

M6. Housing development management policies

H3 Affordable housing

Is policy H3 justified, consistent with the London Plan and will it be effective in helping to meet the identified need for affordable homes?

In particular:

a) The requirement for proposals for ten or more homes to provide 50% of the total as social rent housing and 10% affordable ownership housing (unless a financial viability assessment demonstrates that the maximum viable mix will be delivered).

b) The definitions of affordable housing, affordable home ownership, and affordable rent housing.

We share the borough's ambition to increase affordable housing provision and recognise there is an unmet identified housing need. However, we are concerned that the proposed approach risks undermining the Mayor's Fast Track Route and constraining housing delivery.

In our view, Policy H3 is not consistent with the London Plan and does not appear to be justified or supported by robust viability evidence. Increasing the threshold level to 60% at the present time would simply not be deliverable in most instances based on our experience of bringing forward large-scale housing developments across London.

Currently, there are a range of well-publicised issues constraining housing delivery. This includes build cost inflation, higher interest rates and finance costs, capacity issues within the construction sector and reduced appetite from Registered Providers / Housing Associations to take on affordable homes secured via S106 agreements. This overall economic outlook has been compounded by the lack of certainty and procedural clarity on fire safety regulations for residential buildings over 18 metres in height. The cumulative consequential impact on housing supply is clearly evidenced by MHCLG, GLA and Mollior data on housing starts, permissions and completions.

We question whether present market conditions or viability evidence can possibly justify increasing the Fast Track Route affordable housing threshold in Newham to 60%. This is a very substantial increase to the expectations of planning policy at a time when the development industry and housing pipeline is facing severe challenges.

There is widespread recognition that high density residential development on brownfield land is challenging to deliver and needs to be facilitated and accelerated to ensure delivery more in line with London Plan and Government housing targets and population and household growth. Hence, the Mayor and Government's recent joint announcement / Policy Note on the introduction of emerging planning measures in London¹. Newham's approach is therefore directly in conflict with both the current London Plan policy but also the Mayor and Government's emerging emergency policy approach.

Setting aside the emergency measures package for a moment, it should be recognised that the GLA has explicitly advised Boroughs against setting higher affordable housing

¹ <https://assets.publishing.service.gov.uk/media/68fa1ab730c331c88be6f00a/support-for-house-building-in-london.pdf>

thresholds given that this would risk undermining the overall London Plan approach. Paragraph 3.7-8 of the GLA's Accelerating Housing Delivery Practice Note (Dec 2024) states:

'This approach can disincentivise applicants from following the FTR, slow down the planning process and require additional resourcing to assess the application. It can also result in lower levels of affordable housing being secured. ... This approach risks the successful implementation of the London Plan threshold approach which is a matter of strategic concern for the Mayor.'

The purpose of the London Plan Fast Track Route is to provide a consistent pan-London percentage threshold, helping to speed up the planning process and provide much needed certainty. The way the Fast Track Route is intended to work is by incentivising applicants to meet the thresholds to avoid lengthy and uncertain viability tested route and mid and late stage viability review mechanisms.

Newham's proposed Fast Track Route policy would clearly undermine these fundamental London Plan policy principles. The incentive to follow the Fast Track Route would be significantly eroded and the Viability Tested Route would need to be followed in the vast majority of instances. The function and operation of the Fast Track Route would therefore be significantly diluted. This would also set a wider precedent across London.

We consider that the policy approach is unsound because it is not justified or effective. Clearly, a more appropriate strategy would be for the Newham Local Plan to be aligned with the London Plan affordable housing thresholds.

Furthermore, we are not convinced that the proposed policy is supported by appropriate or robust viability evidence. Nor are we convinced that the policy would increase the delivery of affordable housing when compared to the approach in the London Plan. The proposed policy approach might result in lower percentages of affordable housing being delivered on schemes and less affordable housing being delivered overall.

