



2005 LONDON HOUSING STRATEGY CONSULTATION

A RESPONSE BY THE HOUSE BUILDERS FEDERATION

1. Building new sustainable communities

How can we provide more housing?

Q1.1 How do we maximise the potential for new supply across London, including the growth areas?

- Local authorities must take a more positive attitude towards identifying potential residential development sites, for example through re-use of employment sites and intensification in established residential areas. The potential to deliver new supply through mixed-use development must also be promoted. The London Housing Capacity study should provide a platform for this.
- By influencing public sector investment decisions to facilitate infrastructure provision. If there is too much reliance upon the private sector to finance infrastructure provision this will simply constrain residential development opportunities.
- By promoting a planning framework that encourages, rather than looks negatively upon, residential development opportunities.
- Through the development of flexible planning policies that do not simply result in residential development opportunities becoming unviable or uncompetitive against alternative commercial land uses and so offer the landowner sufficient reward to dispose of the land for residential development.
- By establishing a public sector grant system that provides certainty and clarity to private developers regarding the delivery of affordable housing through S106 developments.

Q1.2 What more can local authorities do to increase the supply of new housing?

- Local authorities must enable development opportunities to come forward. This is discussed above in terms of identifying land suitable for residential development, for example through intensification.

- Adopt flexible affordable planning policies that have regard to commercial viability when considering the provision of planning gain, including affordable housing. This includes taking a realistic perspective of the ability of the house building industry to deliver affordable housing. Too many local authorities believe that setting higher percentages for affordable housing provision through planning policy will increase affordable housing supply. This is not necessarily the case. Westminster City Council have set an affordable housing target from private development of 30% on the basis that a higher percentage figure would impact upon viability and residential development would not be competitive against other commercial land uses so that residential development opportunities would be lost.
- Speed up the planning decision making process. HBF members are very critical of the length of time it takes for planning applications to be processed. Although the Planning Delivery Grant should facilitate improvements in service delivery, there must be further public sector intervention.

Q1.3 How can we bring London's 100,000 empty homes back into use?

Q1.4 How should we best target available public subsidy to maximise the increase in the supply of housing?

- The majority of new housing in London is delivered by the private sector. The planning gain required from private residential development is becoming increasingly onerous, in particular with regard to affordable housing provision. This is affecting site viability. Public subsidy can have an essential role in bringing forward private sector residential developments that ensure viability and allow for the (onerous) affordable housing provision in both quantity and tenure prescribed by local authority planning policies.
- There is currently a considerable degree of uncertainty regarding the availability of Social Housing Grant. There is a need to re-consider the arrangements for the allocation of SHG to private developments. This requires providing developers with greater clarity and certainty regarding the availability of grant.
- Unless public subsidy supports private residential development, the planning framework is in danger of destroying the private residential market. The end result will be less housing and less affordable housing. We must expel the myth that public subsidy through SHG simply disappears into landowners pockets. Yet onerous requirements relating to open book accounting to demonstrate viability is not the way forward. Attempts to regulate the private housing market will simply destroy it. There must be effective co-operation between the public

and private sector rather than this increasing emphasis of the public sector managing the housing market through the planning system.

Where in London should new housing be developed?

Q1.5 Where do we want new housing to be developed if we want to maximise new supply?

- This requires both a short and long term perspective. In the short term we must seek to build upon development opportunities where the supporting infrastructure is in place, in particular through intensification opportunities.
- The long term requires a more strategic perspective regarding development opportunities, which must link in with the development of additional infrastructure. Broader regeneration objectives can also be linked in with new housing provision in the long term.

Q1.6 To what extent should we be taking a sub-regional approach to new housing development?

- The London plan offers a valuable pan London perspective and considers the sub-regional perspective. This can be effective where planning matters cross borough boundaries, for example with infrastructure considerations.

What type of new housing do we want?

Q1.7 How do we ensure that all new housing developments contribute to building sustainable communities in an area, in particular through providing mixed tenure?

- As the question correctly infers, sustainable communities are created in an area. This does not imply that every residential development must comply with a pre-determined proportion of market, intermediate and social rented housing. Planning cannot be this exact and policy must not seek to regulate the market, otherwise it will simply destroy the market. Rather, we must take a broader perspective of how sustainable communities are created and how private residential development may contribute to that objective.
- The private sector should not be dictated to in terms of the exact tenure and size of dwellings to be provided through a development. Paradoxically, it seems to be acceptable for public sector developments through Housing Associations to be able to provide 100% affordable housing. We are not suggesting that there be a move towards solely private sector developments. Rather there should be greater flexibility and an approach that allows for inventiveness in the supply of new homes.

- The approach should be to ensure that collectively, residential developments achieve sustainable communities within a neighbourhood.

Q1.8 What mix of size of homes do we need?

- As with Q1.7, we must not take a formulaic approach to this question. PPG3 makes the fundamental point of creating a choice of housing in both location and type. There will be a need for a variety of house types and tenures within any neighbourhood. As discussed in Q1.7, individual residential developments must not be tied to a pre-determined mix. This degree of control has little regard to the operation of the market and will simply have a negative impact upon viability thereby losing residential development opportunities. The objective is to take a pragmatic approach that delivers a reasonable choice of dwellings within a neighbourhood.
- An example here is that the GLA Affordable Housing Draft Supplementary Planning Guidance Para 3.5 states “Studio flats should only be considered as intermediate provision where the local authority considers this provision is appropriate”. How is this decision reached and what is the basis of this decision? This is a prime example of how planning policy can be framed with insufficient regard to market constraints.
- The agreed mix of dwellings within a single private development must be practical, for example seeking large affordable units within a high density private development will create difficulties.

