

South London Partner Boroughs' Response to Panel's Question

14 December 2018



Matter 19: Housing Supply and Targets

Are the overall 10 year housing targets for London and the target for individual Boroughs and Corporations set out in Policy H1 A and in Table 4.1 justified and deliverable?

Note: This is a joint statement from the Royal Borough of Kingston-upon-Thames, the London Borough of Merton, the London Borough of Richmond-upon-Thames and the London Borough of Sutton (hereafter the 'Partner Boroughs'). The Partner Boroughs are positive about the need to increase the supply of new homes for London's current and future residents but have concerns about the draft London Plan housing targets in Table 4.1 largely stemming from the unjustified small sites modelling and the "presumption in favour of small housing development". Whilst these concerns are discussed at length in the Partner Boroughs response to Matter 20 this statement strays into small site issues at some points.

In addition, this statement should be read alongside the individual Boroughs representations on the draft London Plan, as published for consultation in December 2017.

a)

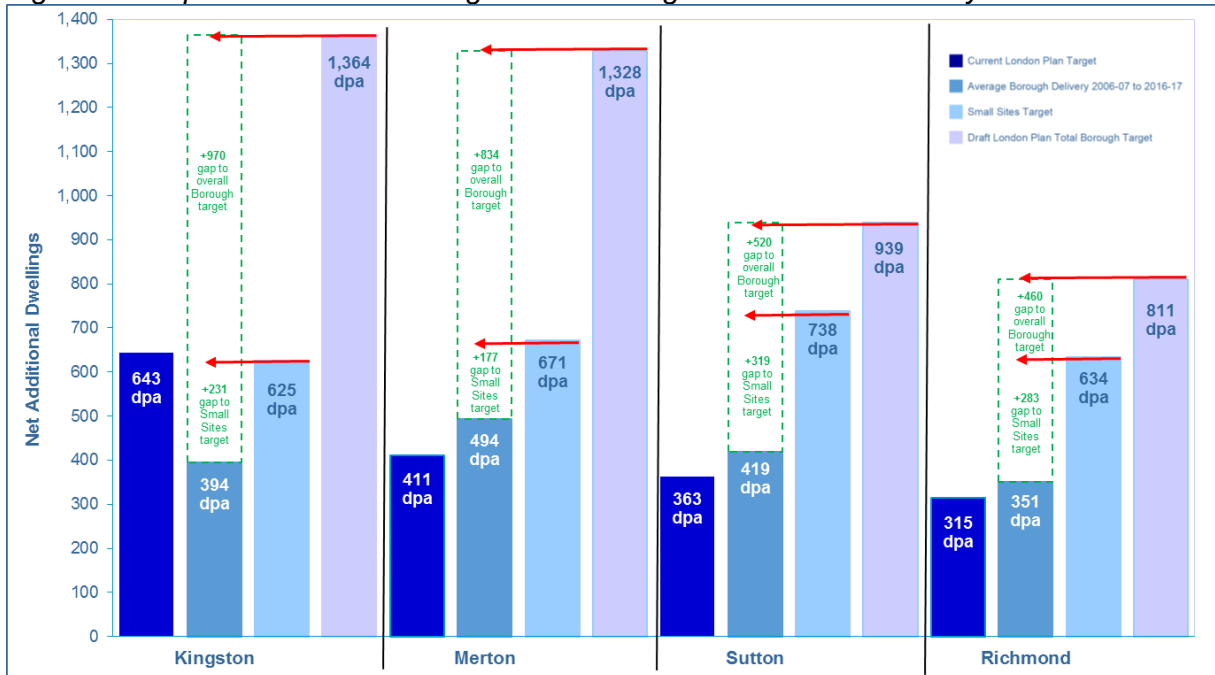
Are the assumptions and analysis regarding site suitability, availability and achievability and development capacity in the Strategic Housing and Employment Land Availability Assessment reasonable and realistic?

- 1.1** The Partner Boroughs do not support the development capacity set out in the SHLAA 2017 (NLP/HOU/002) due to its reliance on the delivery of small sites to meet the overall targets. As a result the overall borough housing targets in the draft London Plan are not justified, not effective, not consistent with national policy and, therefore, not sound.
- 1.2** The Partner Boroughs do not have fundamental concerns with the approach to large sites in the SHLAA as these were discussed in detail with the GLA, including the methodology and individual sites, and are supportive of this

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collaboration. As such it is considered the assumptions and analysis of site suitability, availability and achievability, and development capacities for large sites, are ambitious but based on reasonable and realistic assumptions. However, the same cannot be said of the small sites, which were not subject to the same consultation on methodology, scrutiny and result in notional figures that are over-estimated and unrelated to historic trends (see Figure 1 below). This undermines the delivery of the overall borough housing targets in Policy H1.