The Local Plan Viability Report, published as part of the evidence base, does not demonstrate that most sites or typologies tested would be deliverable with a 60% affordable housing requirement. The conclusion of the BNPP viability report at paragraph 7.2 is relevant and states:

'There are significant variations in the percentages of affordable housing that can be provided, depending on private sales values (which vary significantly between the different sub-markets across the borough), scheme composition, requirements for infrastructure and community facilities including schools and places of worship, and benchmark land value. The results do not point to any particular level of affordable housing that a majority of schemes can viably deliver but the results do indicate that there are some development circumstances in which the emerging policy target of 60% could be viable. However, given the extent of appraisal outputs which indicate schemes will be viable with lower affordable housing percentages, we recommend that the target be applied on a 'maximum reasonable proportion' basis taking site-specific circumstances into account.'

The Local Plan Viability Assessment notes that where development is required to provide on-site community infrastructure and/or highway or public transport infrastructure, they are less likely to meet the 60% threshold. This situation will be relevant to the majority of



the Local Plan site allocations (particularly on large-scale brownfield sites around Canning Town and within the Royal Docks).

This challenge is not recognised within the Council's proposed threshold approach. Please refer to our written statement on Limmo (Site Allocation Ref: (N4.SA4) where we have set out the multiple infrastructure delivery constraints which impact scheme viability.

It is unclear whether the Local Plan Viability Assessment has properly considered the potential significant cost of infrastructure when undertaking its scenario testing for the various site allocations. In our view that this scenario testing has significantly underestimated build and infrastructure costs and therefore over-stated the viability (and therefore deliverability) of the various development sites.

Tenure split

The proposed tenure split also diverges from the London Plan Policy H6 which applies a minimum tenure split expectation of 30% intermediate housing products, alongside a minimum 30% low cost rent and with the remaining 40% to be determined by boroughs.

LB Newham's proposed approach effectively applies an 83:17 tenure split in favour of social rent. This would be inconsistent with the London Plan Policy H6 – specifically, the requirement for a minimum provision of 30% intermediate tenure affordable housing.

We disagree with certain conclusions within the Council's Local Plan Viability Assessment. The assertion that the tenure mix (83% Social Rented and 17% intermediate) is deliverable and will have a "relatively modest impact on viability", is not correct.

The portfolio approach to affordable housing delivery

London Plan Policy H4 states that public sector landowners that have agreements with the Mayor can take a portfolio approach to delivering 50% affordable housing across public landholdings in London. Where there is an agreement with the Mayor to deliver at least 50% affordable housing across a portfolio of public sector owned sites, then the 35% affordable housing threshold should apply to individual sites within that portfolio.

This needs to be reflected in the wording of the draft Local Plan Policy H3 and H4. As currently drafted, H4 appears to be seeking to restrict such portfolio agreements to the borough of Newham only, which is not appropriate and not in line with the London Plan.

Word count: 1,220 words

H4 Housing mix

Q6.3 Is policy H4 justified, consistent with the London Plan and will it be effective in helping to meet the identified needs for different types of housing? In particular:

The requirements for proposals for ten or more homes to deliver:

- a) 40% of the total as family housing with three or more bedrooms (unless a financial viability assessment demonstrates that the maximum viable mix will be delivered).*
- b) No more than 15% of the total to be one bedroom, two person homes and no more than 5% of the total to be studio or one person homes; and*
- c) the requirement for proposals on site allocations to provide at least 5% of homes as four or more bedroom family housing.*

The approach to housing mix in Policy H4 is overly prescriptive and is likely to be undeliverable on the vast majority of sites. As currently worded the policy would effectively disqualify schemes from following the Fast Track Route where they do not provide 40% family sized homes (3 and more bedrooms) across all tenures.

This is not appropriate or justified. It would be undeliverable in most cases and would therefore mean that almost all residential applications in Newham would need to follow the Viability Tested Route. This would therefore undermine the functioning of the Fast Track Route.