Q1.9 How do we provide for those who are not eligible for social housing but who cannot afford to rent or buy on the open market?

- The intermediate sector is a critical element of the residential market. We need to establish more creative ways of delivering intermediate housing. This also relates to the provision of social rented housing. If there was greater certainty regarding the availability of grant for social rented housing, this would then allow for the development of more inventive mechanisms for the provision of intermediate housing through the private sector. This approach requires greater co-operation between the public and private sectors.

Q1.10 How can we make higher density developments work?

- It is vital that local authorities seek an appropriate mix of dwellings within such developments, for example seeking smaller private units and larger affordable units within a single building will not work. We also need to have regard to the type of households the building will be occupied by.

Q1.11 How do we create new housing developments where people want to live?

- We often tend to focus upon the affordable element of residential development in considering this matter. However, it is important to consider all elements of London's diverse population. Regeneration objectives are often delivered through varying the social mix of areas and the role of private market housing can be invaluable in delivering neighbourhood renewal objectives.
- We must also consider how to achieve successful integration of different forms of tenure. Housing Corporation Scheme Development Standards can work against this by controlling the external appearance of social rented units.

Q1.12 What is needed to create a sense of community and place in areas of new development?

- The Sustainable Communities Plan is setting this agenda. We have moved on from the concept of vast swathes of housing with little else around. However, we should not underplay the role of new housing in creating community values. This means not being too inflexible when applying criteria linking employment creation with housing provision in areas of strategic development, in particular the Thames Gateway. New housing will pull in other commercial activities, in particular retail and leisure, which will add to community values, and provide additional employment opportunities.

Q1.13 How do we make sure that new supply reflects the needs of London's diverse communities?

- By not seeking to manage housing markets through the planning system. London's communities are extremely diverse, yet local authorities do not seem to recognise this diversity and are only interested in satisfying a proportion of the market, the social rented sector. The private house building industry accepts its 'implied' role in delivering affordable housing as part of its output. Yet the position is not to regulate that output to the extent that the industry is effectively being nationalised. This will not satisfy overall community needs and will not facilitate the development of London as a world city.
- London's housing crisis has not been created by a lack of intervention in the housing market. Rather it has been created by a consistent under supply of new housing, to a large degree generated by delays in determining planning applications. If we now seek to exert too much control over the type of new housing that comes forward onto the market (house builders effectively becoming housing contractors) then this will simply constrain supply further and the crisis will deepen.

Q1.14 How should we make provision for supported housing for people with special needs?

Can the housing sector deliver a step change?

Q1.15 How can we get more developers involved in the London housing market?

- London is a notoriously difficult and expensive market for residential developers to operate within. To address these constraints it is vital that we:
- Remove the rigid, unrealistic controls that are increasingly being imposed on developers through planning policies regarding the type and size of units that they can build. This is having a major impact upon the viability of residential development opportunities
- Confronting delays within the planning system that result in huge amounts of capital being tied up within prospective developments at vast cost to private developers.
- Changing the culture within planning departments to one of enabling rather than controlling residential development.

Q1.16 How do we ensure that housing development is not constrained for example by skills shortages?

-

Q1.17 To what extent should we be using modern methods of construction to speed up the supply of housing?

- Yes, we should be encouraging MMC where appropriate. However, the time savings achieved through MMC must be set against the inordinate amount of time and money that is spent by a developer in obtaining a planning permission in the first instance.

Q1.18 In what other ways can the housing sector speed up delivery of more homes?

- As discussed above, we can speed up delivery in the private housing sector quite simply by removing the regulations and controls that are unnecessarily imposed upon it. However, this does not seem to be occurring, for example Westminster City Council are now applying pre-application charges. This is a mechanism to enable the local authority to impose even more control on the form that a development should take at an earlier stage.

- We need to reduce the time taken to determine planning applications. Greater speed, certainty and clarity in the planning process is vital.
- Every question raised in this section highlights the positive role that the private residential development sector contributes to society. Yet housing is still perceived as an undesirable commodity by many. We must change this attitude both within local authorities and the wider community and stop trying to over-regulate this market.

Please let us know if there are other issues that you think are important in increasing the supply of housing and building sustainable communities. Please tell us how these issues should be addressed in the London Housing Strategy.

- The London Housing Strategy itself will be influential in terms of increasing the supply of housing and building sustainable communities. It is vital therefore that the strategy has an adequate understanding of the functioning of the private housing market to enable that industry to contribute effectively to the housing supply, including affordable housing, in London.
- Previously, the HBF has been concerned regarding the lack of reference within the LHS to the input of the private sector to housing objectives in London and to facilitating collaborative working relationships between the private and public sectors.
- Finally, we welcome the recognition of the diverse communities within London. Let us develop an appropriate housing strategy that will enable us, both public and private sectors, to address all elements of that community and consolidate London's role as a world city.