

Consultation response

Shelter response to the Mayor of London on the London Plan Spatial Development Strategy for Greater London - Revised Early Minor Alterations - Consistency with the National Planning Policy Framework

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Until there's a home for everyone

In our affluent nation, tens of thousands of people wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. The desperate lack of decent, affordable housing is robbing us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

More than one million people a year come to us for advice and support via our website, helplines and national network of services. We help people to find and keep a home in a place where they can thrive, and tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

Contact: Deborah Garvie, Senior Policy Officer, deborahg@shelter.org.uk

Shelter welcomes the opportunity to respond to the Mayor's revised early minor alterations to the London Plan, which were published for comment on 6 June 2012¹, with the objective of ensuring the London Plan is consistent with the National Planning Policy Framework² (NPPF) of March 2012.

London's housing system is at a critical juncture, both in terms of the profound changes to housing policy and sub-national government brought about by the Localism Act 2011, and the wider economic and fiscal climate. In this context, the London Plan is a critical part of the framework that will shape housing investment and delivery in London for years to come.

Shelter's response is limited to the proposed amendment to Policy 3.11 (Affordable Housing Targets) and the supporting text relating to the proposal to change the current social rent target into a combined social and affordable rent target:

'POLICY 3.11 AFFORDABLE HOUSING TARGETS

Strategic

A The Mayor will, and boroughs and other relevant agencies and partners should, seek to maximise affordable housing provision and ensure an average of at least 13,200 more affordable homes per year in London over the term of this Plan. In order to give impetus to a strong and diverse intermediate housing sector, 60% of the affordable housing provision should be for social **and affordable** rent and 40% for intermediate rent or sale.

LDF preparation

B Boroughs should set an overall target in LDFs for the amount of affordable housing provision needed over the plan period in their areas and separate targets for:

- social/**affordable** rented; and
- intermediate

housing and reflect the strategic priority accorded to provision of affordable family housing **and to making the best use of available resources to maximise affordable housing output.**

Response

As stated in our previous response to early minor alterations to the London Plan³ (March 2012), Shelter objects to the proposal to combine the social and affordable rent targets. We do not believe that this is a minor alteration.

We believe that the separate social rent target should be kept within the London Plan, and revised to reflect an up-to-date analysis of housing need in London.

The current London Plan 2011⁴ sets a target of 40 per cent of all new homes to be affordable. This overall affordable housing target is then split between 60 per cent social rent and 40 per cent intermediate housing. This gives an indirect target that 25 per cent of all new homes should be social rented.

¹ Mayor of London (6 June 2012) *The London Plan: Spatial Development Strategy for Greater London - Revised Early Minor Alterations: Consistency with the National Planning Policy Framework*
(<http://www.london.gov.uk/moderngov/documents/s11061/06%20a%20London%20Plan%20Doc%20Enc.pdf>)

² DCLG (March 2012) *National Planning Policy Framework*
(<http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf>)

³ Mayor of London (6 February 2012) *London Plan Early Minor Alterations*
(<http://www.london.gov.uk/consultation/early-minor-alterations-london-plan>)

⁴ Mayor of London (July 2011) *The London Plan: Spatial Development Strategy for Greater London*

It is proposed that the Revised London Plan will count the new affordable rent product in the same category as social rent for monitoring and targeting purposes. Affordable rent homes can have rents at up to 80 per cent of market rents, although the Mayor has stated his intention of schemes he funds achieving an average of 65 per cent of market rent. Nonetheless, this level of rent will still generally be significantly higher than target rents which apply to social rented housing. Given this level of disparity between social and market rents in London, it is important that the London Plan recognises that these are very distinct tenures, which will best serve different groups.

This is supported by significant evidence:

- The London Plan Housing Supplementary Planning Guidance (SPG) of 2005⁵, which is still in effect, includes in the definition of social rent that rents and service charges should be no greater than 30 per cent of net household income for the target group of households on the lowest quartile incomes. Affordable rent homes will not generally meet this definition.
- Affordable rent homes may, instead, meet the definition of intermediate homes as set out in the 2005 Housing SPG, and in the draft revised Housing SPG⁶, that housing costs including service charges should not exceed 40 per cent of net household income. For this reason, we believe that affordable rent provision should be treated as contributing to meeting the demand for intermediate housing, where the costs to occupants meet the 40 per cent net income criteria. Where this criteria is not met, such provision should be treated as contributing to the market housing target.
- Planning targets for housing must have regard to an assessment of housing need, undertaken through a Strategic Housing Market Assessment (SHMA). The most recent London SHMA⁷ published by the Mayor in 2009 identified a requirement that 44% of new homes should be social rent homes and that 11 per cent should be intermediate homes. There is therefore no evidence base for combining the social rent and affordable rent targets at 25 per cent of total new provision.

The proposed alteration to the London Plan would mean that London boroughs which have Core Strategies or Unitary Development Plans under the pre-2004 arrangements, which include separate social rent house building targets, would no longer be in conformity with the London Plan and instead would be required to follow the new Mayoral policy. As it currently stands, the majority of London boroughs actually have targets for new social housing at or close to the 35 per cent target set out in the London Plans of 2004 and 2008.

By seeking to impose a combined target of affordable housing, the Mayor is going beyond the requirements of the NPPF, and imposing a regional approach on local authorities seeking to provide homes to meet clearly identified need. This will make it very difficult for London boroughs to seek to pursue the provision of social rented housing through s.106 agreements.

Although affordable rent is the principal Government funding model for new affordable housing, reform of the Housing Revenue Account and the move to council self-financing means that some London boroughs intend to continue to provide some social rented housing without Government funding. Furthermore, affordable rent funding may be unsustainable in the longer-term, both for developers and the housing benefit bill.

We believe that the London Plan should take a more long-term view and seek to set targets which reflect evidence of the need for homes let at social rent levels distinct from those let on affordable rents.

⁵ Mayor of London (November 2005) *Housing: The London Plan Supplementary Planning Guidance*, paragraph 15.2 (<http://legacy.london.gov.uk/mayor/strategies/sds/docs/spg-housing.pdf>)

⁶ Mayor of London (December 2011) *Housing: Draft Supplementary Planning Guidance* (<http://www.london.gov.uk/sites/default/files/spg-housing-draft.pdf>)

⁷ Mayor of London (April 2009) *2008 London Strategic Housing Market Assessment: Executive Summary* (<http://legacy.london.gov.uk/mayor/housing/prices/docs/SHMA-Exec-Sum.pdf>)