**London Councils’ response to the National Planning Policy Framework consultation**

**London Councils**

London Councils represents London’s 32 boroughs and the City of London. We make the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible jobs for residents and local businesses.

Many of London’s boroughs are preparing individual responses to this consultation that will reflect the unique challenges that they are facing. The purpose of this response is to identify the broader challenges facing London’s boroughs and analyse these issues within the question responses. This document sets out the draft key lines for London Councils response to the consultation.

**Summary of Consultation Responses**

London Councils response focuses on the following key points Consultation in summary:

1. Broadening the definition of affordable housing to contain low cost home ownership products
2. Increasing housing densities around commuter hubs
3. Increasing development on brownfield land and small sites, and the delivery of housing agreed in local plans.
4. Support the delivery of starter homes

In summary, our responses are that:

1. Low cost home ownership products can play a role in increasing home ownership. However, as they are currently structured, some of these products will only be accessible to a small segment of London’s households. Local planning authorities need the flexibility to secure the right kinds of sub-market ownership products as well as to provide other types of affordable housing alongside these products to meet local needs.
2. Local planning authorities will need the flexibility to shape decisions over the definition of a commuter hub and over the density of residential development on individual sites to ensure it is suitable for their areas.
3. i. Any changes to national policy should not enable residential use to disproportionately supersede other suitable uses of brownfield land as allocated by local planning authorities in planning documents, where other uses are local priorities. This would hinder the creation of mixed and balanced communities and impact upon the level of business rates collected by local planning authorities.

ii. The proposed basis of a ‘housing delivery test’ comparing the number of new homes allocated in planning documents to net housing additions is a poor measure of local authority performance. The rate at which residential development takes place is determined by developers and land owners. A more appropriate test might be to compare the number of allocated dwellings in planning documents against the number of permissions granted as this would ensure that local planning authorities are assessed within their actual powers.

1. The majority of London’s local planning authorities have objectives to protect commercial land from conversion to residential use, mainly due to increased permitted development rights which allow the significant loss of commercial space without the granting of planning permission. It should be the responsibility of developers, not local planning authorities, to prove that commercial land is unviable and suitable for conversion a starter home exception site and the final decision should lie with local planning authorities.

**Section 1: Broadening the definition of affordable housing**

**Do you have any comments or suggestions about the proposal to amend the definition of affordable housing in national planning policy to include a wider range of low cost homes?**

1.1 London Councils supports the Government’s aim of increasing home ownership and believes that the proposed “low cost home ownership products” can play a role in achieving this. However, the key concern of London’s boroughs is ensuring that local housing need is met. Unlike existing affordable housing products, the proposed products have no requirement to remain affordable in perpetuity and therefore may not meet the needs of households who cannot afford to access open market housing into the future.

1.2 Due to the unique nature of London’s housing market, the ongoing transition towards defining affordability in relation to market prices instead of local incomes may be problematic because of the cost of land compared to median and lower incomes. By bracketing “low cost home ownership products” in the same category as existing affordable housing products there is a risk that development will be skewed towards the most viable and therefore least affordable products.

1.3 While homeownership is a recognised aspiration for many, the “low cost home ownership products” proposed, such as starter homes provided at up to 80% of market value, will only meet the needs of a segment of London’s population. Vulnerable households on the lowest incomes will be unable to afford such products. Analysis by Shelter shows that in London, you’d need an income of £77,000 and a deposit of £98,000[[1]](#footnote-1) to be able to access starter homes, well over the median household income.

1.4 London Councils is also concerned at proposals to revise the definition of affordable housing to include “low cost home ownership products” that would not be affordable in perpetuity. Proposed discounted homeownership products aimed at those who cannot afford open market housing, such as starter homes, lose any discount after five years. The obligation for London’s councils to prioritise the delivery of starter homes on development sites will see lower levels of other tenures of affordable housing such as social rent and shared ownership being provided.