Figure 1: Adopted London Plan Target vs draft Target and Historic Delivery rates on Small Sites



Source: GLA SHLAA 2017 (NLP/HOU/002) and Table 4.2 of draft London Plan

- 1.3** As such, it is neither justified nor effective to expect the Partner Boroughs to be able to deliver their housing targets when up to 79% of its capacity (see Table 1) has not been tested against the requirements of NPPF 2012 paragraph 47 and 48. The Partner Boroughs are particularly mindful of the implications of failed housing delivery in the context of the Government's Housing Delivery Test and in the development of our own local plans, which will be tested against the revised NPPF. It is curious that almost all the evidence and resource was spent on assessing large sites when, in the case of Sutton and Richmond, it only makes up approximately 20% of supply and the remaining 80% of housing is expected to come forward on unidentified sites (i.e. windfall sites) that have not been tested for deliverability and are substantially unrelated to any previous delivery patterns over several decades and several economic cycles

Table 1: Breakdown of Borough Level Housing Targets

Borough	Large Sites Capacity	Small Sites Capacity	Borough Target	Proportion of Target from Small Sites
Kingston	739	625	1,364	46%
Merton	657	671	1,328	51%
Richmond	177	634	811	78%
Sutton	201	738	939	79%
Total	1,774	2,668	4,442	60%

Source: Draft London Plan – Table 4.1 and Table 4.2 (2017)

- 1.4** In conclusion, the SHLAA 2017 and Policy H1 can only be considered reasonable and realistic if it relies on historic trend data (12-year trend) to calculate appropriate small site target for London Boroughs. This approach would be consistent with paragraph 48 of the NPPF, and, specifically, would be consistent with how authorities should treat small windfall sites when calculating housing delivery. Whilst this would not meet the OAN for London, it would be a substantial increase on the previous London Plan target of 42,000 per annum (from all sources) and, most importantly, would be a justified and effective approach.

Changes Required to Table 4.2 of the Draft London Plan

Small site targets should be calculated using historic trend based data that is presented in the SHLAA 2017.

b) Have the environmental and social implications of the proposed increase in housing targets been fully and properly assessed?

- 1.5** The Partner Boroughs do not consider that the environmental and social implications of the proposed increase in housing targets have been fully and properly assessed in respect of small sites. Indeed, the boroughs consider this would be impossible to do so given the majority of housing capacity in the four boroughs is expected to come forward on unidentified small sites. In addition, the Mayor has developed its own definition of ‘small site’, i.e. 1 to 25 units, which is neither justified nor based on any proper evidence. Indeed, the Partner Boroughs’ statement on H2 (Matter 20) demonstrates that the national guidance and definition of minor and major developments should also be applied in the London Plan as more than 90% of developments fall within the 1-9 unit category. As a result Policy H1 is neither justified nor effective and is therefore unsound.
- 1.6** The Partner Boroughs concerns in this respect are set out in response to Matter 20 (particularly questions b, c and d). Notwithstanding the Partner Boroughs’ view that the housing targets are not realistic or deliverable, the proposed increase would have the following implications:

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- The presumption in favour of small housing development would destroy the special character of some outer London areas, particularly those that do not benefit from conservation area status. Infill development would result in the significant loss of residential gardens, which would be contrary to the principles of good design set out in the NPPF, contribute to the loss of local character and would have a disproportionate impact on those living in areas with poor access to public open space. A significant number of outer London estates were originally laid out without public open space as the properties all had access to private gardens. This would impact the health and wellbeing of residents.
- Promoting unjustified small site development at this scale would undermine other policy aspirations of the London Plan. For example, it is not realistic to expect outer London boroughs to achieve 50% green cover, no net loss of biodiversity and a 10% increase in tree canopy cover whilst advocating that residential gardens and other small sites are developed for housing. In the cases of Richmond and Sutton this is of particular concern as nearly 80% of all housing is expected to come forward on windfall sites. This will lead to a cumulative impact on a number of other policies, for example the affect the health and well-being of local residents.
- Sub-dividing houses into flats at this scale would unbalance outer London's housing mix, where there is a significant demand for family housing, by reducing the stock of existing family housing and predominately replacing it with one and two bedroomed flats. The Minor Suggested Changes introduced para 4.2.8B, to note that boroughs could require the provision of family housing on sub-divided sites, but this is unlikely to be achievable in most cases as it will undermine the viability of small site development. Not providing the correct housing mix would have negative social implications for residents.
- The London Plan's commitment to increasing housing delivery is not matched by a similar commitment to infrastructure provision, particularly in outer London with regard to public transport and education. The Partner Boroughs' small site targets alone are higher than the existing adopted total housing targets for each borough (in the case of Richmond and Sutton the small sites target is double the previous overall target) but infrastructure provision has not seen the same step change (see Table 2). Policy H2, in particular, will lead to ad hoc development of windfall sites, with very limited financial contributions, which will make it impossible for boroughs to plan for and identify sites for community infrastructure provision, such as for education and childcare facilities. The Mayor does not offer any strategic guidance or approach on how to deal with and address the significant additional pressure on London's infrastructure arising from the increased housing targets, especially from unknown small sites, or how the additional need for infrastructure will be funded and delivered. This is of particular concern as overall over a third of units are meant to be delivered from small sites across London, and there is no doubt that such an uplift will impact on the infrastructure capacity. It is also worth noting that the approach to infrastructure planning by boroughs varies based on whether a CIL Charging Schedule is in place and the differing CIL rates, and whether boroughs have been able to justify affordable housing contribution from small sites.

