

intermediate rent or sale. Priority should be given to the provision of affordable family homes. Local authorities should seek to maximise the affordable housing output.

1.55. Targets should take account of:

- a) Current and future housing requirements
- b) The strategic targets and priority to affordable family housing
- c) The approach to coordinating provision and targets to meet the range of strategic, sub-regional and local affordable housing needs in London
- d) Promoting mixed and balanced communities
- e) Capacity to accommodate development
- f) Viability of future development.

1.56. Policy 3.12 – Negotiating affordable housing on individual private and residential and mixed use schemes sets out that preparations of local plans should achieve the maximum reasonable amount of affordable housing having regard to:

- a) Current and future affordable housing requirements (locally and regionally)
- b) Affordable housing targets adopted
- c) The need to encourage rather than restrain residential development
- d) The need to promote mixed and balanced communities
- e) The size and type of affordable housing needed in particular locations
- f) Individual circumstance of sites
- g) Funding available
- h) Priority to provide family affordable housing

1.57. When negotiating sites, consideration should be given to their individual circumstances - viability, public subsidy availability, implications of phased development including provisions for re-appraising the viability of schemes prior to implementation and other schemes.

1.58. Policy 3.12 strongly confirms that affordable housing should be provided on site, only in exceptional circumstances can it be provided off-site. In-lieu payments will only be accepted if where this would have demonstrable benefits of providing more affordable housing. The payment should be ring-fenced.

1.59. Policy 3.13 – Affordable housing thresholds sets an affordable housing threshold on site of 10 or more homes. It does encourage a lower threshold where it can be justified.

#### London's Housing Stock

1.60. Policy 3.14 - Existing housing protects against the loss of housing including affordable housing unless it is to be replaced at existing or higher densities with at equivalent floorspace.

1.61. The loss of hostels, staff accommodation and shared accommodation is resisted where they meet an identified need, unless the existing floorspace is satisfactorily re-

provided to an equivalent or better standard. The loss of housing to short-term provision (lettings less than 90 days) is also resisted.

- 1.62. The policy encourage boroughs to encourage the efficient use of existing stock by reducing vacancies, not fit for purpose dwellings, including through setting and monitoring targets for bringing empty properties back into use.
- 1.63. Policy 3.15 – Co-ordination of housing development and investment sets out that Boroughs should consider the short to medium term horizon of their own housing programmes, and those of other relevant agencies, including those arising from the Mayor’s Housing, Economic Development and Transport Strategies, the London Plan Implementation Plan and arrangements for partnership or cross border and sub-regional working when considering their housing policies and the long-term implementation of the Plan.

*Homes for Londoners - Affordable Housing and Viability SPG August 2017*

- 1.64. This SPG provides further information on affordable housing and the approach to viability to help achieve the Mayor’s aim of delivering more affordable housing in London. This SPG was published ahead of the Draft London Plan to establish the Mayor’s position and approach in advance.
- 1.65. Part One sets out the background to the SPG, highlighting the aim of achieving half of all homes delivered in London to be affordable homes.
- 1.66. It sets out that viability assessments submitted with any planning application should be made public to allow public scrutiny. It also requires applicants to provide a summary of the viability assessment. This will ensure transparency (Para 1.20).
- 1.67. Part Two provides further information about the fast track / threshold approach for affordable housing that the Mayor has introduced and will be reinforced in the New London Plan on adoption. This sets out the level of viability information that should be provided with a planning application depending on the level of affordable housing being provided. The approach taken by the Mayor is to encourage developers to meet the 35% affordable housing requirement.
- 1.68. The threshold approach is where schemes meet or exceed 35% affordable housing without public subsidy and are tenure compliant and other requirements are met can follow the ‘fast track approach’ and will not have to submit viability information at the time of the application. It will only be subject to review mechanisms only if an agreed level of progress on implementation has not been achieved within two years of consent being granted or as agreed with the LPA. On public land or land in public use that is used for housing development, the fast track threshold is 50% where there is no public subsidy (Para 2.3).
- 1.69. On public land 50% affordable housing requirement will apply to land that is owned or in use by a public sector organisation, or a company or organisation in public ownership on which housing development is proposed (Para 2.36).

- 1.70. Where schemes do not meet the ‘threshold approach’, they will have to follow the ‘viability tested route’ where viability information must be submitted and published for public scrutiny. They will also be subject to comprehensive early and late stage review mechanisms where they do not meet the threshold or they require public subsidy to do so (Para 2.3).
- 1.71. It sets out that all developments should consider whether there is other funding available through grants and other subsidy to push up the level of affordable housing delivered (Para 2.20-2.22).
- 1.72. The Mayor strongly encourages boroughs to take this approach. Details on the Mayor’s funding are set out in Homes for Londoners: Affordable Homes Programme 2016-21 and makes funding available on a fixed grant-per-unit basis (Para 2.23).
- 1.73. The SPG provides further information regarding providing 50% affordable housing on public land as it is considered that land in public ownership should make a significant contribution towards the supply of new affordable housing. It also states that public sector land surplus to requirements typically has a low use value in its current use (Para 2.33).
- 1.74. The SPG sets out that if a public landowner has an agreement in place with the Mayor to provide 50% affordable homes across a portfolio of sites, individual sites which meet or exceed the 35% affordable housing threshold and required tenure split may be considered under the fast track route. Where an agreement is not in place, schemes that do not provide 50% affordable housing will be considered under the viability tested route (Para 2.34).
- 1.75. The SPG also sets out further information on the preferred tenure split for affordable housing provision (Para 2.38-2.42). The Mayor’s preferred tenure split set out in the SPG is:
- At least 30% low cost rent (social rent or affordable rent).
  - At least 30% as intermediate products, with London Living Rent and / or shared ownership being the default tenures.
  - The remaining 40% to be determined by the local planning authority taking in account the relevant local plan policy.
- 1.76. For schemes that are largely or all affordable housing, those that propose 75% affordable housing or more as defined by the NPPF may be considered under the fast track route regardless of the tenure mix, provided the local authority is supportive of the tenure mix and other relevant standards (Para 2.42)
- 1.77. London Living Rent (LLR) is identified as being a new type of intermediate affordable housing targeted towards enabling households with around average earnings to save for a deposit to buy their own home. Eligibility for LLR is restricted to households

renting privately or socially with a maximum household income of £60,000 without sufficient savings to purchase a home in the local area (Para 2.43-2.46).

1.78. The SPG (Para 2.8) sets out that affordable housing should be measured by habitable rooms to ensure that a range of sizes of affordable homes can be delivered, including family sized homes. It also recognises (Para 2.9) that on certain schemes, they will have to follow the viability tested route to assess the viability of the applications, including:

- Where the application proposed off-site affordable housing or in lieu payment;
- Where the application involves the demolition of existing affordable housing; and
- Where the applicant claims the vacant building credit applies.

1.79. Where an application was approved following the fast track route, if a Section 73 application is then submitted, viability information will not be required if the application still meets the threshold and tenure required and does not result in a reduction in the affordable housing required or housing affordability (Para 2.14).

1.80. Viability information will be required for Section 73 applications where the original scheme did not meet the threshold or required tenure or where an amendment would result in the scheme not meeting these criteria. They will be tested under the viability tested route to determine whether additional affordable housing can be provided (Para 2.14-2.16).

1.81. The SPG sets out that in most circumstances it will not be appropriate to apply the vacant building credit in London (Para 2.74).

1.82. At Para 2.79 the Mayor supports LPAs that require affordable housing provision on schemes of under 10 units where the LPA can demonstrate the role these sites will play in delivering affordable housing and it is viable to do so. The fast track route may be appropriate where the boroughs affordable housing requirements for schemes of under 10 units are met.

1.83. The SPG (Para 2.84) sets out that LPAs might consider applying localised affordable housing thresholds for the fast track route of fixed affordable housing requirements that maximises affordable housing delivery in Opportunity Area, Housing Zones and industrial land,

1.84. Part Three sets out detailed guidance on viability assessments with the aim of achieving a standardised approach. It provides guidance on appraisal requirements, models, values and costs, profit and review mechanisms.

1.85. Part Four sets out detailed guidance on Build to Rent given the differences of this provision to traditional build for sale.

1.86. Para 4.9 defines build for rent development as:

- *Be a development, or block/phase within a development, of at least 50 units (it highlights that LPAs can set their own thresholds to reflect local housing market circumstances).*
- *Hold its constituent homes as Build to Rent under a covenant for at least 15 years (otherwise it will be subject to clawback if there is a sale).*
- *Provide units that are all self-contained and let separately.*
- *Operate under unified ownership and management.*
- *Offer longer tenancies (three years or more) to all tenants, with break clauses that allow the tenant to end the tenancy with a month's notice any time after the first six months;*
- *Offer rent certainty for the period of the tenancy, the basis of which should be made clear to the tenant before a tenancy agreement is signed, including any annual increases which should always be formula-linked;*
- *Include on-site management, which does not necessarily mean full-time dedicated on-site staff, but must offer systems for prompt resolution of issues and some daily on-site presence;*
- *Be operated by providers who have a complaints procedure in place and are a member of a recognised ombudsman scheme; and not charge up-front fees of any kind to tenants or prospective tenants, other than deposits and rent-in-advance.*

1.87. Para 4.20-4.29 sets out further information on the affordable housing tenure on build to rent schemes. It sets out that build to rent schemes can provide all discount market rent (DMR), managed by the provider and delivered without grant. The provider is able to manage these units themselves, it is not necessary for the Local Authority or Registered Provider to deliver. Para 4.21 also highlights that discount market rent can be more easily tenure blind and can be scattered through the development.