1.5 To meet demand, it has been identified that London needs to provide 14,209 social rented properties per annum between 2011/12 to 2034/35 based on household growth, affordability and backlog clearance over 20 years.[[2]](#footnote-2) Despite this high level of demand it is likely that altering the definition of affordable housing and prioritising starter homes will lead to a decrease in the number of permanently affordable homes in London and therefore the housing needs of many households will not be met.

1.6 London Councils is also concerned that a change of definition will impact upon the structure and nature of population within boroughs. The implications of prioritising starter homes coupled with other measures laid out in the housing and planning bill will mean that there will be less affordable housing of other tenures in many boroughs and probable growth in private renting. This will mean that households on lower incomes in inner boroughs may move to areas of London with the most affordable levels of private rent, preventing mixed and balanced communities from being formed. With an increasing proportion of London’s population renting privately, the Government could also clarify a definition of affordable private rent in relation to existing market rents and median incomes in an area.

1.7 There are questions over how the need for “low cost home ownership products” will be assessed in London and Government can to clarify this point. If discount on an affordable home ownership dwelling is lost after five years, in what way will these dwellings contribute to meeting objectively assessed housing need over the longer term?

1.8 The Government can also clarify whether there will be a requirement for affordable units covered in the existing definition of affordable housing (such as social rented and shared ownership housing) to remain affordable in in perpetuity or be subject to recycled subsidy conditions.

1.9 The Government should issue additional guidance through the NPPF on the alternative approach to be taken by boroughs where the provision of Starter Homes is not demonstrated to be viable, particularly for large property types in high value areas.

1.10 Altering the definition of affordable housing to include “low cost home ownership products” such as starter homes will make it more difficult for boroughs to meet the requirements of many of London’s households in housing need. London boroughs therefore need to be assured there will be flexibility within the regulations to allow councils to marry their new starter home statutory obligations with their responsibility to shape the supply of a wider spectrum of housing products to meet local needs – in line with their local plan and the National Planning Policy Framework.

**2. Do you have any views on the implications of the proposed change to the definition of affordable housing on people with protected characteristics as defined in the Equalities Act 2010? What evidence do you have on this matter?**

2.1 The Government’s equalities statement states that households led by someone from a black or minority ethnic group may be slightly more likely to gain from a switch to starter homes than lose out (as evidence indicates they are on average more likely to aspire to buy their home) while households led by someone of white ethnicity may be slightly less likely to gain. However, evidence also suggests that BME groups currently struggle to access shared ownership properties in London and do not earn levels of income sufficient to access the new “low cost home ownership products” proposed. [[3]](#footnote-3) This means it is likely that many BME households would struggle to access the new affordable housing products such as starter homes in London, as they are less affordable than the existing shared ownership products and do not have the income eligibility thresholds that existing shared ownership products have.

2.2 The Equalities impact assessment has not analysed London specifically even though the cap for starter homes and other “low cost home ownership products” is much higher (£450,000 compared to £250,000) to reflect a different market. The Government could provide more evidence and guidance on London specifically.

**Section 2: Increasing density around commuter hubs**

**3. Do you agree with the Government’s definition of commuter hub? If not, what changes do you consider are required?**

3.1 London Councils questions the appropriateness of the proposed definition of a commuter hub in London. The often close proximity of transport hubs to each other in London may mean that many inner city Boroughs are treated a single hub, and while high density housing may be suitable in some areas, policy and guidance must make it clear that there is no presumption for high density development on a borough wide basis.

3.2 The definition also appears to suggest that any station located within boroughs with a service every 15 mins is a ‘Commuter Hub’. There is a lack of evidence to justify this position and greater clarity is needed. Transport accessibility should only ever be one factor in determining the suitability of a site for greater density. There is a need for other factors such as the character of areas surrounding ‘hubs’ to be considered as well as the wider infrastructure such as health and education provision which is necessary to support housing growth in an area. Not all areas surrounding transport interchanges are appropriate for high density residential development. Some areas in the immediate vicinity of transport interchanges may be more suited to commercial or industrial uses while other suburban areas may be better suited to lower density residential development.