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- Affordable housing targets would be difficult to achieve when the majority of delivery would be on sites that do not trigger a contribution in accordance with national guidance (see Matter 20, paragraph 1.37 to 1.39). Therefore, the Mayor needs to set out clearly how infrastructure will be provided and funded to support this significant uplift in small site housing provision.
- Policy H1 and H2 treat all stations as equal, which does not reflect the vast range in services and frequencies across London, particularly the poor services available in outer London compared to inner London. The Partner Boroughs are concerned that this simplistic approach fails to recognise this critical variation in public transport services, which falsely identifies areas suitable for intensification. If Policy H1 and H2 were delivered it would create higher density housing in areas that lack access to high-frequency stations, which would impact negatively on the environment as people would be more likely to choose unsustainable modes of travel. Parking availability/stress should be included as one of the criteria for refusal on those areas with a PTAL less than 3 to ensure planning considerations can be properly taken into account when determining applications on small sites.

- 1.7** The Partner Boroughs consider the environmental and social implications could be reduced by using historic trend-based data (12-years) to calculate realistic and justified small site housing targets. This would increase the targets above the current adopted London Plan levels (42,000 dpa) whilst remaining achievable. This would then result in a policy that would be justified, as it would be based on robust evidence in respect of small site targets, and would be effective, as the overall target would be deliverable.

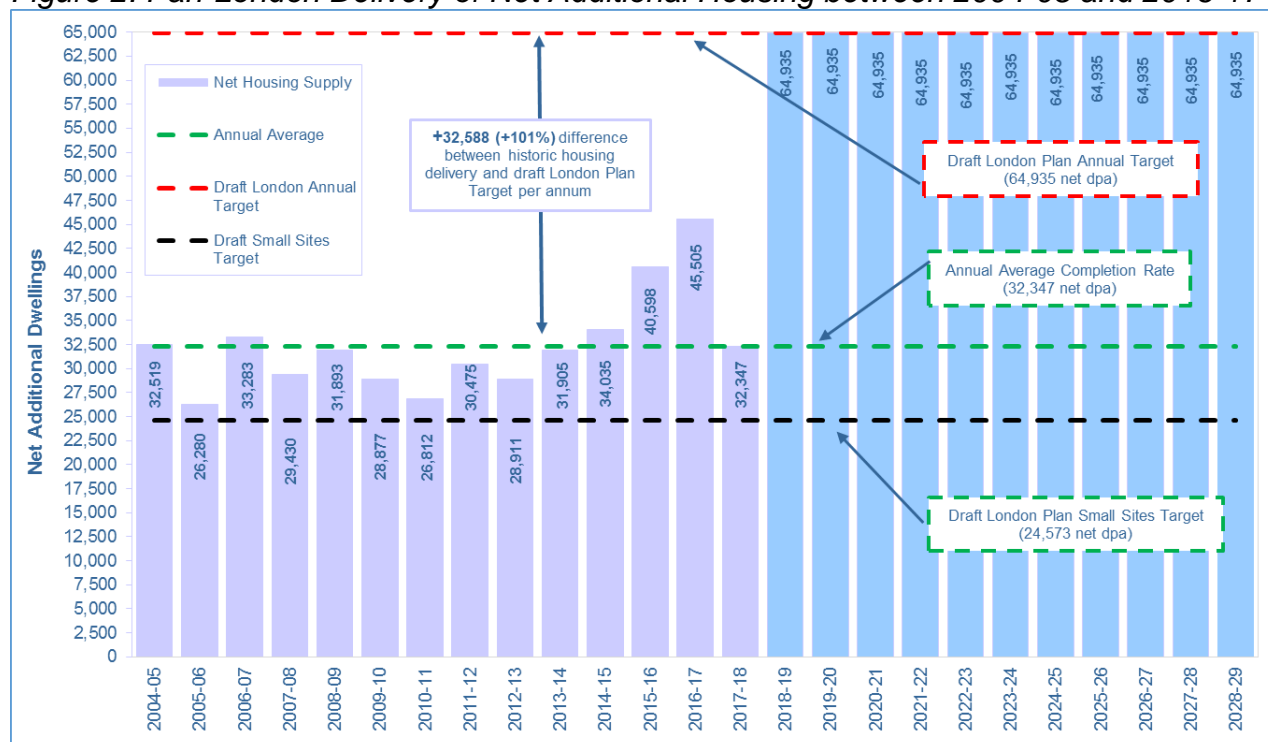
c)

Policy H1 B 2) a)-f) identifies various sources of capacity. Will these be sufficient to meet ten year targets and what proportion of housing is expected to be delivered by means of the different types? How much is expected to be delivered on existing industrial land in the context of Policies E4-E&?

- 1.8** The Partner Boroughs do not consider the various sources of capacity identified in Policy H1 will be sufficient to meet the ten year targets, principally because the small sites target is not realistic or deliverable. As such Policy H1 will not be effective and, as a result, is not sound. The proportion of housing that is expected to be delivered by means of the different types is considered to be a matter for the Mayor to respond to.
- 1.9** The Partner Boroughs' statement Matter 20 highlights the gulf between historic small site delivery and the new small site target. Figure 2 below illustrates a similar gulf between the overall historic housing delivery in London and the targets set out in Table 4.1 of the draft London Plan, showing that overall delivery will need to double (+32,558 units per annum or +101%). The Mayor assumes the majority of this uplift in outer London will come from small housing developments.

