

Examination of the Draft Lambeth Local Plan 2020-2035

Matter 3 – Housing

3.1 Strategic housing provision:

(i) Does the Plan address the Government's prioritisation of the delivery of new homes, as expressed in paragraph 59 of the Framework, or is the Plan cautious in its housing delivery?

Paragraph 59 requires local authorities to boost significantly housing supply by, among other things, providing a variety of land, and catering for the needs of groups with specific housing requirements. The Lambeth Local Plan is deficient in both of these respects as it fails to identify and allocate a sufficient number of small sites and it fails to support the provision of specialist accommodation for older people.

(iii) Does the Plan provide a sufficient number and range of housing sites that are suitable for residential and mixed-use development and intensification?

Policy H2 of the Draft London Plan requires Lambeth Council to provide 400dpa on small sites of 0.25ha in size. Increasing small site delivery across London is critical to the realisation of the Draft London Plan's strategic objectives.

Lambeth's Topic Paper 10: Housing Provision Statement shows that the Council has made some good effort in this area in trying to identify a sufficient number of small sites to achieve the 400dpa small site requirements, or the 4,000 required over the ten-year plan period. On page 9 the Council has presented a table showing the different categories of anticipated supply from small sites. This shows that the supply will be drawn from a combination of the brownfield register and projected windfall. Drawing upon sites in the brownfield register follows the advice in the NPPF.

We welcome the attempt of the Council to grapple with this issue. Unfortunately, it has only identified capacity for 2,221 homes on small sites. This indicates a shortfall of 1,779 homes.

The Council's argument in paragraph 4.10 that more windfall is likely to materialise over the course of the plan has some force, but more certainty is needed to ensure that the overall housing requirement for Lambeth will be achieved by the end of the ten-year period in 2029. This will require more small sites to be identified and allocated.

(iv) Topic Paper 10 (Housing Provision Statement) sets out the principal components of the Plan's housing provision for the first ten years of the plan period; these are summarised in Appendix 6, and there is detailed supporting evidence. In particular, are: (a) the detailed housing tables within the Topic Paper justified and realistic?

We have looked at appendix 1: schedule of large sites years 1-10. We have no evidence to dispute whether these sites will come forward or not, or to query the net completions rates. Some of the expectations regarding the rate of annual completions seems optimistic in places, e.g. the 512 completions anticipated in 2019/20 at the Shell Centre, but the Council no doubt will have more up-to-date information relating to these sites.

However, as we discuss below, the five-year land supply is marginal. If there are some delays associated with the delivery of these sites, or slower build-out rates, then the Council could find itself without a five-year supply.

(b) the small site figure of 400 dwellings per annum (dpa) realistic and based on robust evidence?

The basis for the small sites figures for the London local planning authorities is drawn from the Draft London Plan. The approach to planning for small sites set out in Draft London Plan policy H2 was the subject of lengthy debate at the examination-in-public. The Panel, after careful deliberation, disagreed with the Mayor's initial assessment about the extent of capacity across London for small site delivery based upon his proposal that certain policy interventions would incentivise more small sites to come forward than past trends. Moreover, the policy was based upon an assumption about capacity rather than actual land being allocated. The Panel, instead, decided that the 12-year trend in windfall, combined with a 0.3 upward adjustment, provided a more appropriate proxy for how many homes on small sites might come forward over the next ten-years in London. This reduced the overall London figure for homes from small sites from 24,500 a year to 12,000 a year (11,925 a year to be precise – see para.173 of the Panel Report).

HBF agrees that this is a more realistic assessment of likely delivery levels from small sites. Following the publication of the report, The GLA revised the small sites targets for the London local authorities for the Intend to Publish version of the plan submitted to the Secretary of State. The revised figure for Lambeth is 400dpa. We therefore agree that the figure for Lambeth of 400dpa is reasonable.

However, as HBF argued at the Draft London Plan examination, putative supply based on trend analysis is no substitute for the actual identification and allocation of sites.

(c) the trajectory for non-self-contained accommodation robust? and

We note that following the publication of the *MHCLG Housing Delivery Test: Measurement Rule Book*, July 2018, the Council has revised its conversion ratios to reflect the new rules in paragraphs 10 and 11. The Draft London Plan was also revised to reflect this change during the examination-in-public.

However, section 5 of Topic Paper 10 does not clearly spell out the total expected contribution from non-self-contained accommodation (NSC) over the 10 years of the plan. We have noted appendix 4 in Topic Paper 10. This implies a gross supply of 465 bedrooms but a net supply of 401 equivalent homes. Appendix 5 shows the principal components of the five-year land supply and this shows that 356 equivalent homes will be provided in the form of NSC. However, we are unsure if the 356 figure is gross or net.