3.3 The definition of commuter hub contains the sentence ‘a place that has, or could have in the future, a frequent service’. However, there is no definition of ‘in the future’ and this could lead to high density housing being provided long before transport links are provided, creating unsustainable areas.

3.4 It should be the responsibility of boroughs to define a commuter hub within their own local authority areas as they are best placed to analyse the commuting trends.

**4. Do you have any further suggestions for proposals to support higher density development around commuter hubs through the planning system?**

4.1 There is no definition of what constitutes ‘around commuter hubs’. It will be critical that individual boroughs are able to shape this definition to ensure it takes into account local considerations.

4.2 Public Transport Accessibility Levels (PTAL’s) set out in the London plan can be a useful tool in measuring suitable proximities in London, this should be factored in to national policy and could be a useful starting point in identifying low density areas of boroughs that have high public transport accessibility. However, this should only be guidance with other factors such as existing infrastructure provision also taken into account.

**5. Do you agree that the Government should not introduce a minimum level of residential densities in national policy for areas around commuter hubs? If not, why not?**

5.1 It is important to ensure that local planning authorities can shape decisions over the density of residential development in their areas, to ensure they are locally suitable.

**Section 3: Supporting development on brownfield land and small sites, and delivery of housing agreed in local plans.**

**7. Do you consider that it would be beneficial to strengthen policy on development of brownfield land for housing? If not, why not and are there any unintended impacts that we should take into account?**

7.1 London Councils agrees that more land needs to be allocated for housing to solve London’s housing crisis. Current land availability assessments do not identify sufficient sites to deliver the housing numbers that are needed. Many of London’s boroughs already have strong presumption in favour for allocating housing on brownfield land. However, this does not supersede the need for brownfield land to be used for other land uses in boroughs such as industrial retail or leisure uses. There have been particular problems with permitted development rights minimising office floor space in areas of London[[4]](#footnote-4) and bluntly prioritising housing ahead of all other land uses may exacerbate these problems, making it difficult for boroughs to plan for mixed and balanced communities and leading to an overall loss in the business rates collected by boroughs.

7.2 Specifically, such a policy may create ‘hope value’ in areas which would mean that brownfield land owners would aim to market sites for residential development as opposed to the uses it has been allocated for in local planning documents. Any strengthening of residential brownfield policy would need to take this into account.

7.3 More detail is needed on the level of consent given for permission in principle. The Government can clarify what opportunities local authorities would have for refusing inappropriate residential development on brownfield sites that have been allocated.

7.4 Much of the focus is on small brownfield sites, which is relevant to many boroughs. However, in many London Boroughs there are still relatively large brownfield sites that remain undeveloped. It is essential that councils retain the ability to shape development on these sites ensuring that the most suitable use for individual sites is realised.

7.5 Many of the larger brownfield sites that are potentially suitable for development in London have significant issues such as contamination, pepper potted ownership and flood risk. Each of these issues can impact upon the viability and suitability of these sites for development. Permission in principle approach on these sites would be complex due to viability issues and the Government can give more guidance on how this would work on larger and difficult to develop brownfield sites.

**11. We would welcome your views on how best to implement the housing delivery test, and in particular**

**• What do you consider should be the baseline against which to monitor delivery of new housing?**

**• What should constitute significant under-delivery, and over what time period?**

**• What steps should be taken in response to significant under-delivery?**

**• How do you see this approach working when the housing policies in the Local Plan are not up-to-date?**

11.1 London’s boroughs recognise that they play an important role in the delivery of housing through shaping a vision for their area, allocating land for types of development and assessing planning applications. Boroughs want to see a significant increase of housing delivery to meet local needs.

