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Sent: 06 September 2024 13:10
To: Local Plan
Cc: [REDACTED]
Subject: Consultation on the Regulation 19 Newham Local Plan – Representations by Watkin Jones Group PLC
Attachments: Newham Local Plan (Reg. 19) - comments by the Watkin Jones Group 6.9.24.pdf

Dear Sir or Madam

Please find attached the comments of the Watkin Jones Group in relation to the draft Newham Local Plan (Regulation 19) consultation.

Please do not hesitate to contact me should you have any queries or wish to discuss any aspect of our representations.

Kind regards
Iain

Iain Smith
Planning Director

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6 September 2024

By Email – localplan@newham.gov.uk

Dear Sirs,

Consultation on the Regulation 19 Newham Local Plan – Representations by Watkin Jones Group

Please see below the comments of the Watkin Jones Group PLC (WJG) in relation to the Regulation 19 Newham Local Plan review. Our representations reflect upon our Regulation 18 submission, and focus on the land use policies in the consultation document relevant to the residential tenures that we deliver. As such, this representation focuses primarily on the following policies:

- Purpose Built Student Accommodation (PBSA) – Policy H8
- Large scale purpose built shared living (LSPBSL) or co-living – Policy H9 and H11
- Build to Rent (BTR) – Policy H4, H5 and H11

These are addressed in turn, along with our proposed recommendations to ensure that the Plan meets the tests of soundness set out in Paragraph 35 of the National Planning Policy Framework (NPPF) – namely, positively prepared, justified, effective and consistent with national policy.

Loss of Specialist Forms of Accommodation

Firstly, we consider the lack of protection for the above residential tenures. The draft Local Plan should offer clearer support for large scale purpose built shared living (LSPBSL) given that it is form of specialist housing that can support a mixed and balanced approach to need in the Borough as supported London-wide within the London Plan. The policy justification for Policy H2 (p211) states

“Given recent evidence of housing needs in Newham, we do not consider there is a need to specifically protect purpose-built student accommodation floorspace, or large-scale purpose built shared living floorspace from redevelopment.”

We recommend that this sentence is deleted from the Plan. Firstly this runs contrary to policies elsewhere that recognise both existing and future needs for PBSA across the Borough. If PBSA is lost then this should be factored in the operation of Policy 8. Furthermore, in respect of Policy H9, the justification text (paragraph 3.191) states:

“Latest housing needs evidence suggests that recent graduates are increasingly occupying houses in multiple occupation given pressures on the availability of social housing and rising private rents. Accordingly, there is a necessity in Newham to balance the need to protect family housing from conversion while also allowing for the delivery of new houses in multiple occupation that are of a high-quality and affordable to young people.”

It would therefore seem appropriate for Policy H2 to protect existing PBSA and LSPBSL. Both forms of housing currently have very challenging policy expectations in the draft Local Plan. This suggests that the Council are not necessarily supportive of these tenures even though both have important roles in the modern housing market, as recognised in the London Plan.



Reg No. FS 38552

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Purpose Built Student Accommodation

Need for PBSA and Location Criteria

WJG questions whether the Council has assessed whether the location-based criteria would provide sufficient sites to cater for the significant and increasing demand for PBSA.

The Council's SHMA (2022) details that:

- The number of households comprising of only students has nearly doubled since 2011.
- It is expected that students attending new university campuses in Stratford will increase the number of students studying in Newham by between 15,000 and 25,000.
- The SHMA recognises that the increasing number of students will have increased pressure on housing stock, through an increased number of students renting privately.
- The SHMA recognises that student accommodation counts towards housing completions.

The above points focus upon future student growth trends for the future Plan period, and less so on the current demand for student accommodation in the borough. The following presents some further indicators of the existing demand for PBSA. This information has been extracted from the Student Needs Assessment prepared by Knight Frank which accompanied WJG's application for PBSA on Grove Crescent Road, Stratford:

- There are approximately 21,500 students attending universities Stratford.
- There are only around 5,700 PBSA bedspaces within this area (university or privately owned). This means that only 26% of students have access to PBSA, 74% do not.
- The number of full-time students studying at institutions in Stratford has increased by 32% in the last five years. The supply of PBSA has not kept up with demand. The problem will be further exacerbated in new supply is constrained.
- It is estimated that approximately 10,000 additional students will be studying in Stratford by 2027.
- This will result in students occupying other forms of residential accommodation in the borough (e.g. uncontrolled houses in multiple occupation) needed by other residents within the borough.