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Figure 2: Pan-London Delivery of Net Additional Housing between 2004-05 and 2016-17*



Source: London Plan AMR, September 2018 (NLP/MO/001)

*Completions data for 2017-18 has not been published by the GLA yet. As such, the average annual delivery rate has been included for 2017-18.

1.10 The Partner Boroughs consider that the various sources of capacity identified in Policy 1 H B2) a-f) will be insufficient to meet the ten year targets because:

- The 1% growth assumption in the small site modelling has not been justified and results in notional housing targets. Historic small site delivery in the Partner Boroughs, through several economic cycles, and across London as a whole, indicates that these targets will not be achieved (see Figure 1 and 2 above).
- The small sites modelling does not differentiate between the levels of service of different stations, leading to significantly overly optimistic small site capacities. For example, the potential for small sites near Wimbledon station (served by very frequent underground, tram and rail) is considered the same as the delivery of small sites near suburban rail stations served by two trains per hour).
- Policy H2 will not assist in the delivery of sufficient capacity to meet the overall target as the mechanisms proposed are already in place or are not likely to be viable.
- Policy H2 over estimates the willingness of local residents to allow their homes, or the curtilage of their homes, to become development sites. The high levels of home ownership, and owner occupation across the Partner Boroughs will act as a barrier to delivery.
- The number and extent of issues raised to the delivery of small sites cannot simply be overcome by a change in planning policy, as the Mayor suggests.
- There is insufficient large site capacity to offset the failed delivery of the small sites target.

- 1.11** The Partner Boroughs would also like to draw the attention of the Panel to the fact that in relation to large sites, the higher capacity estimates are not based on projected impacts from policy changes. However, for small sites, where the basis of estimation is mechanical and statistical, rather than based on identified plots such as the large sites, the very substantial increase in potential small sites capacity is based on the implementation of Policy H2. Therefore, the Mayor has used an entirely unfounded approach to derive the overall housing targets for boroughs. In the absence of substantial and credible evidence, the delivery of the ten year capacity, especially from small sites, is wholly incredible, particularly in the cases of Richmond and Sutton, where the assumption that outputs from small sites is nearly 80% of the overall target over the first decade of the Plan. The Plan assumes – without any proper evidence or justification – that output from small sites across London can be doubled (from 9,400 per year. over the last 8 years to 18,800 per year).
- 1.12** Finally, Sutton and Richmond would like to note that in order to retain industrial land, and in the case of Sutton provide industrial land, the delivery of additional housing in these areas, either through release or co-location, is not supported.

d)

Will the focus on existing built up areas rather than urban extensions using GB/MOL provide sufficient variety of house types and tenure?

- 1.13** The Partner Boroughs do not consider that urban extensions using Green Belt (GB) or Metropolitan Open Land (MOL), as opposed to directing development to brownfield land, would be justified approach to providing sufficient variety of house types and tenure.
- 1.14** Sutton carried out GB/MOL review as part of its evidence base for its recently adopted Local Plan. This report demonstrated that there was very little GB/MOL suitable for release, and in any event potential releases were limited to social infrastructure and a minor extension to a Strategic Industrial Location, not housing. Merton's initial review of Metropolitan Open Land is similarly recommending small boundary changes to account for existing sporting development, roads or other minor changes. As such there is very limited opportunity for urban extensions into the GB/MOL across the four boroughs.
- 1.15** However, the Partner Boroughs are concerned that the variety of house types and tenure will be limited as a result of the high proportion of the housing delivery, and the overall uplift, that is expected from small sites. This approach is likely to drive a shift towards small flatted developments containing 1-bed/2-bed accommodation. It is also likely to impact on the amount of affordable housing delivered, in the absence of a local policy, as the majority of small sites have historically been delivered on minor development sites (10 units or fewer) where it is harder to secure affordable housing contributions.

- 1.16** One of the drivers behind the draft London Plan’s focus on small housing developments is to reduce the reliance on very large brownfield sites and large volume housebuilders, which often have slow rates of delivery. Partner borough research demonstrates that even small sites have a build out rate of between one and three years depending on the characteristics of the site, the owner’s desire to sell with planning permission or to build the scheme themselves, the costs of construction and other factors.
- 1.17** The Partner Boroughs consider the findings of Sir Oliver Letwin’s recent review of large site build out rates¹ are relevant here. The overarching conclusion is that *“the homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb such homogenous products, are the fundamental drivers of the slow rate of build out”*. If these issues can be addressed by the measures recommended in the report then there will be a number of benefits for housing delivery in London, including: a) faster delivery rates of housing on very large brownfield sites which will create a greater confidence in this source of supply; b) a greater variety in the mix of housing type and tenure delivered; and c) less reliance placed on the delivery of small sites to meet the housing targets.
- 1.18** Table 2 below shows that total of 26,680 net additional dwellings are required from small sites in the Partner Boroughs over the ten-year housing target period. This means that just 18 large site schemes, as defined in the above review, would deliver the same number of homes as the small sites target. As discussed above if larger site schemes can reduce the homogeneity of homes, and speed up build out rates as a result, it is reasonable to expect more to come forward. This will offset the unrealistic expectations placed on small sites.