Notwithstanding this, HBF has reservations about the growing dependence on the supply of NSC student accommodation across London by local authorities to achieve housing targets, at the expense of C3 use class, or more conventional, homes. NSC is important and should be planned for, but it should be separated out from the conventional housing targets and provided for separately. This is what Canterbury City Council did in its local plan owing to concerns by residents that the interests of the university sector and student accommodation providers were prioritised over providing homes for other households.

(d) any other factors that need to be taken into account in determining whether the principal components of Lambeth's housing trajectory stack up? Overall, is the target of 1,335 dpa to be implemented over the plan period realistic?

(v) In terms of housing provision and site allocations, what is the relationship between this Plan and the Site Allocations Plan which the Council intends to prepare in the near future?

HBF is concerned by the possibility that detailed policies relating to the determination of site allocations are being deferred to a Site Allocations Plan (paragraph 5.6 of the Draft Lambeth Local Plan). The expectation in the NPPF is that a single, cohesive, local plan is produced. The preparation of several development plan documents is a legacy of the Local Development Scheme and the Planning and Compulsory Purchase Act 2004. The provisions of this Act are still statute (with the exception of regional strategies) but policy has moved on over the last ten years.

The implication of paragraph 5.6 is that planning permission for schemes will have to be delayed while we await the adoption of the Site Allocations DPD with its design and viability policies. This would be contrary to paragraph 11 of the NPPF which requires plans to positively seek opportunities to meet the development needs to the area (plan-making) and to approve development proposals that accord with an up-to-date development plan without delay (decision-taking).

3.2 Delivering affordable housing (AH)

(i) Is policy H2 (delivering affordable housing) justified and effective?

The policy reflects the affordable housing policies in the Draft London Plan.

Lambeth's Policy requires 70% social rent/London Affordable Rent and 30% London Living Rent and London Shared Ownership.

What is not clear, however, is whether the requirement in the NPPF, para. 64, that 10% of the affordable housing element will be available for affordable home ownership, will be met. London Shared Ownership does meet the criteria of affordable home ownership (see Annex 2: Glossary and the definition of affordable home ownership). The way the policy is worded at the moment suggests that the shared ownership element could be ignored.

The Government's First Homes policy is likely to take effect very soon. This will require that 25% of the affordable housing requirement should be provided as First Homes with a discount of 30% of current market values.

To accommodate these requirements of national planning policy, policy H2 should be re-drafted to refer to the need to ensure that out of the 30% requirement for intermediate products, at least 10% should be provided as low-cost home ownership products. The policy should also say that this percentage could increase to 25% once the Government's First Homes policy comes into effect.

(ii) The policy links into policy H5 of the London Plan, which indicates specific percentages of AH for different types of sites. Policy H2 (a) (iv), however, seeks financial contributions towards AH on sites providing fewer than 10 units (gross), subject to viability testing. The London Plan policies H4 and H5 refer to AH on major sites, and paragraph 63 of the Framework likewise limits AH provision to major sites. Lambeth clearly has a significant AH need, but is it 4 sufficiently greater than the Greater London average to justify such a departure from the London Plan and national policy?

Draft London Plan policy H2, part H, does allow London planning authorities to seek planning obligations for affordable housing from minor developments (10 units or fewer). However, if obligations are sought, this should only be in the form of contributions in-lieu.

HBF considers Lambeth's intention to levy affordable housing obligations from minor schemes to be unsound. This is because it is unjustified in the context of the strategic importance in London of increasing the supply of homes from small sites. The London Plan requires the delivery of homes on small sites amounting 12,000dpa a year for London – 23% of the overall housing requirement for London of 52,000dpa. Increasing small sites delivery, consequently, is a matter of strategic importance for London.

The purpose of the change to national policy introduced by Government in November 2014 (and subsequently embedded in NPPF 2019) was to help encourage more small and medium developers to establish themselves and grow, diversifying the market, and increasing the supply of homes from small sites by removing the obstacles to securing planning permission. Evidence from the housebuilding sector is negotiating planning obligations, especially for affordable housing, causes major delays. Recent research by Lichfields (*Small sites: Unlocking Housing Delivery*, September 2020 – examination document OTH/01) observes that it takes an average of 71 weeks for developers of small sites to complete affordable housing negotiations and secure planning permission where the policy on tenure mix is complex. Where policy on affordable housing is less complex it still takes 56 weeks. By comparison, the statutory timetable for the determination of applications is 8 and 13 weeks.

In London, affordable housing policy is now extremely complex, with many moving parts. Mayoral policy on affordable housing is very detailed and local plan policy is often equally detailed and contradictory. Mayoral and local policy jockey with each other for precedence. It is extremely difficult for applicants to navigate this complex planning landscape.