Student accommodation trends have also been changing in recent years, with more second and later year students, as well as postgraduates, favouring PBSA over other forms of accommodation (e.g. HMOs). Evidence of this is provided by Pavilion Court in Wembley, a 699 bed PBSA development managed by Fresh. Within this academic year, only 16% of residents are first year students. This proportion of first year students is reflective of PBSA developments managed by our sister company *Fresh* across the UK and over recent years.

There is anticipated to be high demand for PBSA is across London strategically, and that this is only going to increase significantly due to the increasing numbers of students that will study in Stratford (e.g. UCL's East Campus). The evidence above demonstrates that a significant increase in the amount of PBSA is required in Newham.

WJG considers that the approach suggested by the Council is too restrictive and will not result in the supply of sufficient, well-located PBSA bedspaces. WJG also considers that the approach suggested by draft Policy H8 is not in conformity with the London Plan. The Local Plan should confirm with the approach detailed within Policy H15B of the London Plan, namely:

"Boroughs, student accommodation providers and higher education providers are encouraged to develop student accommodation in locations well-connected to local services by walking, cycling and public transport, as part of mixed-use regeneration and redevelopment schemes".

WJG recognises that Newham's Local Plan adopts a town centre or campus first approach to PBSA and would support a similar approach on the basis that it does not mean that PBSA must be located within the town centre or campus.

Through draft Policy H8 the Council is seeking to introduce a highly restrictive approach to PBSA in the borough than is provided through Policy H15 of the London Plan. Given the current and increasing need for PBSA over the Plan period in Newham, this approach is not sound. Given that draft Policy H2 protects all forms of housing other than student accommodation, Policy H8's approach will require even greater emphasis on the provision of new PBSA to address demand, and accommodate for potential future bedspace loss.

WJG recognise that the Council, like most others, has competing land pressures and high housing targets. The Plan should recognise in writing what the provision of an increased amount of PBSA can offer:

- Counting towards the Council's housing completions.
- Using land efficiently, resulting in land being available for other uses.
- If sufficient PBSA is provided above existing and future demand, it will result in other existing and future homes being occupied by students (e.g. apartments, HMOs) being released back to the market and provided much needed homes for others (as recognised by NPPG, 034 Reference ID: 68-034-20190722).

Part 1 of Policy H8 is unduly restrictive. It accepts in principle need for PBSA and accepts the benefits of locating such accommodation in Stratford and Maryland only in two circumstances. The two neighbourhoods have naturally attracted most of the Borough's student accommodation investment in recent years given their highly sustainable relationship with new higher educational campuses. As drafted the policy all but prevents any new student accommodation for the lifetime of the development plan. The justification text provides no justification but rather repeats the provision of the draft policy.

In respect of 1(a), the definition of "existing campus development" should be made clear with examples provided of those that exist today. The need to be directly adjacent to such developments is unduly restrictive and a reasonable travel distance (for example 1,200m as used in Part 5 of the Policy) should instead be incorporated which would still achieve sustainable patterns of residential development and related movements. Such amendments would more genuinely support the identified need for PBSA within the Borough. This principle should also apply to 2(a) of this draft policy for the same reasons.

In respect of 1(b), it is assumed that "facility" refers to existing student accommodation (this should be clarified). The policy should also allow for moderate increases in bed spaces to viably accommodate and encourage the sustainable renewal of older stock to address matters such as poor energy performance and fire risk. As a developer of student accommodation, it would be unusual to anticipate a refurbishment or rebuild project that would be viable and deliverable without some form of net additional bedspaces (return on investment). This principle should also apply to 2(d) of this draft policy for the same reasons.

'Over-saturation'

The concept of over-saturation is raised in **Part 2**. Paragraph 3.189 refers to "potential over-saturation" but does not state that this is a matter that exists currently in any locations in the Borough. If this does occur (with reference to the unjustified over-saturation criteria) the Plan should set out evidence to demonstrate harm occurring. Equally paragraph 3.189 warns against the potential for student accommodation to "undermine the delivery of general needs housing" but also does not provide evidence that this is actually occurring to date. Without such evidence the principle of "regulating" the delivery of PBSA (ref paragraph 3.190) is unnecessary and therefore unsound.

Notably, at page 234, the justification text accepts that "over-saturation" would become acceptable to the Council in principle, if a nomination agreement existed for the proposed accommodation. This clearly suggests that the matter is not necessarily about infrastructure capacity or housing mix, but perhaps one around the confidence of proven need for the proposed accommodation.

The practical application of the draft Policy uses a definition of over-saturation which refers only to the Plan period delivery records, without any reference to existing baseline data related to housing mix in an area. This latter data point must clearly be relevant when considering saturation. The Council should provide evidence of how the use of 800 beds and 300m has been arrived at given the lack of any evidenced "saturation" to date.