Table 2: Cumulative Delivery of Small Sites

Borough	Ten-Year Small Sites Target	Number of Equivalent Large Sites (1,500 units) over Ten-years
Kingston	6,250	4.2
Merton	6,710	4.5
Richmond	6,340	4.2
Sutton	7,380	4.9
Total	26,680	17.8

Source: Draft London Plan – Table 4.1 and Table 4.2 (2017)

e)

Is the emphasis on development in outer London consistent with the intention in Policy GG2 that seeks to proactively explore the potential to intensify the use of land on well-connected sites?

- 1.19** The Partner Boroughs consider that there is a degree of inconsistency between the emphasis on development in outer London and the intentions of Policy GG2. Therefore Policy H1 is not effective, and as a result, is not sound.

¹ <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

1.20 The intentions of Policy GG2, to explore proactively the potential to intensify the use of land on well-connected sites, are generally supported. These include well recognised planning principles that are reflected in the Partner Boroughs' local plans, such as: enabling the development of brownfield land; prioritising Opportunity Areas (OAs); bringing forward sites close to public transport nodes and town centres; planning for walking and cycling to enable car free lifestyles; and protecting and enhancing conservation areas and open space.

1.21 However, there are elements of Policy GG2 that conflict with the emphasis on the intensification of outer London to deliver more housing. The majority of the Partner Boroughs' housing supply will come forward in locations that are outside OAs, outside town centres and not necessarily close to public transport nodes with satisfactory frequencies. These areas should not be considered "well-connected". For example:

- Policies H1 and H2 are applicable to areas located within 800m of a station. However, the draft policies treat all underground, rail and tram stations as equal, which does not reflect the vast range in services and frequencies across London, particularly the poor services available in outer London Boroughs compared to inner London Boroughs. The Partner Boroughs are concerned that this simplistic approach fails to recognise variations in public transport service, which will have a significant impact on the notional capacities that can be achieved on small sites.
- Proximity to town centres does not always indicate access to good public transport either. For example, of the 151 district centres in London, Sutton's are ranked 100th, 117th, 134th, 135th, 136th and 137th for PTAL. As with train stations, not all town and district centres are equal in terms of PTAL ratings and places such as Tolworth (129th), North Cheam (137th), Whitton (145th) should not be treated the same as Finsbury Park (1st), Earls Court (2nd) and New Cross (3rd).
- Public transport choice is severely limited in outer London. Sutton has no London Underground stations, no London Overground stations, no Crossrail Stations, no Crossrail 2 stations and a single London Tramlink stop. Kingston currently has none of these transport options in place either but would benefit from the (currently) uncommitted Crossrail 2.

1.22 The Partner Boroughs consider that there will be a number of negative impacts as a result of intensifying areas that are not well-connected:

- Part C of Policy GG2 "*strengthening London's distinctive and varied character*" is not consistent with Policy H2 B 1), which requires boroughs to recognise in development plans that "*local character evolves over time and will need to change in appropriate locations to accommodate additional housing*". As set out in Matter 20, delivering small sites at the rate required would cause irrevocable harm to the character of outer London neighbourhoods. As such Part C of Policy GG2 cannot be achieved alongside the implementation of Policy H1 and H2.
- The creation of new green infrastructure and urban greening, and securing net biodiversity gains, will be difficult to deliver on small sites where viability

is more likely to be marginal. It will also be undermined by the presumption in favour of developing residential gardens. Finally, the protection of open space will be threatened by the requirement to provide social infrastructure to support housing delivery. This is in conflict will Part D of Policy GG2

- It will be difficult to achieve “80 per cent of journeys by sustainable travel” modes, and impossible to enable “car free lifestyles”, when a high proportion of small housing developments will be located near to stations with poor frequencies, a lack of orbital services, reliance on the bus network which is susceptible to congestion, or town centres with poor PTAL ratings. This is also in conflict will Part E of Policy GG2.

1.23 In summary the Partner Boroughs do not consider that Policy GG2 can be delivered alongside the development aspirations for small housing development in outer London.

f)

Does the Plan adequately consider the cumulative impacts of other policies on the deliverability and viability of housing?

1.24 The Partner Boroughs have reviewed the recently published ‘London Plan Viability Study: Addendum Report2 (November 2018)’ (NLP/VI/004) and are concerned about the viability of small housing developments.