11.2 However, the proposed basis of a ‘housing delivery test’ which compares the number of new homes proposed in the Local Plan to net additions to a borough’s housing stock is a poor measure of local authority performance. The rate at which residential development takes place is determined in the main by the developers and land owners. Boroughs have little to no control over the vast majority of completions of units in their local areas other than through site allocations and granting permissions.

11.3 London’s Strategic Housing Land Availability Assessment (2013) identified that boroughs have allocated sites of all sizes for at least 423,887 dwellings for the period 2015 to 2025.[[5]](#footnote-5) In the period 2009/10 to 2013/14 planning permission has been granted for 294,874 homes in London. However, only 113,884 homes have been completed .[[6]](#footnote-6) These statistics suggest that many more sites are allocated for housing delivery, and many more homes are granted permission each year than are completed.

11.4. The proposals identified to address under delivery in the consultation may be misguided. The Government recognise there is a need to focus on providing policy that can close the gap between allocations, permissions and completions. If the Government is keen to implement a delivery test on local authorities, a more effective method of comparison might be to assess the number of new homes allocated in a borough’s local plan to planning approvals over a five year time period, this would ensure that boroughs are assessed within their actual powers. This information could be included in boroughs’ annual monitoring reports.

11.5 Additionally, enabling boroughs to charge council tax on the completed value of a unit at some point after full permission has been granted (with reserved matters signed off) could go some way to increasing the speed of development. This would fit with the Government’s objective of increasing the rate of house building over a short time period by acting as an incentive for land owners to complete units, instead of keeping land vacant in order to benefit from movements in land value. It would also incentivise land owners who are not capable of carrying out development to sell permissioned land onto owners who are able to develop the land.[[7]](#footnote-7)

11.6 The Government can make clear what they define as significant under delivery and should do so in terms of tenure and housing type in relation to assessed housing need. If under delivery is identified, then allowing boroughs to review local plans is the most effective mechanism of ensuring housing delivery is increased.

11.7 Any measure of ‘delivery’ should be considered over the whole of the Local Plan plan-period, rather than just a “sustained period” or just a year-by-year basis. This is because boroughs and the GLA’s housing targets are usually expressed as an annual average over a longer plan-period and so it would be expected that some sites are delivered in later years than others which might come forward earlier. Reprimanding local authorities for development cycles or the length of time it takes to find funding or deliver infrastructure to make the site developable would be counterproductive and dis-incentivise good quality development.

**12. What would be the impact of a housing delivery test on development activity?**

12.1 Given the very few levers councils have to ensure units with planning permission are actually built, there may be little boroughs could do to speed up delivery within the current policy framework. Therefore, the impact of these proposals may be for boroughs to set less ambitious housing supply targets in fear of the consequences of not meeting a more challenging target. The sanction of forcing boroughs to identify more land and bring forward supply where it fails to meets its housing target would not in itself have any impact on housing supply rates. The impact such a measure would have is to ensure that sites which have even less prospect of development are allocated for housing alongside those which have already been allocated in five year land supply documents.

**Section 4. Supporting delivery of starter homes**

**13. What evidence would you suggest could be used to justify retention of land for commercial or similar use? Should there be a fixed time limit on land retention for commercial use?**

13.1 In most parts of London there is a significant differential in values obtained from residential and employment land. Landowners are incentivised to convert employment land to residential uses due to difference in values and therefore in nearly all London boroughs, it is an essential objective to protect employment uses alongside promoting new homes.

13.2 Policy is already allowing the large scale conversion of employment space to residential units throughout London. This has been demonstrated by the scale of loss of office space in London via permitted development rights. The recent London Councils research document ‘The impact of permitted development rights for offices’ indicates that approval has been granted for at least 100,000 sq m of wholly occupied office floors pace since these rules were introduced in May 2013 up to April 2015, and 834,000 sq m total office floor space.