1.88. Para 4.23 confirms the Mayor's preference for discount market rent to be delivered at London Living Rent as it can be consistently understood and applied London-wide.

1.89. Para 4.30-4.33 set out that build to rent schemes can have more flexibility in terms of design.

1.90. Para 4.34-4.43 considers viability in build to rent schemes. It confirms that the fast track route is not relevant for build to rent schemes as an acceptable mix of affordable housing that would be needed for the fast track route has not been established.

1.91. Para 4.44 sets out management standards for build to rent schemes. These are:

- *Longer tenancies (three years or more) available to all tenants, with break clauses that allow the tenant to end the tenancy with a month's notice any time after the first six months;*
- *Any rent increases within these tenancies should be formula-linked, and made clear to the tenant before a tenancy agreement is signed;*



- *On-site management, which does not necessarily mean full-time dedicated on-site staff, but must offer systems for prompt resolution of issues and some daily on-site presence;*
- *Providers must have a complaints procedure in place and be a member of a recognised ombudsman scheme; and*
- *Providers must not charge up-front fees of any kind to tenants or prospective tenants, other than deposits and rent-in-advance.*

*Housing SPG March 2016 updated August 2017*

- 1.92. The Housing SPG provides further guidance on the housing policy within the London Plan to increase housing supply. It also provides further background to the relevant London Plan policies. The 2017 SPG detailed above replaces section 3.3 (Build to Rent) and Part 4 (Affordable Housing – Viability Appraisals) of the March 2016 SPG, the rest remains relevant.
- 1.93. Part 1 considers housing supply, setting out how this can be increased with consideration of optimising development potential.
- 1.94. Table 1.1 confirms the annual average housing supply monitoring targets 2015-2025 of 2,736 homes for Southwark. Para 1.1.3 highlights that boroughs should seek to exceed this target to close the gap between identified housing need and supply.
- 1.95. Extra housing capacity should be identified by local authorities through the preparation of the local plan.
- 1.96. Para 1.1.17 recognises that in robustly justified exceptional circumstances boroughs may identify particular locations where densities above the ranges in the Sustainability Residential Quality Matrix may be appropriate, taking into account local context, infrastructure capacity and viability.
- 1.97. The SPG sets out detail relating to the Strategic Housing Land Availability Assessment (SHLAA) prepared in 2013, however, it is noted this has now been replaced by the Strategic Housing Land Availability Assessment 2017 which is the evidence base for the draft New London Plan. Further information on the SHLAA 2017 is set out below. However, detail of the 2013 discussed within the SPG is not set out in detail in this review as it has been superseded by the 2017 SHLAA.
- 1.98. Para 1.1.20 sets out constraints that may impact upon housing delivery which need to be considered by local authorities, these include heritage assets, viability and infrastructure delivery.
- 1.99. Para 1.2.1- 1.2.59 set sources of housing supply local authorities should consider to boost supply beyond their housing target. These include:
- Partnership working across London's boundaries
  - Housing in growth areas and coordination corridors

- Realising housing potential from major transport schemes
- Opportunity Areas
- Intensification Areas
- New Opportunity and Intensification Areas
- Mixed use development in town centres
- Surplus public sector land
- Surplus commercial and industrial land
- Small sites
- Custom build
- Small infill sites
- Residential conversions
- De-conversions and amalgamations
- Housing from surplus offices
- Private garden land development
- Basement extensions
- Non self-contained accommodation
- Student accommodation
- Specialist housing for older people
- Flats above shops
- Airspace developments over existing and new non-residential premises
- Live-work units
- Vacant dwellings

1.100. Section 1.3 highlights the importance of optimising housing potential, not maximising housing potential. It defines 'optimisation' as 'developing land to the fullest amount consistent with all relevant planning objectives' (taken from Housing Density Study).

1.101. Table 3.2 sets out the Density Matrix (Habitable Rooms and Dwellings per Hectare) which sets out the density acceptability according to the location, existing building form and massing and the index of public transport accessibility (PTAL).

1.102. Part 2 considers quality of housing development to ensure high standards are met, expanding on the London Plan policies. Housing quality is one of the Mayor's key planning priorities.

1.103. Part 3 considers housing choice. It highlights that the London Strategic Housing Market Assessment only looks at London-wide housing requirements, therefore boroughs need to do their own assessments, some boroughs will need to work together across boundaries to assess their requirements. The SPG sets out further information to consider when preparing a Strategic Housing Market Assessment which informs local plan policies.

1.104. Part 3 of the SPG also considers specific housing needs, including:

- Houses in multiple occupations (HMOs) – important to strike a balance between the provision of HMOs and the loss of family dwellings.

- New housing products – if these are high quality and well-designed they can play an important part in meeting housing need. Local plans should provide a robust basis for decision making on new housing products.
- Prioritising affordable family accommodation.
- Accommodating older Londoners given the growth in numbers of this group.
- Specialist housing for older people’s needs, including older person’s housing (Use Class C3) e.g. downsizers and senior co-housing. Specialist housing (sheltered accommodation and extra care accommodation (Use Class C3) and residential institutions (Use Class C2).
- Communities with larger families to promote mixed communities by tenure and household income.
- Supported housing, particular groups that need specific accommodation or supported care, e.g. hostels and refuges.
- Gypsy and traveller provision – their needs should be identified and addressed.
- Custom build.
- Student accommodation– the London Plan encourages a more dispersed distribution of new student accommodation to relieve pressure on central boroughs.
- Affordable student accommodation – affordability is considered to be a key issue for students finding accommodation, therefore there is a requirement for affordable accommodation. Further information is provided on the definition, eligibility and the process of allocating affordable student accommodation.

1.105. Part 5 considers London’s existing housing stock and ensuring this is used to its full potential. It considers:

- Empty homes – ensure efficient use of existing stock
- Overseas investment in prime London – London welcomes overseas investment and it plays an important role in the economic growth. However the Mayor encourages new homes to be marketed to Londoners in London before or at the same time as them being available to buyers from other countries.
- Housing quality – boroughs should maintain and improve the quality and condition of its existing housing stock.
- Short term lettings – resisting the loss of housing provision to short-term lets.
- Resisting the net loss of housing – boroughs should resist the net loss of housing. The mayor recognises that there may be instances where redevelopment of existing properties may increase the quantity and quality of homes.
- Retention of specialist accommodation for older and vulnerable people and employees. The need for these may require conversion of existing residential properties.
- Estate renewal – the redevelopment of affordable housing should only really occur if it is to improve the quality of this stock. Further detail is provided on estate renewal.

- 1.106. Section 5.2 provides further information on funding investment on housing delivery in London.
- 1.107. Part 7 provides further guidance on encouraging mixed use development to increase housing supply. It provides guidance on specific locations for significant housing delivery, including higher density mixed use, residential-led development. Guidance on the release of surplus office and industrial land / sites for mixed use redevelopment and housing delivery is also set out.
- 1.108. Section 7.7 sets out further information on managing the release of surplus industrial land for other uses, in particular housing. This should be evidence led and managed and monitored to ensure there is not a shortfall in industrial land.
- 1.109. It recognises that Industrial Land (SIL) to Locally Significant Industrial Land (LSIS) will continue to be protected but that in some cases this land can be consolidated and reconfigured to provide capacity for housing and mixed use development.

*Emerging Draft New London Plan July 2019*

- 1.110. The Draft London Plan was on public consultation in December 2017. *Minor suggested changes* to some policies were published in August 2018. The Examination in Public hearing sessions were carried out between January and May 2019. Following the Examination, a Consolidated Changes Version of the Draft London Plan was published in July 2019 which incorporates the *Minor Suggested Changes, Further Suggested Changes* and *Post Session Changes*.
- 1.111. The Inspector's Report on the Draft London Plan recommends changes that are required to the Plan and on this basis the Inspector's advise that the Plan provides an appropriate basis for the strategic planning of Greater London along with incorporating the changes in the *Minor Suggested Changes, Further Suggested Changes* and *Post Session Changes*.
- 1.112. Policy SD1 – Opportunity Areas are areas where significant growth and development of housing, commercial development and infrastructure can be accommodated.
- 1.113. Southwark's Opportunity Areas are Old Kent Road with the capacity for 12,000 indicative homes and 5,000 indicative jobs, London Bridge / Bankside with the capacity for 4,000 indicative homes and 5,500 indicative jobs, Elephant & Castle with the capacity for 5,000 indicative homes and 10,000 indicative jobs, Canada Water with the capacity for 5,000 indicative homes and 20,000 indicative jobs (informed by the 2017 SHLAA (Table 2.1). Accordingly these are areas where significant growth is planned, for which the Mayor will provide support and leadership for the preparation and implementation of planning frameworks.
- 1.114. Boroughs should plan for and encourage this growth, including supporting developments which create employment opportunities and housing choice for Londoners.