1.25 Table 4.1 of the Addendum Report sets out additional small site testing based on six case studies ranging from 1 to 12 dwellings:

- RES13 – Infill development on existing garage site for 1 house.
- RES14 – Conversion and extension of existing house to 3 flats.
- RES15 – Garden land development to provide 1 flat.
- RES16 – Demolition of house and redevelopment for 6 flats.
- RES17 – Redevelopment of garage site for 5 houses.
- RES18 – Demolition of two houses and replacement with 12 flats

Extract from Table 4.1 ‘Small Sites Additional Case Studies’ (NLP/VI/004)

Case Study	Dev. Description	Site Area (ha/sqm)	Existing Units	Existing Residential Flrspace	New Dwellings Tested	Gross new floor Area
RES13	Infill development on existing garage either at end of terrace or side of house and development of 1 new 2-storey house	0.0075 ha (75 sqm)	0	0	1 new house	80 sq m

1.26 The Partner Boroughs have taken these case study assumptions and applied using Borough level costings to provide examples from Sutton (Table 3) and Richmond (Table 4)³.

² https://www.london.gov.uk/sites/default/files/london_plan_viability_study_addendum_report_1.pdf

³ The case study viability provided by the Partner Boroughs is illustrative and has not been undertaken by the boroughs to fully replicate up to date Whole Plan Viability testing for a Local Plan that is of direct relevance to application stage

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Table 3: London Plan Small Site example applied to Sutton

Cost	RES13	RES14	RES15	RES16	RES17	RES18
Land Purchase Cost	£24,000	£630,000	£126,000	£1,260,000	£120,000	£1,260,000
Development Costs	£162,818	£473,744	£172,396	£1,499,636	£918,062	£2,447,521
Gross Development Value	£525,000	£1,125,000	£375,000	£2,250,000	£2,625,000	£4,500,000
Development Profit Market (17.5% of GDV)	£91,875	£196,875	£65,625	£393,750	£459,375	£787,500
Development Profit (Affordable) (6% of GDV)						£270,000
Total Costs	£278,693	£1,300,619	£364,021	£3,153,386	£1,497,564	£4,765,021
Residual Land Value	£246,307	-£175,619	£10,980	-£903,386	£1,127,564	-£265,021
Sale Costs	£38,205	£0	£1,593	£0	£193,403	£0
Net Residual Value	£208,102	-£175,619	£9,387	-£903,386	£934,161	-£265,021

Source: Borough level data taken from Sutton CIL Report (Aspinall Verdi/September 2018)

1.27 Table 3 shows the only schemes that are really viable in Sutton are the garage redevelopments (RES13 and RES17), where the existing purchase cost of the land is very low but sites of this type are in short supply. The garden land schemes are only marginally viable (RES15) and the two demolition/new build options are significantly unviable (RES16 and RES18). Table 4 shows that, in Richmond, the only schemes that are viable are also the garage redevelopments (RES13 and RES17). All other scheme types are not viable, especially RES16 and RES18.

Table 4: London Plan Small Site example applied to Richmond-upon-Thames

Cost	RES13	RES14	RES15	RES16	RES17	RES18
Land Purchase Cost	£50,258	£1,005,158	£201,032	£2,507,796	£251,292	£2,507,796
Development Costs	£211,640	£626,644	£215,640	£2,112,143	£1,638,627	£4,284,246
Gross Development Value	£837,632	£1,491,732	£497,244	£2,983,464	£4,188,160	£5,966,928
Development Profit Market (17.5% of GDV)	£146,586	£261,053	£87,018	£522,106	£732,928	£522,106
Development Profit (Affordable) (6% of GDV)						£179,088
Total Costs	£408,484	£1,892,856	£503,689	£5,142,045	£2,622,847	£7,493,156
Residual Land Value	£429,148	-£401,124	-£6,445	-£2,158,581	£1,565,134	-£1,526,228
Sale Costs	£38,205	0	0	0	1,338,343	0
Net Residual Value	£390,943	-£401,124	-£6,445	-£2,158,581	£1,338,343	-£1,526,228

Source: Richmond-upon-Thames Viability Report, 2016

1.28 The Partner Boroughs conclude that comprehensive redevelopment and conversions are unlikely to be viable where existing land values are so high, particularly in certain locations. This is reflected in the lower historic completion rates of small housing developments than the small sites targets expects. The policy requires a change in the market, beyond the role of local authorities or the GLA, to delivery this policy aspiration. The Partner Boroughs do not consider that private home owners (who typically at this scale redevelop for themselves and not for commercial purposes) be able to access finance, resources and take on risk, when site circumstances will vary

significantly, and the potential financial returns are unlikely to be a sufficient incentive.

- 1.29** Furthermore, there are significant variations within boroughs relating to existing land values and GDV, which have a marked effect on viability. Dealing with such averages, both within boroughs and across London as a whole, does not represent the true picture as to how realistic delivery is, given the small sites methodology has been applied universally without any consideration of this issue. In Richmond for example, average sales values for a semi-detached house in Castlenau are over £2m, whereas in Hanworth it is £420K. In Sutton the semi-detached house prices range is around £950K to £275K.
- 1.30** Finally, house price sales data also shows that the price of houses is continuing to increase in the Partner Boroughs, whilst the sales prices of flats are falling (See Table 5 below). This ‘de-coupling’ between the value of houses and flats will have further implications for viability of small housing developments as the value of the sites that are meant to delivery Policy H2 become more expensive and the type of housing stock that is to be delivery (i.e. flats) are decreasing in value.