13.3 One borough alone estimates that it has lost around 20 per cent of the office space in its area through the policy, the equivalent of around 57,000sq m of office space to be converted to 693 residential units.[[8]](#footnote-8) The existing permitted development rights make no distinction between occupied and vacant office accommodation, and allow for no consideration of the impact of the loss of key office space. It is therefore vitally important that boroughs have the tools to protect employment land, where needed, and that national policy allows them to do this.

13.4 London Councils is concerned that the consultation document appears to be making the test for protection, which requires “significant and compelling evidence” excessively difficult to achieve. It should be the responsibility of the developer to prove that there is no demand for the continuation of an existing use before any conversion to residential use. Some boroughs report that landowners are increasingly trying to convert industrial land to residential use.

13.5 In order to prove there is no demand for the continuation of existing use, boroughs should have an option to insist that a property is marketed at a reasonable rate in its existing use for a suitable time period. This time period should be set by individual boroughs and should be responsive to the existing use of a property and reflect local circumstances. If no demand is established, a change of use to residential development could take place. The suitable tenure of the housing provided should also be shaped by negotiation with the local authority in order to best meet local housing need and this may include an element of starter homes.

13.6 Land that is suitable for certain sectors and types of businesses that have high demand in local areas (such as flexible office space for small business and industrial uses in London) should receive extra protection in the NPPF. These could take the form of a longer time limit on land retention for commercial use and a lower threshold of evidence to justify its retention where there is evidence that a certain employment of industry use is in high demand.

13.7 Evidence for the justification for the retention might include future visions for an area set out in local planning documents (for example if significant employment and skills led regeneration is planned for an areas that currently has underused employment land then this should be taken into consideration). The NPPF consultation suggests taking into account policy with a three year time limit. Many regeneration projects are longer term than this and if a local authority has an employment and jobs vision for land that is longer than the three year period this should be accepted.

**14. Do you consider that the starter homes exception site policy should be?**

14.1 The impacts of significantly reduced employment and commercial space include increased costs. This makes it difficult to provide affordable, flexible workspaces for start-ups, as well as co-working and touchdown spaces, particularly in central London. There are also disproportionate effects on certain types of businesses such as logistics, distribution, waste and energy facilities, artists’ workspace, tech and starts up.

14.2 The loss of businesses from industrial land can have a wider economic impact, as businesses occupying industrial premises in London are often part of a very place-specific, local network of mutual dependence, between customers, suppliers, employees and other businesses. The proposed policy may also lead to the displacement of low income industrial jobs, which may see rising unemployment in areas as employees cannot afford the cost of travel new work locations.” A lack of retail storage space and the location/lack of depots, can result in increased traffic congestion and poor air quality, an increase in travel times and costs for low paid workers to get to work and loss of innovation and vibrancy as smaller firms and start-ups are priced out of the capital. For these reasons, it is important to have strong planning protections on commercial land.

14.3 Clarification is needed on the definition of unviable as used in the consultation. Residential land values in London make residential development scheme more viable from a landowner/developers perspective than employment uses. However, this does not mean that retail leisure and other non-residential development on the site is unviable or has a lack of demand. The definition of unviable and underused in this case should be set by local authorities.

14.4 There is a need to protect sites for non-residential institutional uses such as education and other infrastructure provision. The population of the capital is growing and while housing growth is a key issue, planning policy needs to be responsive to the additional pressures on infrastructure that are associated with population growth. Boroughs need to have the powers to ensure that suitable sites are protected to deliver the social infrastructure to support residential development.

14.5 While London Councils supports providing affordable housing products that will increase home ownership, it is likely that starter homes will only meet the needs of a small segment of London’s population. Losing valuable employment land in London to be developed exclusively as a housing product that might not be responsive to the established housing needs of boroughs may be counterproductive to creating mixed and balanced communities.