We consider that it is appropriate for Newham to set out its size mix expectations for social rent accommodation, given this relates directly to their Council house waiting lists and statutory housing duties. This would provide helpful clarity to applicants. This would also reflect London Plan Policy HI0, which specifically states that boroughs include guidance to this effect.

However, we do not consider this to be an appropriate or sound approach on market tenure homes. Market tenure housing provision is influenced by variety of dynamic factors such as affordability, viability, sales rates and market absorption in an area, as well as the particular site location, density, land use mix.

The proposed blanket policy approach fails to recognise that certain types of location lend themselves to higher levels of provision of smaller one and two bedroom homes in market sale, market rent or intermediate tenure, for example, locations in and around town centres and transport nodes. This is explicitly allowed for and anticipated within London Plan Policy HI0. This degree of location nuance and flexibility seems to be entirely lacking from Newham's draft Policy H3.

The proposed draft policy also seeks to cap the percentage of one bedroom, two person homes to 15% across all tenures, which also we consider to be overly prescriptive and unjustified.

This is all far too prescriptive and undeliverable and will delay the planning process. The result will be that perfectly appropriate market tenure unit size mix proposals which have been tailored to a particular location will need to be subject to detailed scrutiny and requiring special justification and viability evidence. A much more sensible and pragmatic approach to planning market tenure unit size mix is required for high density brownfield sites in London.

Housebuilders and developers can only build market tenure homes that they will actually be able to sell or let within an open market at viable levels. There are well-publicised demand side challenges for market tenure housing in high density developments due to affordability challenges, mortgage availability / interest rates and buyer / renter demand. So seeking to rigidly constrain market unit size mix policies is only going to make housing delivery more challenging and the planning process more inflexible and time-consuming for applicants. The result is likely to be less overall and affordable housing being actually delivered.

The proposed policy should be more flexible in its application when it comes to market tenure housing provision and applied as indicative benchmarks and the policy should be de-coupled from the matters to do with Fast Track Route compliance.

Word count: 521 words

H5 Build to Rent housing

Q6.4 Is policy H5 justified, consistent with the London Plan and will it be effective in helping to meet the identified needs for rented housing? In particular:

Are the criteria for defining Build to Rent set out in part I consistent with national guidance⁴² and London Plan policy H11?

The requirements in parts 2, 3 and 4 relating to the provision of affordable housing in Build to Rent schemes.

The approach to affordable housing on Build to Rent developments in Policy H5 does not appear to be in line with the London Plan, given that this allows Build to Rent schemes to provide Discount Market Rent affordable housing (London Living Rent and other genuinely affordable rents) and be eligible for the Fast Track Route where the requirements of London Plan Policy H11, Part C are met.

The proposed policy approach on requiring minimum three-year tenancies appears to go further than the London Plan Policy H11, which states that tenancies of this length should be made available, rather than mandated as minimums.

We do not consider that minimum tenancy lengths should be required or mandated by policy. This limits flexibility for the benefit of residents – who may for example want to live in the property for two years before purchasing a shared ownership property. Their circumstances may also change.

Furthermore, whilst we appreciate that the restriction on the number of homes (50) comes from the London Plan, we do not see why there is a need for this restriction. Why

50? What impacts the ability to deliver and operate a smaller scale BTR development to the same level of quality and value as a larger scale? What interest is this specific criterion seeking to protect?

Similarly, there should no need for a covenant or clawback where a Build to Rent development has been viability tested as shown in Part 4 of the draft Policy H5. In practice, developers could apply for planning permission for conventional housing (Class C3) and operate this as BTR without requiring planning permission.

Word count: 267 words

H8 Purpose built student accommodation

Q6.7 Is policy H8 justified, consistent with the London Plan and will it be effective in helping to meet the identified need for purpose built student accommodation in appropriate locations? In particular:

The requirements in part 1 relating to proposals in the Stratford and Maryland neighbourhood.