Affordable Student Accommodation

In respect of **Part 3** of the draft Policy, there is no evidence to support the specific need for 60% affordable student accommodation. The Local Plan Viability Report (April 2024) prepared by BNP Paribas does not provide justification or explanation as to why the approach advocated / supported. This would be the highest policy expectation for affordable student accommodation in the UK as far as we are aware. We are not aware of any student accommodation projects that have ever delivered such provision and we therefore question whether this is a proactive plan policy or a measure to discourage student accommodation investment within the Borough given the Council's preference for alternative residential tenures. Paragraph 3.190 only briefly mentions the matter. The justification text on p233 equally offers nothing further beyond the headline policy. This aspect remains unjustified and therefore unsound.

Nominations Agreements

The London Plan recognises that there is a demand for PBSA across London and that students may not live within the borough where they study. This is also recognised within para 6.125 of the Council's SHMA which states *"in London it is common for students to attend a university in one Borough while residing in a different one"*.

Whilst there is a significant and increasing need for PBSA in Stratford, and it is thus likely that new PBSA provided within the borough will be occupied by students studying in Stratford, the approach advocated within draft Policy H8(3) is not in conformity with the London Plan. WJG encourages the Council to remove this element of the policy and replicate the cross London approach advocated by the London Plan.

Paragraph 4.15.3 of the London Plan states:

"The strategic need for PBSA is not broken down into borough-level targets as the location of this need will vary over the Plan period with changes in higher education providers' estate and expansion plans, availability of appropriate sites, and changes in Government policy that affect their growth and funding. ... There is no requirement for the higher education provider linked by the agreement to the PBSA to be located within the borough where the development is proposed."

Furthermore in **Part 4**, requiring a Nominations Agreement for all PBSA assumes that all HE institutions have the commercial ability to commit to long term accommodation contracts. Such an approach favours certain institutions who have stronger balance sheets over others, which is likely to evolve further during the Plan period. This should not be a requirement for student accommodation proposals given the benefits that 'direct let' accommodation can also provide to local communities and HE institutions. Nomination Agreements are increasingly being seen by LPAs as a reflection of housing need, however it is just one indicator. Affordable housing would still be accepted in principle and promoted by LPAs even without a Housing Association providing full support at the planning stage. Therefore the policy should offer greater levels of flexibility if the Council is going to genuinely support this form of specialist housing accommodation. Finally, given the requirement for written support, the LPA should not expect HE institutions to attend pre-meetings as set out on p234.

P234 of the draft Plan includes the following:

"Where purpose-built student accommodation is being delivered within or adjacent to an existing campus development in the borough in accordance with H8.1.a or H8.2.d, the policy requires the nominations agreement to be secured for occupation by students of the higher education provider that the development is located is within or adjacent to".

It is considered that this is unnecessary and unreasonable. It should be equally acceptable that the accommodation might also be acceptable to other HE institutions. It cannot be a requirement for a commercial contract to be in place just because of proximity. We accept that this would be desirable and therefore the word "required" to "prefers".

Facilities within PBSA

Part 5 of draft Policy H8 refers to sporting facilities. This is a very unusual expectation of PBSA as a specialist form of housing in which studying and socialising spaces are common. There is no clarity of why or what type of sporting accommodation would be appropriate. This phrase should be deleted or replaced by "socialising".

Needs for wider infrastructure such as sporting matters can be addressed by university provision, and/or the applicable CIL contribution locally.

Policy H11(6) applies to PBSA however part (e) which refers to play space. This should not apply to PBSA as this does not generate a need for such infrastructure.

Co-Living

Affordable Housing

WJG is supportive of the draft Plan including a co-living policy (Policy H9) and that this is largely reflective of the approach detailed within Policy H16 of the London Plan (2021). WJ raises objection to points (3b) (4) and (6) of the draft policy as follows.

This approach towards PIL is different from that stated within points 9 and 10 of Policy H16 of the London Plan:

“9. It delivers a cash in lieu contribution towards conventional C3 affordable housing. Boroughs should seek this contribution for the provision of new C3 off-site affordable housing as either an: upfront cash in lieu payment to the local authority; or in perpetuity annual payment to the local authority.