- 1.115. Policy SD1 also sets out boroughs should plan for required social and other infrastructure to accommodate growth and encourage a mixed and inclusive community. Boroughs should *support and sustain Strategic Industrial Land (SIL) and other industrial capacity by considering opportunities to intensify and make more efficient use of land in SIL with the consideration of employment policies.*
- 1.116. Consideration should be given to the indicative capacity figures for homes and jobs set and boroughs should meet and exceed these where appropriate. Boroughs should ensure the surrounding area is considered during wider regeneration and in development proposals and they integrate with the surrounding area. The policy also raises the importance of ensuring planning frameworks are informed by public and stakeholder engagement and collaboration at an early stage and throughout their development.
- 1.117. Policy H1 – Increasing housing supply sets out requirements for boroughs to ensure the delivery of housing to meet their housing targets. It requires Development Plans to allocate sites for residential and mixed-use use development and intensification; encourage development on other appropriate windfall sites not identified in Development Plans through the plan period, work with the GLA to encourage the delivery of housing in Opportunity Areas.
- 1.118. It also recognises how boroughs can optimise delivery:
- Sites with planned or existing sites of public transport access levels (PTAL) of 3-6 or which are located within 800m of a station or town centre boundary;
  - Mixed use redevelopment of car parks and low-density retail parks and supermarkets;
  - Housing intensification on other appropriate low-density sites in commercial, leisure and infrastructure uses;
  - The redevelopment of surplus utilities and public sector owned sites;
  - Small sites;
  - Industrial sites that have been identified through the processes set out in Policy E4 land for industry, logistics and service to support London's economic function, Policy E5 Strategic Industrial Location (SIL), Policy E6 Locally Significant Industrial Sites and Policy E7 Industrial intensification, co-location and substitution.
- 1.119. It encourages boroughs to use brownfield registers and permission in principle to increase planning certainty for housing delivery.
- 1.120. It sets out that boroughs should publish and annually update their housing trajectory based on the housing figures in the Plan and identify the sources of housing capacity to achieve targets.
- 1.121. It also states that where new sustainable transport infrastructure is planned, boroughs should re-evaluate the appropriateness of land use designations and the

potential to accommodate higher-density residential and mixed-use development, taking into account future public transport capacity and connectivity levels.

- 1.122. Policy H1 also highlights that there is a general presumption against single use low-density retail and leisure parks on sites that are allocated for residential or mixed use development.
- 1.123. Table 4.1 – 10 year targets for net housing completions (2019/20-2028/29) sets the ten-year housing target for Southwark of 25,540 net housing completions between 2019/20 – 2028/29. These figures have been informed by the London-wide Strategic Housing Market Assessment and the Strategic Housing Land Availability Assessment.
- 1.124. Following receipt of the Inspector's Report to the Mayor of London on the Draft London Plan in October 2019, our 10 year housing target has been reduced to 23,550 homes over ten years (2019/20-2028/29) which includes 6,010 homes on small sites over ten years.
- 1.125. Paragraph 4.1.8A highlights that housing delivery and approvals in the pipeline will continue to be monitored by the Mayor. The figures in Table 4.1 should be monitored in net terms taking into account the homes lost through demolition, amalgamations or change of use. Net non-self-contained accommodation for students should count towards meeting housing targets on the basis of 2.5:1 ratio, with 2.5 bedrooms/units being counted as a single home. Net non-self-contained accommodation for older people (Use Class C2) should count towards meeting housing targets on the basis of 1:1 ratio with each bedroom being counted as a single home. All other net non-self-contained communal accommodation should count towards meeting housing targets based on 1.8:1 ratio, with one point eight bedrooms/units being counted as a single home.
- 1.126. Policy H2 small sites recognises the role small sites should play in delivery housing and encourages boroughs to support development on small sites. Boroughs should recognise that the character of areas will change over time and will need to change in appropriate locations to accommodate additional housing on small sites.
- 1.127. Where appropriate boroughs should prepare site-specific briefs, masterplans and housing design codes for small sites.
- 1.128. Boroughs should identify and allocate small sites for residential developments, list these sites on their brownfield register and grant permission in principle on specific sites or prepare local development orders.
- 1.129. Table 4.2 sets out the 10-year target for net housing completions on small sites (below 0.25ha in size) from 2019/20-2028/9, the Inspector's Report recommends that this is reduced to 6,010 homes for Southwark. This target is a component of the overall housing target and is not additional.

- 1.130. Policy H2A small housing developments –sets out that to support the delivery of small sites. However, the Inspector’s Report recommends that this policy and its supporting text are deleted in its entirety. It states that individual boroughs are not precluded from bringing forward their own policies in this respect if this is warranted and having regard to paragraph 63 of the 2019 NPPF.
- 1.131. Policy H5 – Delivering affordable housing sets out the affordable housing requirements for boroughs. It sets a strategic target for genuinely affordable housing of 50% of all new homes delivered in London and introduces the threshold approach (detailed below – Policy H6).
- 1.132. Policy H5 delivering affordable housing sets out a strategic target of 50% of all new homes delivered across London to be genuinely affordable. This will be achieved through:
1. Requiring major developments which trigger affordable housing requirements to provide affordable housing through the threshold approach;
  2. Using grant to increase affordable housing delivery beyond the level that would otherwise be provided;
  3. 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;
  4. Public sector land delivering at least 50% affordable housing on each site and public sector landowners with agreements with the Mayor delivering at least 50% affordable housing across their portfolio
  5. Industrial land appropriate for residential use in accordance with Policy E7 Industrial intensification, co-location and substitution, delivering at least 50% affordable housing where the scheme would result in a net loss of industrial capacity.
- 1.133. To achieve the strategic target major developments (10 units or more) which trigger an affordable housing are required to provide affordable housing through the threshold approach.
- 1.134. Grant should be used to increase the affordable housing provision. All affordable housing providers with agreement with the Mayor to deliver at least 50% affordable housing across their development programme, and 60% for strategic partners. Strategic partners are *‘affordable housing providers who commit to deliver ambitious development programmes through a flexible partnership with the Mayor. Each partnership involves at least 1,000 new housing starts, with at least 60 per cent of them genuinely affordable’*.
- 1.135. A requirement of 50% affordable housing on public sector land is set for each sites and public sector land owners with agreements with the Mayor delivering at least 50% across their portfolio.
- 1.136. Industrial land that has been identified as appropriate for residential use (as per Policy E7 industrial intensification, co-location and substitution), should deliver at

least 50% affordable housing where the scheme would result in a net loss in industrial capacity.

- 1.137. Policy H5 confirms that affordable housing should be provided on site, only in exceptional circumstances should it be provided off-site or as a cash in lieu payment.
- 1.138. Supporting text of Policy H5 sets out further information of the 'threshold approach to applications' which was first introduced in the Mayor's Affordable Housing SPG that developments that meet any of the criteria set out above and meet or exceed the threshold without public subsidy (this includes grant, public loans (including the Mayor's London Housing Bank) and any public land at a reduced cost.) can follow the fast track approach and accordingly a viability assessment will not need to be submitted with a planning application removing the need for extensive viability negotiations on affordable housing that can take place.
- 1.139. Schemes that do not meet the threshold or require public subsidy to do so will be required to submit a viability assessment which will be publicly available and scrutinised. Comprehensive review mechanisms will also be applied to schemes that do not meet the relevant threshold as set out in Policy H6 threshold approach to applications.
- 1.140. Paragraph 4.5.4A set outs how the Mayor expects affordable housing providers to deliver as much affordable housing as possible – at least 50% across their development programme and in the case of strategic partners – 60%.
- 1.141. Paragraph 4.5.4B sets out that the Mayor expects that residential proposals on public land should deliver at least 50% affordable housing on each site. Public sector land owners with an agreement with the Mayor may provide 50% affordable housing across a portfolio of sites provided at least 35% is provided on each site, with the required affordable housing tenure split on the initial 35%.
- 1.142. Paragraph 4.5.4C sets out that the Mayor expects that residential proposals on industrial land should deliver at least 50% affordable housing where the scheme would result in a net loss of industrial capacity.
- 1.143. Paragraph 4.5.9 sets out that to avoid incentivising off-site provision or in lieu contributions, agreements for this should provide no financial benefit to the applicant relative to on-site provision and should include review mechanisms in line with the Viability Tested Route. It states that the policy target for schemes delivering off-site affordable housing or in lieu contributions is 50% affordable housing provided across the main site and any linked sites when considered as a whole.
- 1.144. Policy H6 – Threshold approach to applications sets out further requirements of the threshold approach. This applies to major developments which trigger an affordable housing requirement.
- 1.145. The threshold level of affordable housing on gross residential development is initially set at:



- 1) A minimum of 35%; or
- 2) 50% for public sector land where there is no portfolio agreement with the Mayor;  
or
- 3) 50% for Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Sites appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution where the scheme would result in a net loss of industrial capacity.

1.146. To follow the Fast Track Route of the threshold approach, applications must meet the following criteria:

- 1) Meet or exceed the relevant threshold level of affordable housing on site without public subsidy. Where agreed by the borough, small housing developments may follow the Fast Track Route where they meet the relevant threshold of off-site as an in lieu payment (as set out above).
- 2) Be consistent with the relevant tenure split (Policy H7 Affordable housing tenure). Small housing developments may follow the Fast Track Route where the tenure split is to the satisfaction of the borough.
- 3) Meet the other relevant policy requirements and obligations to the satisfaction of the borough and the Mayor where relevant.
- 4) Demonstrate that they have taken account of the strategic 50% target in Policy H5 Delivering affordable housing and have sought grant to increase the level of affordable housing.

1.147. The Policy also sets out that developments which provide 75% or more affordable housing may follow the Fast Track Route where the tenure mix is acceptable to the borough or the Mayor where relevant.

1.148. Fast track applications are not required to provide a viability assessment at application stage. To ensure an applicant fully intends to build out the permission, the requirement for an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough).