The requirements in part 2 relating to proposals elsewhere in the borough.

The requirement in part 3 for at least 60% affordable housing.

The requirements in part 4 relating to nomination agreements.

The requirement in part 5 for the provision of ancillary communal space and sporting facilities.

Draft policy H8, Part 2 seeks to restrict purpose-built student accommodation unless it is either located within or adjacent to an existing campus in the borough; or in a town centre location / local centre with a minimum Public Transport Access Level of 4. This is overly restrictive.

London Plan Policy H15 requires boroughs to ensure that local and strategic need for purpose-built student accommodation is addressed whilst also ensuring mixed and inclusive neighbourhoods. It outlines that there is an overall strategic requirement for student accommodation in London (3,500 purpose-built bed spaces per annum).

There is nothing in the London Plan which restricts student accommodation to sites within town centres or adjacent to existing University campuses. There is no evidence which justifies this position and therefore this approach must be considered unsound.

We have a number of sites within Newham where student accommodation could be considered, with the potential for an element of student accommodation to support overall scheme viability within mixed tenure, mixed typology and mixed use developments. These sites would be considered suitable locations for student accommodation in terms of the London Plan policy criteria, with good public transport access and relatively close proximity to nearby universities. However, not all of these sites would meet the restrictive requirement of needing to be either adjacent to an existing campus in the borough or within a town centre.

Newham's proposed policy approach would therefore significantly constrain the potential provision of purpose-built student accommodation, which is not justified or in line with the London Plan.

The reality is that failure to provide sufficient levels of student accommodation will increase demand within the private rented sector. Conversely, ensuring appropriate levels of provision will help to reduce these wider housing pressures, as recognised in the London Plan.

East London is increasing attracting new Higher Education Institutes (including the UCL East Campus and various satellite campuses on the Isle of Dogs). These new HEIs, alongside established Universities – such as the University of East London, the University of Greenwich, Goldsmiths College – has led to growth in full-time students within east London.

The draft NPPF (2024) paragraph 71 states that: *'Mixed tenure sites can provide a range of benefits including creating diverse communities and supporting timely build out rates and local planning authorities should support their development through their policies and decisions. Mixed tenure sites can include a mixture of ownership and rental tenures,..... as well as housing designed for specific groups such as older people's housing and student accommodation.'*

We therefore consider that Newham should provide greater support for mixed forms of housing (including student housing) within site allocations close to town centres (particularly Canning Town) and public transport hubs, subject to ensuring this does not result in an over-concentration within a particular area.

Word count: 459 words

H9 Houses in multiple occupation and large-scale purpose built shared living

Q6.8 Is policy H9 justified, consistent with the London Plan and will it be effective in helping to meet the identified need for shared accommodation in appropriate locations? In particular:

The requirements in part 3 making provision for affordable homes.

The locational requirements in part 4.

The requirement relating to the inclusion of main town centre uses and community facilities in part 6

Newham's draft Policy H9 states that large-scale purpose-built shared living developments should be directed to town and local centres or along major roads well connected by public transport (with a minimum Public Transport Accessibility Level of 4).

We consider that the proposed locational criteria should be widened to include all accessible and well-connected brownfield sites within PTAL 4 and within close walking distance of stations, rather than just those along major roads. Limiting the policy to just major roads is not justified or appropriate and is therefore unsound.

For example, the Limmo site allocation (N4.SA4) is potentially a very suitable location for an element of purpose-built shared living accommodation as part of a wider mixed housing typology and housing tenure scheme, with a mix of land uses. However, whilst the site is close to Canning Town Station and Canning Town Centre, it is not along a major road. This is a good example of where the proposed locational criteria in Policy H9 is not sufficiently flexible to include all accessible and well-connected brownfield sites.

On affordable housing requirements, we support the flexibility proposed in H9 which would allow shared living accommodation to provide either on-site affordable housing in line with Local Plan Policy H3; or a financial payment in lieu.

Word count: 210 words