Table 5: Percentage Change in Value by Property Type Oct 2017-Sept 2018

Property	Merton	Richmond	Sutton	Kingston
Detached	+4.0	+5.3	+2.6	+3.4
Semi-Detached	+2.8	+4.6	+1.7	+3.0
Terraced	+2.5	+4.8	+1.5	+2.9
Flats/Maisonettes	-0.7	+1.1	-1.7	-0.2
ALL TYPES	+1.2	+3.2	+0.2	1.7

Source: Land Registry, October 2018

- 1.31** In conclusion the Partner Boroughs consider that the housing targets in Policy H1 will not be delivered as the rate of small housing development that Policy H2 expects will not materialise. The borough level data demonstrates that in many cases small housing development will not be viable as the existing value of the land is too high. Whilst garage site development appears viable this is a very small source of supply. The continued increase in the value of houses, and the reduction in the value of flats, will not assist viability in the longer term.

g)

What is going to bring the step change in delivery implied in the Plan compared to the current one? What are the tools at the disposal of Boroughs in 1.4.6? Is it realistic to expect this to occur from 2019 or should there be a stepped or transitional arrangements?

- 1.32** The Partner Boroughs do not consider the policies in the draft London Plan will bring about the step change in housing delivery that the Mayor assumes. As such Policy H1 and H2 are not justified, as they are not based on the most appropriate strategy, and are not effective, as they are not deliverable.

Step Change in Delivery

- 1.33** The Partner Boroughs consider that the principal mechanisms for achieving this step change are set out in Policy H2 and include: allocating small sites in development plans; listing sites on brownfield land registers; creating local development orders; and granting permission in principle. However, these are existing tools which are available to local authorities so there are no new mechanisms that will assist councils in achieving this step change. In fact some of these measure are not even practical, such as allocating sufficient sites in a 15-year local plan to meet the small sites target. For example, assuming all allocations were for 25 units it would require around 400 identifiable and deliverable allocations per borough, with willing landowners, as a minimum to meet the small site target (not taking into account additional large site allocations), as illustrated in Table 6 below. For example, most local plans allocate between 40 and 60 sites for development. Furthermore, Policy H2(B)(2) advocates “area-wide design codes” but codes will largely reinforce the status quo if they are to properly reflect the local character of suburban settings. The Partner Boroughs consider that the Mayor has not had any regard to macro-economic factors such as property prices, fiscal incentives (tax-related) and other factors that will incentivise willing owners to redevelop their sites viably.

Table 6: Number of Site Allocations Required to Meet Small Sites Target

Borough	Small Sites Target	Small Sites Target over a 15-Year Development Plan	Number of Site Allocations Required to meet Small Sites Target (25 unit schemes)
Merton	671	10,065	403
Kingston	643	10,095	404
Richmond	634	9,510	380
Sutton	738	11,070	443
Total	2,686	40,740	1,630

- 1.34** Notwithstanding the Partner Boroughs’ view that the mechanisms in Policy H2 will not deliver the required step change in housing delivery the “presumption in favour of small housing developments” still remains a concern. Stripping away the requirements contained within effective and justified borough level policies, through a permissive policy that does not respond to local circumstances, is not a positive approach to planning.

Stepped or Transitional Arrangements

- 1.35** In principle stepped or transition arrangements would be beneficial, given the required uplift in housing delivery is expected from 2019. The Partner Boroughs are particularly concerned about the fact that the small sites target and assumptions made largely rely on the implementation of a change brought in by Policy H2. However, assuming the London Plan is published and adopted in 2019, there will undoubtedly be a significant time lag in bringing about the policy changes, and therefore meeting annual targets by 2019 is wholly unrealistic. Notwithstanding, it is the view of the Partner Boroughs that the targets are not deliverable, as they are not based on robust evidence, so stepped or transitional arrangements would serve no purpose,

other than a stay of execution. Until a further approach emerges, on which the Mayor collaborates with boroughs on, the small site targets should be calculated using the historic trend based data (12-year trend) that was identified in the SHLAA 2017.

h) Should Table 4.1 include targets for different types and tenures of housing?

- 1.36** The Partner Boroughs do not consider it appropriate to include targets for different types and tenure of housing within Table 4.1 of the draft London Plan as the Strategic Housing Market Assessment (SHMA) 2017 (NLP/HOU/001) does not provide effective evidence to set borough level targets. Specifically the Partner Boroughs do not support the SHMA in respect of the housing mix it identifies. For example, the draft London Plan's emphasis on the need for smaller units is too broad. It fails to consider local factors such as the suitability to provide certain types of housing and affordability.
- 1.37** As such the Partner Boroughs consider that a borough SHMA is far more robust than one carried out at a pan-London level, and instead boroughs should use local plans as a vehicle for delivering the right housing types and tenures based on locally prepared evidence. Like all London boroughs, each of the Partner Boroughs has prepared or is in the process of preparing a SHMA to support their local plans.

i) Should the target be for longer than 10 years given that the plan period runs to 2041?