1.149. Where an application does not meet the requirements set out at para 2.153 it must follow the Viability Tested Route. This requires detailing supporting viability evidence to be submitted in a standardised and accessible format as part of the application:

- 1) The borough, and where relevant the Mayor, should scrutinise the viability information to ascertain the maximum level of affordable housing using the methodology and assumptions set out in this Plan and the Affordable Housing and Viability SPG.
- 2) Viability tested schemes will be subject to:
  - a. An Early Stage Viability Review if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough)

- b. A Late Stage Viability Review which is triggered when 75% of the units in a scheme are sold or let (or a period agreed by the borough
- c. Mid Term Reviews prior to implementation of phases for longer phased schemes.

1.150. The Policy states where a viability assessment is required to ascertain the maximum level of affordable housing deliverable on a scheme, the assessment should be transparent and in line with the Mayor's Affordable Housing and Viability SPG.

1.151. The Policy also considers Section 73 applications and deeds of variations. Its sets out:

For schemes that were approved under the Fast Track Route, and schemes determined before the threshold approach that would have qualified for the Fast Track Route, any subsequent applications to vary the consent will not be required to submit viability information, providing the resultant development continues to meet the relevant threshold and criteria at Paragraph 2.153 above.

For schemes where the original permission did not meet the threshold or required tenure split, including schemes determined before the threshold approach that would not have qualified for the Fast Track Route, viability information will be required where an application is submitted to vary the consent and the borough or the Mayor where relevant consider this would materially alter the economic circumstances of the scheme. Such cases will be assessed under the Viability Tested Route.

Any proposed amendments that result in a reduction in affordable housing, affordability or other obligations or requirements of the original permission should be rigorously assessed under the Viability Tested Route. In such instances, a full viability review should be undertaken that reconsiders the value, costs, profit requirements and land value of the scheme.

The Mayor should be consulted on any proposed amendments on referable schemes that change the level of affordable housing from that which was secured through the original planning permission.

1.152. Paragraph 4.6.3 sets out that the percentage of affordable housing should be measured in habitable rooms to ensure that a range of sizes of affordable homes can be delivered, including family sized homes. It also sets out that habitable rooms in affordable and market elements of the scheme should be of comparable size when averaged across the whole development.

1.153. The supporting text to Policy H6 provides further justification for the Fast Track Route and also for the higher affordable housing requirement for public sector land and industrial land considered in the policy. It also looks at schemes that are not suitable to follow the Fast Track Route and must follow the Viability Tested Route.

- 1.154. Policy H7 – Affordable housing tenure sets out the split of affordable products that should be applied to residential development:
- 1) A minimum of 30% low cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners incomes
  - 2) A minimum of 30% intermediate products which meets the definition of genuinely affordable housing, including London Living Rent and London Shared Ownership
  - 3) The remaining 40% to be delivered by the borough as low cost rent or intermediate products based on identified need.
- 1.155. The Policy also sets out that to follow the Fast Track Route the tenure of 35% of homes must meet the requirements set out in Part A. The Fast Route is also available to applicants that elect to provide low cost rented homes in place of intermediate homes, provided the threshold level is reached. Where affordable homes are provided above 35%, their tenure is flexible, provided the homes are genuinely affordable and should take into account the need to maximise affordable housing provision, along with any preference of applicants to propose a particular tenure.
- 1.156. Paragraph 4.7.3 sets out that the Mayor’s preferred affordable housing tenures are: homes based on social rent levels, including Social Rent and London Affordable Rent, London Living Rent and London Shared Ownership. The supporting text then provides further details on these types of affordable housing tenures.
- 1.157. Paragraph 4.7.8 sets out that all intermediate rented products such as London Living Rent and Discounted Market Rent should be affordable to households on incomes of up to £60,000. Intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the definition of affordable housing), should be affordable to households on incomes of £90,000.
- 1.158. Paragraph 4.7.11 states that to follow the Fast Track Route, the tenure of 35% of homes must adhere to the tenure split set out in Policy H7. Where a scheme is delivering more than 35%, the tenure of the additional affordable housing is flexible and should take into account the need to maximise affordable housing provision along with any preference of applicants to propose a particular tenure.
- 1.159. Policy H8 – Monitoring of affordable housing sets out that boroughs are required to have clear monitoring processes to ensure that the affordable housing secured on or off site is delivered and recorded in line with Section 106 agreement. Monitoring processes should ensure that any cash in lieu payments are used to deliver additional affordable housing. Boroughs should ensure that where a review mechanism is triggered, it is implemented and the number of extra homes delivered, or cash in lieu is recorded. Borough must publish this monitoring information annually and share it with the GLA.
- 1.160. Policy H9 – Vacant building credit sets out, inter alia, that Vacant Building Credit is unlikely to bring forward additional development in London, therefore in most

circumstances, its application will not be appropriate in London. However, there may be some limited circumstances where the credit would, in line with the intention of the credit, provide an incentive for development on sites containing vacant buildings that would not otherwise come forward for development.

- 1.161. Subsequently in the Inspector's Report to the Draft London Plan it recommends that the Policy H9 is deleted because it is contrary to national policy. It advises that if boroughs wish to disapply the vacant building credit, they can do that based on local evidence.
- 1.162. The Draft London Plan Policy H13 – Build to rent sets out that build to rent schemes can, in terms of affordable housing offer, solely provide Discounted Market Rent (DMR) at a genuinely affordable rent, preferably London Living Rent level. DMR must be secured in perpetuity, provided they meet the criteria set out below. To qualify as a build to rent scheme, the following criteria must also be met:
- 1) The development, or block or phase has at least 50 units. It sets out that boroughs may set their own thresholds to reflect local housing market circumstances and affordable housing need. However, where a lower threshold is set, Build to Rent schemes must still operate according to the stipulations in this guidance in order to qualify for the application of the Built to Rent policy.
  - 2) The homes are held as Build to Rent under a covenant for at least 15 years (this will increase as the market matures).
  - 3) A clawback mechanism is in place that ensures there is no financial incentive to break the covenant.
  - 4) All the units are self-contained and let separately.
  - 5) There is unified ownership and unified management of the private and Discount Market Rent elements of the scheme.
  - 6) Longer tenancies (three years or more) are available to all tenants. These should have break clauses for renters, which allow the tenant to end the tenancy with a month's notice any time after the first six months.
  - 7) The scheme offers rent and service charge certainty for the period of the tenancy, the basis of which should be made clear to the tenant before a tenancy agreement is signed, including any annual increases which should always be formula-linked.
  - 8) There is on-site management, this does not necessarily mean full-time dedicated on-site staff, but all schemes need to have systems for prompt resolution of issues and some daily on-site presence.
  - 9) Providers have a complaints procedure in place and are a member of a recognised ombudsman scheme.
  - 10) Providers do not charge up-front fees of any kind to tenants or prospective tenants, other than deposits and rent-in-advance.
- 1.163. The Policy sets out the Fast Track Route, they must deliver at least 35% affordable housing, or 50% where the development is on public sector land or industrial land appropriate for residential uses in accordance with Policy E7. The Mayor expects at least 30% of DMR homes to be provided at an equivalent rent to London Living Rent with the remaining 70% at a range of genuinely affordable rents.

- 1.164. If the above criteria are not met, the Viability Tested Route must be followed in Policy H6.
- 1.165. Paragraph 4.13.4 recognises that the Mayor's strong preference is for DMR homes to be let at London Living Rent level, to ensure city-wide consistency in approach. Unlike other DMR products, London Living Rent has an advantage in that has a London-wide electoral mandate, can be consistently understood and applied across London, can earn the public's trust as being genuinely affordable, and will be backed by the GLA who will uprate it every year. DMR should be allocated according to intermediate eligibility criteria, which can include locally defined eligibility criteria. Where the borough has an intermediate or DMR waiting list they should agree with the applicant a process for providing priority access to the DMR units for those on the waiting list.
- 1.166. Paragraph 4.13.6 sets out that level of DMR homes with at least 30 per cent let at London Living Rent levels. The remainder should be provided at a range of genuinely affordable discounts below market rent based on local need to be agreed with the borough and Mayor where relevant. The thresholds and required discounts to market rent will be reviewed and if necessary updated in 2021 through Supplementary Planning Guidance.
- 1.167. Paragraph 4.13.9A sets out that where justified, boroughs can require a proportion of affordable housing as low cost rent (social rent or London Affordable Rent) on Build to Rent schemes in accordance with Policy H7 A. Low cost rent homes must be managed by a registered provider. The low cost rent affordable housing would contribute towards the relevant threshold required to meet the fast track route. DMR is an intermediate product and is managed and allocated as such, therefore it is not appropriate to seek DMR at or close to social rent levels.
- 1.168. Policy H15 Specialist older persons housing sets out an annual benchmark of 65 units per annum for Southwark.