*10. In both cases developments are expected to provide a contribution that is **equivalent to 35 per cent of the units**, or 50 per cent where the development is on public sector land or industrial land appropriate for residential uses in accordance with Policy E7 Industrial Intensification, co-location and substitution, to be provided at a discount of 50 per cent or the market rent. All large-scale purpose-built shared living schemes will be subject to the Viability Tested Route set out in Policy H5 Threshold approach to applications, however, developments which provide a contribution equal to 35 per cent of the units at a discount of 50 per cent of the market rent will not be subject to a Late Stage Viability Review”.*

The accompanying text states that evidence based which has been used to inform Policy H9 is the Council's SHMA and the Local Plan Viability Report (April 2024) prepared by BNP Paribas. Neither of these documents provide justification or explanation as to why the approach advocated by the draft Policy H9 of the Local Plan is different to the approach detailed in Policy H16 of the London Plan. No further clarity is provided by the justification text on page 238. In the absence of evidence justifying an alternative approach, and in order to make this policy sound, WJG requests that the Council adopts the approach detailed within Policy H16 of the London Plan.

Other Matters

Policy H9(4) should allow a PTAL level as existing or as planned.

Policy H9(6) states:

“Main town centre uses or social infrastructure provided within large-scale purpose-built shared living developments are only acceptable in suitable locations and if the facilities are publicly accessible”.

The policy should make clear that this part of the policy only applies to land uses that are not ancillary to LSPBSL (e.g. shared workspaces and laundries) noting that elsewhere (p237) the Plan recognises:

“Large-scale purpose-built shared living: ... Additional services and facilities are often included within these developments such as room cleaning, bed linen, on-site gyms and concierge services.”

Build to Rent

WJG is generally supportive of the approach suggested by draft Policy H5, but raises objection to the “dual viability” approach detailed within part 4 of the draft policy. The suggested approach adds a level of complexity and is not an approach advocated within NPPG, the London Plan or reflected within the planning policies of other local planning authorities.

Policy H11 of the London Plan states “viability assessments on such schemes should take account of the differences between Build to Rent and Build to Sale development and be undertaken in line with the Affordable

Housing and Viability SPG". The Affordable Housing and Viability SPG further clarifies that there are distinctly different economic between build to rent and build for sale schemes.

Paragraph 3.183 also appears to recognise this, which states "*Affordable housing policy requirements for the policy have been formulated using Newham's latest evidence of housing need. Therefore, this policy broadly reflects the affordable housing tenure mix requirements set out in Policy H3 for build for sale general needs housing developments.*" [authors emphasis]

Build to rent and build for sale schemes are also physically different. For example, build to rent schemes will have a significantly increased provision of amenity space and management facilities, and a potentially different mix of units and sizes. In order to assess the viability of a build for sale development, two architectural schemes would need to be designed for the same site, one presenting a build to rent scheme and one presenting a build for sale scheme. This is overly onerous and complex.

H5(3) requires 50% LAR and 10% LLR equivalent rents. However (4) states that (2) or (3) apply. Policy H4(2) applies to BTR expecting 40% 3 bed units without providing evidence of why this should be dictated by policy for the managed rental market.

Notably the Local Plan Viability Report (April 2024) prepared by BNP Paribas states at paragraph 6.27:

"Clearly there are differences in outcomes between build for sale and build for rent schemes, with the latter generating lower residual values and (in some cases) lower affordable housing levels as a consequence. There are some circumstances where 60% affordable housing is viable, but many schemes can only provide lower levels of affordable housing".

And:

"In general, the appraisals indicate that the viability of build to rent schemes is somewhat more challenging than build for sale schemes".

The conclusions of this Report in relation to BTR to not provide sufficient justification to justify the Council's affordable housing approach for BTR, which differs significantly from national practice and guidance and is not going to support the delivery of much needed homes.

Given that the economics and physical characteristics of these two models are different, viability assessments should only be assessed for the relevant model. It is therefore requested that part 4 of the draft policy is replaced with the following:

"Developments of Build to Rent housing that fail to deliver sufficient affordable housing in accordance with the requirements of parts 2 or 3 above are required to submit a detailed financial viability assessment".

Policy H4 is currently inflexible and does not align with the BTR market. WJG requests that Policy H4 is amended to allow the applicant to justify an alternative unit mix for BTR developments, particularly in locations which are considered less suitable for family living.

Policy H5 1(h) requires on site management. This an unnecessary definition of BTR as schemes can be successfully managed by off site teams and management teams that are on-site periodically.

Conclusion

WJG welcomes the opportunity to comment on the draft Local Plan. We trust that our representations on these aspects of the draft Plan are of assistance to the Council and will be taken into account to inform the next version of the Plan. In the meantime, please do not hesitate to contact Iain Smith on [REDACTED] or [REDACTED] should you have any queries.

Yours faithfully

Watkin Jones