- 1.38** The Partner Boroughs consider that 10 years is a suitable period of time for London-wide housing targets to cover and that extending beyond this would not represent the most appropriate strategy, so would not be justified.
- 1.39** The Partner Boroughs recognise the difficulties in predicting housing delivery beyond 10 years. This is particularly problematic in London's dynamic housing market and it is not helped at present by the uncertainties over the impacts of Brexit. Whilst it is possible in local plans, where there is a more granular knowledge of development sites, it would not be appropriate at a pan-London level.
- 1.40** The NPPF 2012 (paragraph 47) requires local authorities to identify specific deliverable sites, or broad locations, up to year 10 of a development plan. Whilst the NPPF encourages additional supply to be identified beyond 10-years it is not an absolute requirement for plan making. As such the Partner Boroughs consider that setting a 10-year housing target for London boroughs is consistent with national policy.

j)

How and where is the shortfall between the identified need of 66,000 additional homes a year and the total annualised average target of 64,935 to be made up? Will LPAs outside London in the wider south east be expected to deal with this on an ad-hoc basis?

- 1.41** As set out in other parts of this statement, and in response to Matter 20, the Partner Boroughs do not consider the targets set in Table 4.1 of the draft London Plan are deliverable due to over reliance placed on the delivery of notional small site capacity. As such the Partner Boroughs consider that the shortfall will be considerably greater than 1,065 net dpa.
- 1.42** Mayor has set an unrealistic target which he considers is supported by the new small sites policy. However, the Mayor needs to acknowledge that boroughs have undertaken a significant amount of work to ensure sites are being brought forward and delivered to meet the current housing targets, which are actually realistic. Housing delivery in London is at significant risk if it is to rely on a far greater number of homeowners and landowners of small sites to either sell their site or subdivide their properties. Whilst the Partner Boroughs consider the targets wholly unrealistic, given the target period already begins in 2019, it is notable that the Mayor has not allowed any time for the introduction of a major shift in approach and policy to take effect. Therefore, the housing targets, and the Plan as a whole is set to fail from the beginning.
- 1.43** The draft London Plan gets close to achieving OAN over the 10-year period that the housing targets cover but in reality housing completions will fall considerably shorter as the small sites target are not deliverable. The Partner Boroughs consider that a more strategic approach is required to accommodate London's housing need across the wider South East (as indicated by the Inspector who conducted the examination into the Further Alterations to the London Plan in 2014), and perhaps even nationally. At paragraph 57 of the Inspector's report into the FALP (November 2014) the Inspector stated that *"In my view, the Mayor needs to explore options beyond the existing philosophy of the London Plan. That may, in the absence of a wider regional strategy to assess the options for growth and to plan and co-ordinate that growth, include engaging local planning authorities beyond the GLA's boundaries in discussions regarding the evolution of our capital city."* However, there is no real evidence that joint working with authorities outside London has taken place and assumptions continue to be made that all of London's housing need should be accommodated within Greater London; the Mayor should lobby Government on accommodating some of London's need outside London.
- 1.44** To conclude, the Mayor is proposing a significant increase in the overall housing target for London, compared to all the previous London Plans, without having re-considered his strategic approach and London in the context of the wider south east. Therefore it appears that the Plan has been set up in such a way to demonstrably fail on the delivery of its targets, and that only then will it become necessary for the Mayor, Government, and the

wider south east partners to seriously explore wider strategic and regional options.

k) Does paragraph 4.1.8A adequately explain how Boroughs are to calculate a target beyond 2028/29?

- 1.45** The Partner Boroughs consider that the explanation on how to calculate a target beyond 2028/29 could be made clearer in respect of large site capacity. The Partner Boroughs' understanding is that local plans going beyond 2028/29 will need to consider the large site capacities that were identified in phase four and phase five of the SHLAA 2017. These sites would then be discussed with the GLA to agree any change in circumstances that will affect the capacity or phasing. If this understanding is correct then paragraph 4.1.8A could benefit from references to phase four and five of the SHLAA 2017 for the avoidance of any doubt.

l) What will be the implications for London Boroughs if the Plan targets are adopted which increase the requirement in recent development plans?

- 1.46** If the draft housing targets are adopted the boroughs consider that replacement local plans would be a necessity. This would put the Partner Boroughs in a difficult position of having to prepare local plans and housing trajectories based on targets they know are not justified or deliverable. In short, outer London Boroughs such as Kingston, Merton, Richmond and Sutton are unlikely to be able to prepare development plans that can be found sound as a direct result of the overestimation of small site capacities and therefore such local plans would fail the delivery and soundness test.
- 1.47** As a result boroughs would be: a) at the mercy of the Housing Delivery Test in the short-term, where there is no hope of achieving the target based on historic housing completion rates; and b) unable to demonstrate a five-year supply of deliverable housing sites as it would not be consistent with paragraph 48 of the NPPF in respect of windfall sites. As a consequence of both scenarios the Partner Boroughs' local plans would be bypassed and the 'tilted balance' of the NPPF would apply. This inevitably leads to 'planning by appeal' which slows down the rate at which schemes are permitted and, ultimately, the rate at which new housing is delivered. This approach would significantly undermine trust and engagement in the planning system for local people and undermine the NPPF approach that "*the planning system should be genuinely plan-led*".