### **Local Policy**

#### *Southwark Core Strategy April 2011*

- 1.169. The Core Strategy was adopted in April 2011. A review of the Southwark Plan was undertaken alongside the preparation of the Core Strategy and as such, some policies of the Southwark Plan have been superseded by the Core Strategy.
- 1.170. The Core Strategy sets out how Southwark will develop up to 2026, setting a long term vision and strategic policies for sustainable development.
- 1.171. Strategic Policy 5 – Providing new homes sets out our housing target of 24,450 net homes between 2011 and 2026, it also sets the target out by area as follows:

- Bankside, Borough and London Bridge Opportunity Area – 1,900 net new homes
  - Elephant and Castle Opportunity Area – 4,000 net new homes
  - Canada Water Action Area – 2,500 net new homes
  - Aylesbury Action Area – 4,200 new homes (including around 1,450 net new homes) (2009-2026).
- 1.172. The policy also sets out the residential density range acceptable. It states that the maximum densities may be exceeded in the opportunity areas and action area cores where the development is of exemplary design.
- 1.173. Strategic Policy 6 – Homes for people on different incomes, sets out our affordable housing requirements with the requirement of 50% in Aylesbury Core Area and 35% everywhere else. It also sets out the target number of affordable homes per area.
- 1.174. Strategic Policy 7 – Family homes, set out our requirements for the provision of family homes in the borough for developments of 10 or more units. It ranges from 10% to 30% depending on the location of the proposed development of three, four or five bedroom units. It also sets a requirement of developments to have at least 60% of two or more bedroom units and a maximum of 5% studios only for private housing.
- 1.175. It also states that all developments are expected to meet the Council’s minimum overall floor sizes.
- 1.176. Strategic Policy 8 – Student homes, sets out that development for student housing will be permitted in places with good access to public transport and will require 35% as affordable housing.
- 1.177. Strategic Policy 9 – Homes for Travellers and Gypsies, seeks to protect existing Traveller and Gypsy sites and confirms we will provide new sites to meet the accommodation needs of Travellers and Gypsies.

*Saved Southwark Plan Policies 2007*

- 1.178. Some of the Saved Southwark Plan Policies have been superseded by the Core Strategy (April 2011) and the NPPF (July 2018) and the London Plan (March 2016).
- 1.179. The vision of the Southwark Plan has been superseded by the Core Strategy, however, a number of the policies were saved alongside the Core strategy.
- 1.180. Saved Policy 4.3 – Mix of dwellings, sets out that permission will not be granted for the conversion of a single dwelling house of 130 square metres or less original net internal floorspace into two or more dwelling units.

1.181. Saved Policy 4.4 – Affordable housing, sets out our strategic target of securing 50% of new dwellings as affordable. The policy sets out the housing tenure mix required is 70:30 social rented: intermediate housing unless stated as below:

<b>Area designation</b>	<b>Social rented (%)</b>	<b>Intermediate (%)</b>
Central Activities Zone	70	30
Urban Zone	70	30
Suburban North and South Zone	70	30
Elephant and Castle Opportunity Area	50	50
Peckham Action Area	30	70
Old Kent Road Action Area	50	50
West Camberwell Action Area	50	50

1.182. It also sets out the affordable housing requirement for developments of 10-14 units.

1.183. Saved Policy 4.5 – Wheelchair affordable housing sets out that for every affordable housing unit which complies with the wheelchair design standards, one less affordable habitable room will be required than otherwise stated in Policy 4.4.

1.184. Saved Policy 4.6 – Loss of residential accommodation states that development will not be permitted where it results in a net loss of residential floorspace, with the exception of where the environment is unsuitable for housing or the existing standard of accommodation is unsatisfactory, and where it is not possible to overcome them; or the site is designated for a difference use in preference to housing; or the replacement of the existing residential floorspace would otherwise contravene the Core Strategy Strategic Policy 5 on density.

1.185. It also states that development will not be permitted where there is a net loss of wheelchair accessible housing. Any replacement wheelchair housing will be required to comply with the current wheelchair design statements.

1.186. Saved Policy 4.7 – Non-self contained housing for identified users groups sets out instances where new development or changes of use to provide non self-contained residential accommodation will normally be permitted where: the need for, and suitability of, the accommodation can be demonstrated by the applicant; its provision does not result in a significant loss of amenity to neighbouring occupiers; there is adequate infrastructure in the area to support any increase in residents; and the development provides a satisfactory standard accommodation, including shared facilities. Provision must be made within the development for adequate amenities and facilities to support the specific needs of the occupiers, including staffing, servicing and management arrangement, with particular consideration given to the specific needs of children.

## **Area Actions Plans (AAP)**

### *Canada Water AAP 2015*

- 1.187. The CWAAP sets the vision for the area up to 2026. The CWAAP sets a vision to strengthen Canada Water's role as a shopping destination, expanding the amount of retail space by around 35,000sqm. It seeks to generate over 2,000 new jobs. The area action core will provide at least, 4,500 high quality new homes and the action area will provide at least 1,000 affordable homes.
- 1.188. The CWAAP sets a number of objectives and policies that fall under a six themes, including Theme 5: Housing, providing more and better homes.
- 1.189. Policy 21: new homes - sets out the target for new homes which are mostly to be provided on proposals sites identified in the CWAPP.
- 1.190. Policy 22: affordable homes – sets out the affordable housing requirements in schemes of 10 or more homes to provide at least 35% affordable housing.
- 1.191. Policy 23: family homes – sets out the requirements for family homes in the area and the minimum space standards for new developments.
- 1.192. Policy 24: Density of developments – sets out the density range of developments in the Action Area.

### *Peckham and Nunhead AAP 2014*

- 1.193. The PNAAP sets out policies to make sure that over the next 10 to 15 years the development required in Peckham and Nunhead is delivered. It also sets out a number of proposal sites and their required land uses in the action area which are designated on the adopted policies map.
- 1.194. The PNAAP vision is to build around 2,000 new homes and there is the capacity for an increase of around 4,000sqm of business space and 8,000sqm of retail space.
- 1.195. The PNAAP sets a number of objectives and policies that fall under a six themes, including Theme 4: High quality homes: providing more and better homes which sets out four housing policies.
- 1.196. Policy 16: new homes – sets out a target of a minimum of 2,000 net new homes between 2011 and 2026, with a least 1,500 to be within the Peckham action core, on proposal sites. It also sets out the density ranges for these for the different zones.
- 1.197. Policy 17 sets out the requirements for affordable homes. A minimum of 700 affordable homes and 700 private homes will be built. Development of 10 or more units to provide a minimum of 35% affordable housing across the whole action area



subject to viability. Affordable housing should be an appropriate mix of dwelling type and size to meet the identified needs of the borough.

- 1.198. Development within Livesey, Peckham, Nunhead and The Lane wards to provide a minimum of 35% private homes as illustrated in the PNAAP.
- 1.199. Policy 18: mix and design of new homes – sets out the housing requirement for family homes for developments of 10 or more units. Developments should meet or exceed the minimum dwelling standards set out.
- 1.200. All development generating potential for 10 or more children to provide play space for children and young people as part of the scheme.

*Aylesbury AAP 2010*

- 1.201. The AAAP sets out a vision for the area, policies for its development, and a delivery plan for future investment. It also sets out a masterplan for the area and designates proposal sites.
- 1.202. The AAAP highlights that there are 2,758 homes in the area action core and that there will be an extra 1,450 homes delivered.
- 1.203. The AAAP area is made up of two parts. The Action Area Core is the Aylesbury Estate itself, which will be completely redeveloped. Secondly, there is the wider area, including East Street, Walworth Road, Old Kent Road, and Burgess Park.
- 1.204. Policy BH2: density and distribution of homes – sets out where higher and lower densities are appropriate in the action area and provides indicative density ranges.
- 1.205. Policy BH3: tenure mix – sets out that 50% of new homes in the action area core will be affordable and 50% will be private. The policy sets out specific requirements for the provision of affordable and market housing on different proposal sites. There is a requirement of 75% social rented and 25% intermediate in the Area Action Core.
- 1.206. Policy BH4: size of homes – sets out the mix of housing sizes required in developments with a maximum of 3% studios all in private tenure; at least 70% of homes to have two or more bedrooms; at least 20% of homes to have three bedrooms; at least 7% of homes to have four bedrooms; and at least 3% of homes to have five or more bedrooms.
- 1.207. Policy BH5: types of homes – sets out type of developments required in the action area core, comprising 60% flats, 17% maisonettes/houses over houses and 23% houses (to have two bedrooms or more).

*Draft Old Kent Road AAP December 2017*

- 1.208. The draft Old Kent Road Area Action Plan (OKRAAP) was out to public consultation in December 2017 to March 2018.
- 1.209. The OKRAAP sets out a vision to deliver 20,000 new homes, of which 7,000 will be affordable homes, 10,000 new jobs and create a new major town centre by 2037. As such, it is the focus of development in Southwark. However, these numbers rely on the delivery of the Bakerloo Line Extension (BLE), without the BLE, it is expected that there is the potential for 8,000 homes and 4,000 jobs by 2037.
- 1.210. The OKRAAP sets out our strategy for development of new homes in the Old Kent Road it also identifies a number of sites with housing potential. There is also a masterplan for these sites with an identified housing capacity.

### **Supplementary Planning Documents by Area (SPD)**

#### *Blackfriars Road SPD 2014*

- 1.211. This sets out the vision for the area of Blackfriars Road and sets out a number of potential development sites. It also sets out a number of policies which mainly relate to business uses, town centres uses along Blackfriars Road. The policies do not specifically relate to housing.

#### *Dulwich SPD 2013*

- 1.212. This SPD sets out the visions Dulwich Village/West Dulwich, East Dulwich, Herne Hill and Lordship Lane town centre. The visions set out the area could be by 2026 and guidance on achieving this vision.
- 1.213. It sets out a lot of guidance on conservation, listed buildings, archaeology, the built environment, the natural environment and transport and accessibility. It also sets out guidance on town and local centres and the evening economy.
- 1.214. The SPD also sets out a number of development sites and provides further guidance on this.