**15. Do you support the proposal to strengthen the starter homes exception site policy? If not, why not?**

15.1 It is proposed that starter homes provided on exception sites will not subject to contributions to planning obligations through the community infrastructure levy or section 106 agreements. Boroughs are concerned with the loss of these sums and will be effectively subsidising the infrastructure required to mitigate the impact of these developments. Strengthening this policy will likely see many exception sites for starter homes in London needing infrastructure to be subsidised locally.

15.2 Strengthening the exception sites policy in this way would seem to further erode the ability of London’s boroughs to plan their area in partnership with the businesses and local residents and respond to established demand for different housing tenures and land uses within boroughs. While London’s boroughs support increased homeownership, strengthening starter homes exception sites would not achieve this for those households on the lowest incomes. The Government should allow London to manage the right mix of homes in their areas in response to their local housing needs assessments.

**16. Should starter homes form a significant element of any housing component within mixed use developments and converted unlet commercial units?**

16.1 Boroughs are keen to increase home ownership and providing an element of starter homes as a part of mixed use schemes can achieve this. However, starter homes will only meet a small segment of housing need in London and it is essential that they are provided along with housing of other tenures, including other affordable housing products, to best meet local housing need (specifically shared ownership properties may be a better ‘low cost home ownership’ option for London as they may be more affordable to a greater amount of the population and are subject to recycled subsidy). The mix of tenure and units suitable for development on mixed use site should be based on assessments of local need and responsive to the unique challenges facing individual mixed use development sites.

16.2 Boroughs are also concerned that increased conversion and retro fitting in commercial properties to turn them into residential units could lead to poor design and amenity standards. It is unlikely that all starter homes created in this way will be able to meet space standards as set out in the London Plan or life time homes standards and this will increase the availability of poor quality housing stock. It should be up to boroughs to assess the suitability of conversion for commercial units should be converted and the type and tenure of housing created from conversion, to ensure developments meet the needs of London’s communities.

**Section 5: Transitional arrangements**

**21. We would welcome your views on our proposed transitional arrangements.**

21.1 London Councils welcomes the Government’s intention for these policy proposals not to ‘slow down the preparation of existing Local Plans, nor require Local Plans now in the examination process to be revisited’. However it seems very likely that these homes will impact upon poorly resourced planning departments of boroughs by creating extra duties for them. At the very least, boroughs will be required to review local planning documents in order to respond to these changes. Boroughs who have just completed a review may require more time to be able to assess local priorities and adhered to national policy such as via the production of local evidence bases.

**Section 7: General Questions**

**22. What are your views on the assumptions and data sources set out in this document to estimate the impact of the proposed changes? Is there any other evidence which you think we need to consider?**

22.1 The assumptions and data sources set out in the policy document pay no regard to the current state of resources in many planning departments within London’s boroughs. The document places extra pressures on departments without explaining how they are to finance the impacts of these changes. Allowing the localisation of planning fees within London to cover the costs of development control can increase the resources of planning departments, enabling them to create a more efficient service both in plan making and development control. Enabling the localisation of planning fees to cover the costs of development control should be a priority to improve the planning system.

1. Shelter (2015) Starter Homes: Will they be affordable? Shelter [↑](#footnote-ref-1)
2. Greater London Authority (2013) Strategic Housing Market Assessment [↑](#footnote-ref-2)
3. Middlesex University (2013) BME populations in London: Statistical analysis of the latest UK census [↑](#footnote-ref-3)
4. London Councils (2015) The impact of permitted development rights for offices [↑](#footnote-ref-4)
5. Greater London Authority (2013) Strategic Housing Land Availability Assessment [↑](#footnote-ref-5)
6. Greater London Authority (2014) Data Store and Annual Monitoring Report statistics [↑](#footnote-ref-6)
7. Europe Economics (2014) How to Increase Competition, Diversity and Resilience in the Housebuilding Market? [↑](#footnote-ref-7)
8. London Councils (2015) The impact of permitted development rights for offices [↑](#footnote-ref-8)