The Lambeth Local Plan should apply national policy and not seek affordable housing obligations from schemes of 10 units or fewer.

(iii) Are the proposed AH tenure percentages justified for Lambeth?

The Lambeth Local Plan will require 70% of the affordable homes to be provided in the form of social rent and London Affordable Rent. This appears to be in conformity with the Draft London Plan policy H7 which requires 30% social rent or London Affordable Rent, and then allows the tenure of another 40% to be determined by the Council as either low cost rented homes or intermediate homes.

The supporting viability assessment appears to model the implications of this tenure split – see paragraph 6.10. It tests a tenure split of 70% rented and 30% intermediate. Table 6.10.1 is not entirely clear as it does not appear to set out the precise tenure splits specified in the Lambeth policy. It is not clear how much of a difference this makes to the viability of schemes.

Lastly, the viability report is not entirely transparent. Table 4.39.1 sets out the benchmark land values but we cannot find tables that show the results for residential schemes although tables 6.34.1 and 6.34.2 seem the most appropriate ones, although these model the effect of alternative CIL rates. Even so, this does indicate patchy issues with viability once CIL rates are factored in across all the Benchmark Land Value areas. As one might expect, providing 35% affordable housing tends to generate more favourable results for viability.

(iv) Parts (c) and (d) from the earlier version of policy H2 have been deleted, which has been interpreted by some parties that there is no longer a requirement for the Council to take into account the circumstances of individual sites, including viability, nor for a financial appraisal to be provided where lower levels of AH are proposed. In the light of these considerations, is the amended policy H2 justified and in accordance with national policy?

Policy H5 of the Draft London Plan allows the consideration of viability evidence through a viability tested route. This is a less restrictive approach than the supporting text to Policy H2 of the Plan, para. 5.20, which places additional conditions before applicants before they can benefit from the Fast Track Route to a planning determination. Lambeth's approach would appear to neutralise the benefits of the Mayor's Threshold Approach. We recommend that the text refers to the Draft London Plan policy H6 and does not add its own local conditions.

3.3 Five-year housing land supply: With reference to paragraph 73 of the Framework, does the Plan provide for at least a five-year supply of housing? Has sufficient allowance been made for non-completions for the Plan to be effective in its housing delivery over five years?

We note section 6 of Topic Paper 10. The five-year requirement with a 10% buffer is 7,345 homes.

If we agree that the first year of the Plan is 2019/20 then we need to account for net completions in that first year.

MHCLG Table 122: net additional dwellings by local authority, has not been updated to provide the data for 2019/20. This is usually updated in November.

According to Topic Paper 10, the Council has 'headroom' of 154 dwellings. This is a somewhat slender allowance which could well be eroded once the data on net completions becomes available, or if one of the large sites counted upon for the first five years does not come forward, or the build-out rate is revised.

To safeguard against this risk, HBF recommends that more small sites are actively identified and allocated through this local plan.

3.4 Housing standards: Is policy H5, which addresses housing standards, justified and in line with national policy?

No comment.

3.5 Residential conversions: Is policy H6 justified, or will it, as some parties argue, increase stress in the area and encourage illegal conversions?

No comment.

3.6 Student housing:

Is policy H7 justified? What is the evidence to state that two student housing units within 500m of each other has an unacceptable impact on residential amenity?

No further comment.

3.7 Older people's housing:

(i) Does policy H8, which addresses housing to meet specific community needs, make adequate provision for the supply of housing for older people? (ii) Should it be more

aligned with policy H13 of the London Plan? (iii) Does the Plan show sufficient awareness of the need to meet the housing needs of this relatively fast-growing section of the Borough's population?

Providing for the needs of the elderly is a requirement of national policy (NPPF para. 59 and 61). Providing for the needs of older people is recognised by the still current and Draft London Plans.

The Lambeth SHMA 2017 documents the needs of older people (pages 69-72). It refers to the indicative benchmarks included in the current London Plan 2015.

The Lambeth Local Plan should align with the policy H15 of the Draft London Plan. The Local Plan policy should be amended at part d) to reference specifically Table 4.4 of the Draft London Plan and the benchmark target for Lambeth to provide 70 units of specialist older persons housing each year.

This is not a binding target. The Council does not have to meet it each year. Reference to the Draft London Plan benchmark target will however help ensure that the Council does consider the needs of older people when making decisions. HBF recommends that to give the policy some greater effect, the Lambeth Local Plan, policy H8, part d) should add the following words:

“Lambeth will aim to provide 70 units of specialist older persons accommodation each year. It will operate a presumption in favour of older persons housing schemes where delivery has fallen below the 70 unit per year benchmark target in the previous year.”

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