#### *Elephant and Castle SPD / Opportunity Area Planning Framework 2012*

- 1.215. This SPD sets out our vision for Elephant and Castle opportunity area for which there is substantial redevelopment planned and underway.
- 1.216. The SPD provides further guidance on:
- The mix of shops and other activities which will be provided
  - The amount of new homes that may be built and their location
  - The size and design of new buildings
  - Public realm improvements

- The infrastructure needed to ensure that growth in the area can be accommodated sustainably, including public transport, open spaces, health facilities and schools.
- 1.217. The SPD sets a vision which includes: *440,000sqm of new development of up to 45,000sqm new shopping and leisure floor space and 25,000-30,000sqm of business floorspace. We will meet our housing target of 4000 new homes and a minimum of 1,400 affordable housing units by working with the local community, registered providers and private developers to deliver new homes. We will also meet the London Plan target of 5,000 new jobs by encouraging more offices, hotels, small businesses and developing the evening economy and cultural activities....*
- 1.218. Theme 2 relates to housing - providing more and better homes as follows:
- *Deliver at least 4,000 (net) new homes over the period 2011-2026.*
  - *Provide at least 1,400 affordable homes over the period 2011-2026.*
  - *Provide at least 1,400 private homes over the period 2011-2026.*
  - *Ensure that at least 10% of new homes have 3 or more bedrooms and that all new homes provide good quality accommodation and have generous room sizes.*
  - *Help address needs for student housing, whilst ensuring that a mix and choice of housing types is available in all character areas.*
- 1.219. Policy SPD5 sets out that the Core Strategy Policy will be applied to ensure 35% of homes are affordable and at least 35% are private and that a range of sizes are provided.
- 1.220. The SPD provides guidance on a number of Character Areas within the Opportunity Areas on how redevelopment should be carried forward and potential land uses. .  
*Affordable Housing SPD 2008*
- 1.221. The SPD was adopted in 2008, however, elements of this SPD have been superseded by the Core Strategy. As a result the 2011 SPD was prepared, this is considered below.
- 1.222. The SPD provides further guidance on the Southwark Plan policies which relate to mix of dwellings, affordable housing and wheelchair housing.
- 1.223. Section 1.2 highlights that the SPD is used to make decisions that include development of 10 or more homes, including new build, change of use and extensions. It also includes housing where the site is above 0.5ha or more in size and appropriate size and location to provide 10 or more dwellings.
- 1.224. The SPD provides the definitions of the different types of affordable housing and the affordability thresholds (these are updated annually).
- 1.225. Fact Box 4 sets out that we will endeavour to secure 50% of all new dwellings provided in Southwark as affordable in accordance with London Plan.
- 1.226. It sets out that:

- i. within the Urban and Suburban Density Zones and with the Elephant and Castle Opportunity Area, at least 35% of all new housing as affordable housing, for all development capable of providing 15 or more additional dwellings or on sites larger than 0.5ha, except in accordance with Policy 4.5; and
- ii. Within the Central Activities Zone excluding the Elephant and Castle Opportunity Area, at least 40% of all new housing as affordable housing, for all developments capable of providing 15 or more additional dwelling units or on sites larger than 0.5 hectare, except in accordance with Policy 4.5;
- iii. For all schemes capable of providing 10, 11, 12, 13 and 14 dwellings on site provision calculated by the proportions outlined in table 4.4. e.g. For a 10 unit scheme there should be 9 private units plus 1 affordable unit; for an 11 unit scheme there should be 9 private units plus 2 affordable units etc:

Affordable Housing requirements for 10-14 unit developments					
No of units	10	11	12	13	14
No of affordable units	1	2	3	4	5

- iv. The affordable housing provided must be an appropriate mix of dwelling type and size to meet the identified needs of the borough;
- v. The affordable housing should not be distinguishable from the private housing development; and
- vi. A tenure mix of 70:30 social rented: intermediate housing ratio except as stated below for opportunity and local policy areas:

Tenure mix affordable housing		
Area designation	Social rented (%)	Intermediate (%)
Central Activities Zone	70	30
Urban Zone	70	30
Suburban Zone	70	30
Elephant and Castle OA	50	50
Peckham Action Area	30	70
Old Kent Road Action Area	50	50
West Camberwell Action Area	50	50
Camberwell Neighbourhood Area	50	50

1.227. Paragraph 3.6 sets out the sequential approach for the provision of affordable housing. We require all affordable housing to be provided on the development site. In exceptional circumstances it may be justified by the applicant that it is not possible to provide the affordable housing on-site or demonstrated that significant benefits will be gained by providing new units in a different location, such as to meet housing needs by creating more family housing. In this case, we will accept

off-site provision, where affordable housing is provided on another site or sites in the local area.

- 1.228. In very exceptional circumstances, where affordable housing cannot be provided on-site or off-site, we will accept payment towards providing affordable housing instead of the affordable housing being built as part of the development, known as in-lieu payment or commuted sum.
- 1.229. Appendix 1 of the SPG sets out the value areas for affordable housing. These range from at the very north of the borough along the river, this is determined on a case by case basis, the remaining part of the north of the borough has to pay £100,000 per habitable room and at the southern part of the borough has to pay £80,000 per habitable room.

#### *Draft Affordable Housing SPD 2011*

- 1.230. The Draft Affordable Housing SPD was prepared in 2011 and went through two rounds of public consultation.
- 1.231. It provides further guidance on the Core strategy housing policies and sets out definitions of the different types of affordable housing.
- 1.232. In Section 3, it sets out the same policy requirements as the adopted SPD for schemes of 10 to 14 dwellings set out at Paragraph 2.235 above.
- 1.233. It sets out the requirements of the Core Strategy including, enquiring as much affordable housing on developments of 10 or more units as is financially viable and requiring a minimum of 35% affordable housing units on developments with 10 or more units.
- 1.234. Section 3 also sets out the affordable housing requirement consistent with the Aylesbury Area Action Plan which sets out that 50% of new homes in the action area will be affordable and 50% will be private homes. Of the affordable homes 75% should be social rented and 25% should be intermediate.
- 1.235. As with the adopted SPD, Section 3 of the draft SPD also sets out the tenure mix requirements within the area designations as set out above.
- 1.236. As sets out in the 2008 Affordable Housing SPD, the 2011 SPD sets out the sequential approach for affordable housing. The requirement is for affordable housing to be provided on site, in exceptional circumstances it can be provided off-site and in very exceptional circumstances it can be provided as an in lieu payment. This assessment requires the provision of a viability appraisal.

- 1.237. Paragraph 6.3.9 provides further information on the in lieu payment which is a minimum of £100,000 per habitable room. The exact amount required is determined using a robust viability assessment.

*Development Viability SPD 2016*

- 1.238. This SPD sets out how the viability of proposed developments will be considered and assessed during the planning application process.
- 1.239. It requires transparency during the planning application process, with financial viability appraisal summaries published upon the validation of planning applications.
- 1.240. An executive summary of the financial viability appraisal is required to be submitted for the validation of the planning application. It also advises that the council will publish its full assessment of the financial viability appraisal one week prior to the determination of the planning application.
- 1.241. The SPD sets out guidance on the inputs of the financial viability appraisal and calculating these.
- 1.242. It sets out that the financial viability appraisal inputs are required to provide all reasonably available details deemed necessary for us to understand the valuation.
- 1.243. It requires all of the viability appraisal inputs to be clear, justified and in line with the market norms.
- 1.244. The SPD also sets out the requirements of viability reviews when a development does not provide a policy compliant level of planning obligations such as affordable housing, due to viability.

## Appendix 2

Research and evidence

1.1 This section sets out the research and evidence that has informed our housing policies. It provides a context of housing in London and Southwark.

### **The Mayor's Strategic Housing Land Availability Assessment 2017**

1.2 The Strategic Housing Land Availability Assessment 2017 sets out the housing capacity in London. It shows that London has the capacity for 649,350 homes during the 10 year period 2019/20 to 2028/29. These figures have informed the housing targets sets out in the Draft London Plan.

1.3 Of this capacity, 55% of it can be met in outer London and 45% can be met in inner London. 17% of this can be met in South London.

1.4 It confirms that Southwark has a total 10 year capacity of 25, 540 homes of which 8,000 of these are within the small sites 10 year target. It also sets out the net non self-contained pipeline based on 3:1 ratio for the same time period for Southwark of 17 which can include student accommodation, specialist housing for older people in Use Class C2. It is noted that the 3:1 ratio has since been amended in the Draft London Plan as detailed above.

1.5 The SHLAA sets out in detail how these figures have been calculated. It also highlights that it is not a site allocation exercise. It provides a robust indication of aggregate housing capacity at local planning authority level and across London. It is for local planning authorities to allocate sites for development.

1.6 Due to the sensitive nature of the SHLAA, site level information for potential development sites are confidential unless the site is already approved or allocated for housing and therefore already in the public domain.

1.7 At Paragraphs 5.9- 5.11 the SHLAA recognises that there are substantial contributions from a range of local authorities. There are four London boroughs that provide over 104,000 homes during the time period. There are 12 other authorities that account for 47% of London's large site capacity during the 10 year target period of 186,752 homes. This includes Southwark with 17,532 homes.

1.8 In determining the housing capacity the SHLAA recognises the constraints and calculates the housing capacity accordingly.

1.9 Chapter 6 looks at small sites, it sets out the methodology of estimated projected housing capacity on small sites. Small sites are those below 0.25ha and can include housing completions through new build developments, change of use and residential conversions.

1.10 It looks at different options of calculating the small sites capacities within boroughs.

1.11 Chapter 7 looks at calculating the net non self-contained capacity in London. Chapter 8 then looks at the potential capacity with the delivery of Crossrail 2. This growth



potential is not included within the targets but is an indicator of the potential additional capacity that could be realised as a result of infrastructure investment.

1.12 As required by the NPPF as set out above, we have prepared a 5 and 15 Year Housing Land Supply Report that identifies we can meet our Draft London Plan target of 2,355 homes annually and we can meet this over the 6-15 year period as well (as set out in the Inspector's Report). The Report sets out how the land supply has been identified and calculated.

### **Southwark's Strategic Housing Market Assessment 2019**

1.13 A Strategic Housing Market Assessment (SHMA) has been undertaken by Cobweb Consulting which forms part of the evidence base for the New Southwark Plan. This SHMA only looks at housing in Southwark. The previous SHMA was a combined assessment with four other South East London Boroughs.

1.14 The 2019 SHMA looks at general housing need and the affordable housing need in Southwark. It also looks at housing requirements of specific groups.

1.15 A summary is provided below.

- **General housing need:** Applying the new formula set out in the Planning Practice Guidance (as detailed above) and using the GLA's 2016-central based population and household projections estimates a need of **2,932 households per annum** in Southwark.

Cobweb Consulting recommends that we use the 2016- based central trend household projections produced by GLA provide a better basis for assessing need. Firstly the GLA has a more specialised knowledge of demographic trends in London than ONS, and secondly, the GLA projections are more up to date than the 2014- based projections produced by MHCLG.

Notwithstanding this, the London Plan target of 2,736 homes annually, remains our housing target as this is based on strategic need and capacity as London as a whole. Once the Draft London Plan is adopted, this will reduce to 2,554 homes per annum, or 25,554 over the 10-year period (noting the Draft London Plan has removed the annualised target, only referring to the 10-year period and that this has been reduced further in the Inspector's Report as highlighted above).

- **Affordable housing:** the affordable housing net annual need in the borough is **2,077 homes**. This is a significant increase from the 2014 SHMA which identified a net annual need of 799 homes. This need is determined through considering backlog need and newly arising need against annual supply of affordable homes.

It was identified that 26% of people can afford to meet their needs in the open market. However, 7% cannot afford a social rent without spending more than 33.3% of earnings. 30% can afford current average social rent and up to 49%

lower market rent. 12% can afford 50-65% of lower market rent and 10% can afford 66-79% lower market rent. It is noted that intermediate rents can vary greatly, however they are often found to be in the range of 66-79%. See table below.

**Table 14:** the affordability of homes in the borough.

Affordability	In each category		Cumulative	
	Number	Percent	Number	Percent
Can afford lower quartile market rent	1235	26%	1235	26%
Can afford 80-99% of lower quartile market rent	736	16%	1972	42%
Can afford 66-79% of lower quartile market rent	471	10%	2442	51%
Can afford 50-65% of lower quartile market rent	576	12%	3018	64%
Social rent target group*	1403	30%	4421	93%
Can only afford rent below average social rent level	327	7%	4748	100%

\*Can afford current average social rent and up to 49% lower quartile market rent

The need of affordable homes per bed size is also considered. The most significant shortfalls in supply are as follows:

**Table 15:** the need of affordable housing according to bedroom sizes.

		Annual need	Annual supply	Surplus (+) or shortfall (-)
Social rent and sub-social rent target group*	1 bed	527	727	200
	2 beds	589	354	<b>-235</b>
	2 beds	206	155	-51
	3 + beds	408	36	<b>-373</b>
	Total	1730	1272	-458
Can afford 50%-65% of the lower quartile market rent	1 bed	11	70	59
	2 beds	255	40	<b>-215</b>
	3beds	209	7	<b>-202</b>
	4+ beds	99	2	-97
	Total	575	120	-456
Can afford 66%-79% of the lower quartile market rent	1 bed	173	0	<b>-173</b>
	2 beds	107	0	-107
	3 beds	73	0	-73
	4+ beds	118	0	<b>-118</b>
	Total	471	0	-471
Can afford 80%-99% of the lower quartile market rent	1 bed	504	20	<b>-484</b>
	2 beds	58	22	-36
	3 beds	79	2	-77
	4 + beds	95	0	-95
	Total	736	44	-692
All who cannot afford the full lower quartile market rent	1 bed	1215	817	-398
	2 beds	1010	416	<b>-594</b>
	3 beds	568	164	-404
	4+ beds	720	38	<b>-682</b>
	Total	3513	1436	-2077

\*Includes those who can afford a social rent but not 50% of the lower market rent (20% of those in need) and those who cannot afford a social rent (7% of those in need), who will be required to spend more of their income on housing than the assumed maximum. The thresholds used for social rent and other rents are set out in Table above.

Within **Table 15** the bedroom size with the highest need within each affordable housing category is **highlighted bold**. It can be seen that there is a low supply of intermediate rents between 55-79% of the lower quartile market rent within the borough. Therefore this results in a high need of this type of housing.

The social rent and sub social rent target group has a significant need of two bed and 4+ beds. For the intermediate rent, there is a need for one, two and three bedroom properties.

- **Older persons households:** an additional 780 units will be required to meet need by 2029; of these some 559 (72%) should be sheltered and 116 (14%) extra care.
- **Care home and dementia places:** Southwark has seen an overall reduction of 46% of care home and dementia places since 2011 - an additional or improved 867 care beds are required by 2029.
- **Wheelchair housing:** 613 households have unmet wheelchair accessible accommodation requirements and require it across all tenures. It should be noted that a proportion of those will be owner-occupiers, able to make their own arrangements.
- **Household composition of general market housing:** the SHMA provides estimates of the projected change of the composition of general market housing. It concludes that there is no overall change in the future requirement for dwellings by size from the pattern shown in Table 4.15 for all households combined, namely 20% 1-bed units, 30% 2-bed units, 34% 3- bed units, and 16% 4-bed units. However, it highlights that this is based on current preferences and affordability levels, and on a trend projection of household composition. Worsening affordability might increase the demand for smaller units, but might require larger units more suitable for sharing, if fewer single adult households could afford smaller units.

## **Viability Assessments**

1.16 A series of viability assessments have been undertaken by BNP Paribas to inform the requirements of the emerging policies in the New Southwark Plan. They are set out below.

## **Viability Study 2015**

- 1.17 The findings of the 2015 Study are set out below. Further details of the testing and the inputs can be found in the Study.
- 1.18 **Family housing** – with the aim to ‘*deliver more family housing through seeking unit mixes on schemes has been tested. This has identified that although the policy could result in up to a 3.5% difference in a scheme’s gross development value, this is not considered to be a significant impact. Notwithstanding this finding we would highlight that were the Council to seek a large proportion of the family units as affordable housing, particularly rented affordable housing, this will have a more significant impact on viability given the opportunity cost between private and affordable housing units. However we note that the policy is not prescriptive in terms of the quantum of family homes sought as affordable housing, and our understanding is that this would be subject to both need and viability testing of individual schemes.*
- 1.19 **Wheelchair contributions** – ‘*Our assessment of the costs of delivering wheelchair accessible units within schemes has identified that this is directly related to the build cost of delivering the scheme, on the basis that the cost to the developer is having to provide a larger quantum of floorspace for the same level of revenue. In this regard the costs of delivering wheelchair units will increase as build costs in schemes increase. Based on our assumed build costs, our testing suggests that the average cost of a delivering a wheelchair unit in a scheme could vary between circa £5,500 and £8,500 per unit in general, between circa £6,000 and £9,500 for a flatted unit and between circa £4,500 and £7,000 for a house.*

*It is noted however that in addition to the above cost of delivering larger units, there will be the additional fit out costs to ensure the units meet the specific disability needs identified by the Council. In this regard, should the Council wish to charge developments a payment in lieu of onsite provision of wheelchair units, where onsite delivery is not possible due to physical constraints of the site/scheme, they would need to seek both the costs of delivering a larger unit as well as the fit out costs identified’.*

- 1.20 **Affordable housing** – ‘*The testing has demonstrated that the Council’s Policy DM 2 requirement of 35% affordable housing remains a reasonable requirement across all developments in the LBS. Some schemes (subject to their benchmark land values) are able to achieve higher amounts of affordable housing (50% affordable housing). As can be expected however some schemes are also identified as having challenging viability, however, the Council’s flexible approach in in their policy i.e. that the provision will be subject to viability, will assist with both development viability and ensuring the delivery of the maximum quantum of viable affordable housing. Considering the results of this assessment holistically and considering the Council’s preference for social rented accommodation, we recommend that the current requirement of 35% is maintained.*

*In light of the results we consider that there is no need for the Council to adopt a sliding scale of affordable housing for units between 11 to 15 units, and that the*

*Council's flexible policy approach allowing for viability will be sufficient to assist schemes where due to site specific circumstances they are unable to deliver 35% affordable housing.*

*The sensitivity testing of affordable housing tenures as part of this assessment has identified that the Council's preferred Policy DM 2 approach of seeking 70% social rent to 30% intermediate across the majority of the borough can be delivered in a number of the scenarios tested. It is noted that viability can be seen to improve when Affordable Rent is sought in place of social rent. However, we understand that the Council has an identified need for social rented units and no need for Affordable rented units. On this basis we consider that an approach requiring rented affordable housing to be delivered as social rent units as a priority, with Affordable Rent sought only in exceptional circumstances, is not unreasonable, subject to affordability criteria being taken into consideration.*

*This assessment has identified that there is little difference in the viability of schemes when adopting either intermediate rented or shared ownership accommodation as the intermediate tenure. This is as a result of the threshold income levels being applied consistently to the two products.*

*With respect to income thresholds for intermediate units, our appraisals have identified that viability improves with increasing income thresholds from the Council's identified thresholds to the GLA's thresholds. However, given that intermediate units form a small proportion of the affordable housing offer (30%) this only marginally improves viability. As with the position on Affordable Rented accommodation, we would recommend that the Council considers whether flexibility in income thresholds in exceptional circumstances might be appropriate.*

*For schemes where viability is identified as being particularly challenging, the combination of allowing all or some of the following may assist the Council in achieving more affordable housing:*

- the inclusion of Affordable Rented units as a starting position on the smaller units;*
- flexibility in the tenure split to allow a larger proportion of intermediate units; and*
- increasing the income thresholds.*

**1.21 Private rented sector** – *'We have undertaken viability testing of PRS schemes' ability to deliver affordable housing as part of the development. In line with our approach to such testing in the CIL 2014 Update Viability Study we have tested such schemes adopting two approaches. The first assumes a developer sells the units to a PRS provider at a reduction to market value, whilst the second assumes the developer will retain the PRS investment. Our testing has identified that such schemes can in most instances viably deliver affordable housing as part of the scheme and in this regard we would recommend that the Council considers applying their Policy DM 2 requirements to such schemes, subject to viability and feasibility'.*

- 1.22 **Student accommodation** – *‘Direct let/private student housing can accommodate affordable housing to varying degrees with some schemes able to support at least 35% affordable housing as well as up to 27% of units as affordable student accommodation as suggested by the London Plan. Such schemes are identified as being sensitive to changes in inputs, such as tenancy agreement lengths and rents and in this regard we recommend that the Council builds in flexibility into Policy DM 9 identifying that this will be subject to viability.*

*Our testing has identified that nomination schemes/schemes let by universities at low rental levels and on shorter tenancies are unable to support significant levels of conventional affordable housing (circa 5%-9% depending on the benchmark land value of the site). They could however deliver between 90%-94% of units as GLA affordable student accommodation in place of conventional affordable housing. The Council may wish to consider including further flexibility within Policy DM9 to enable an approach whereby it could seek affordable housing and or affordable student accommodation in such schemes on a case by case basis subject to viability’.*

### **Viability Study 2017**

- 1.23 This Study is an update to the 2015 Study and uses the same methodology. A summary of the findings are set out below:
- 1.24 **Affordable housing:** *‘testing has demonstrated that the Council’s Policy DM1 [now Policy P1] requirement of 35% affordable housing remains a reasonable requirement across all developments in the LBS. Some schemes (subject to their benchmark land values) are able to achieve higher amounts of affordable housing (50% affordable housing). As can be expected however, some schemes are also identified as having challenging viability. However, the Council’s flexible approach in in their policy i.e. that the provision will be subject to viability, will assist with both development viability and ensuring the delivery of the maximum quantum of viable affordable housing. Considering the results of this assessment holistically and considering the Council’s preference for social rented accommodation, we recommend that the current requirement of 35% is maintained.*

*In light of the results we consider that there is no need for the Council to adopt a sliding scale of affordable housing for units between 11 to 15 units, and that the Council’s flexible policy approach allowing for viability will be sufficient to assist schemes where due to site specific circumstances they are unable to deliver 35% affordable housing.*

*The sensitivity testing of affordable housing tenures as part of this assessment has identified that the Council’s Policy DM1 approach of seeking 25% social rent to 10% intermediate (71%:29%) across the majority of the LBS can be delivered in a number of the scenarios tested. Further, the results identify that viability can be seen to improve marginally when London Affordable Rent (‘LAR’) is sought in place of Borough calculated social rent (of up to circa 5%). Given this position and that the Council has an identified a need for social rented housing in the we consider that the*

*emerging NSP's policy approach of requiring rented affordable housing to be delivered as Borough calculated social rents as a priority is reasonable.*

*Our assessment of shared ownership accommodation has identified that viability improves with increasing income thresholds from the Council's identified thresholds to the GLA's thresholds. However, this is seen to be only a marginal improvement in viability given that intermediate units make up a small part of the affordable housing offer (circa 29%).*

*Our testing of schemes with the inclusion of London Living Rent ('LLR') in place of shared ownership is seen to have a limited impact on the viability in schemes where shared ownership values are based on the Council's lower income thresholds. Shared ownership at the GLA's income thresholds is identified as being more viable than LLR'.*

*As with the Council's approach to LAR, we consider that allowing the Higher GLA thresholds on intermediate units in exceptional circumstances to be reasonable. This is particularly given the context that this can be seen to improve viability by circa 5% in some schemes.*

*Given the above, for schemes where viability is identified as being particularly challenging, the combination of allowing all or some of the following may assist the Council in achieving more affordable housing:*

- the inclusion of LAR units in place of social rent;*
- flexibility in the tenure split to allow a larger proportion of intermediate units; and*
- increasing the income thresholds'.*

- 1.25 **Private rented sector:** *'Our testing has identified that, much like conventional housing schemes, PRS developments can in most instances viably deliver affordable housing and some instances dependant on the rental values achieved, benchmark land value and tenure of affordable housing secured can secure more than 35% affordable housing. In this regard we consider that the Council's emerging NSP Policy DM4 affordable housing requirements, which seeks a minimum of 35% affordable housing when delivered as discount market rent units subject to viability, will suitably allow schemes to come forward allowing for site specific issues whilst ensuring the maximum reasonable quantum of affordable housing is delivered'.*

### **Viability Study 2019**

- 1.26 **Policy P1 (Social rented and intermediate housing) payment in lieu:** *'Based on the Council's approach that "there can be no financial advantage to the developer in not delivering the affordable housing on-site" and in light of the results of our testing we suggest that the Council considers adopting a nuanced approach to the affordable housing contributions, subject to viability, as follows:*
- CIL Zone 1: £250,000 per Habitable Room;*
  - CIL Zone 2: £130,000 per Habitable Room; and*
  - CIL Zone 3: £82,000 per Habitable Room'.*

- 1.27 **Policy P2 (New Family Homes) – All social rented units delivered as three bed family homes** Our sensitivity testing of the impact on viability of requiring all social rented units to be provided as three bed family homes has demonstrated that this will have a minor impact on viability in some instances, being a reduction of no more than circa 5% affordable housing. We consider that the Council's flexible approach in the application of their affordable housing policy, (i.e. subject to viability on a case by case basis) will ensure that in schemes where this small impact arises, the delivery of the maximum quantum of viable affordable housing that meets the Council's identified housing needs evidence can be secured.
- 1.28 **Policy P2 (New Family Homes) Requirement for 20% three bedroom units in schemes** – *'With respect to the Council's requirement for 20% three bedroom units in schemes in the Central Zone and Action Area Cores, we have identified firstly that the majority of the typologies in the 2015 Viability Study and 2017 Update study tested, had a unit mix for three bed flats very close to that being suggested by the Council of 20%. In addition, we have undertaken further research and testing of a number of live schemes, which have come forward or are coming forward in the borough, based on publically available information on the private housing values achieved/being asked on the schemes.*

*The results of our testing have identified that the majority of schemes assessed in the Central Zone and Action Area Cores are already delivering at least 20% of units as three bed units. The policy is not going to result in a significant change from what is currently being delivered by developments in the borough.*

*We note that in the schemes identified in this testing which are located in the CAZ and Canada Water areas, three bed units are identified as achieving higher average values when measured in terms of £ per square metre than smaller units. In our experience this is likely to be as a result of such units being delivered as high end penthouse units, which achieve premium values. In such cases the inclusion of more three bedroom units would increase the GDV, however there is likely to be a maximum number of such units that the market could absorb. Considering that such schemes are already delivering circa 20% or more of units as three bedroom units, this policy requirement is unlikely to impact on the delivery or viability of such schemes. For developments outside these areas where three bedroom units are identified as achieving lower average values in terms of £ per sq ft, the inclusion of more three bedroom units in place of smaller units will have an impact on the revenue generated by schemes and therefore viability. As identified above however, schemes identified as coming forward in the borough are delivering at least 20% three bedroom units already, so this policy requirement is unlikely to have an impact with respect to overall viability and deliverability as demonstrated by schemes coming forward at present'.*

- 1.29 **Policy P4 (Private Rented Homes)** – *'We have undertaken sensitivity testing of Private Rented Sector ('PRS') schemes removing the provision of 5% of units as Affordable Rent units affordable to incomes of £60-90k. The results of our appraisals including 15% of units as social rent equivalent and 20% of units at affordable rents capped at London Living Rent indicate that the proposed amendment to policy P4 will*



*have a minor impact on the revenue and therefore value of PRS schemes. This reduction in revenue has not however changed the viability position as set out in the November 2017 Update Study. Our testing has demonstrated that in most instances PRS developments should be able to viably deliver affordable housing as part of the scheme as required by the emerging NSP through Policy P4. Further sensitivity testing on the schemes where viability is identified as being challenging has identified that the impact of the change to Policy P4 will be minimal being a reduction of between 1.5% and 4.5% affordable housing.*

*We note that the NSP Policy P4 applies the requirement for affordable housing flexibly and in this regard as with residential schemes for sale, PRS schemes which are identified to have viability issues due to achieving lower values, higher benchmark land values or significant abnormal costs will be considered on a case by case basis subject to viability. We therefore consider that Policy P4 as proposed is reasonable and will ensure the delivery of the maximum reasonable quantum of affordable housing whilst ensuring development can viably come forward over the plan period where site specific issues arise that impact on schemes' viability. Amend the previously tested 5% affordable rent (incomes of £60-90k) requirement to 15% social rent equivalent and 20% affordable rent capped at London Living Rent'.*