INTRODUCTION

1.1 This report is being submitted by the Royal Borough of Kensington and Chelsea as an addendum to the Sustainability Appraisal (SA) Scoping Report for the Royal Borough of Kensington and Chelsea’s Local Development Framework (LDF). It is for consultation in line with the requirements of the SEA Directive 2001/42/EC and the Environmental Assessment of Plans and Programmes Regulations 2004. The LDF SA Scoping Report was the subject of community engagement in early 2005 and has subsequently been adopted. The LDF SA Scoping Report comprises of three volumes, namely the Scoping Report (Sept 05), Baseline Characterisation Figures (Aug 05), and Context Review (Sept 05), which are all available on the Council’s website.

1.2 The LDF Interim Sustainability Appraisal report was produced in November 2005 and, together with the LDF Core Strategy Issues and Options report, was the subject of community engagement during November and December 2005. However, in accordance with advice from the Government Office for London, the Council revised the Core Strategy Issues and Options report and, together with a revised Sustainability Appraisal Update Report, was re-issued for further stages of community engagement throughout 2008 and 2009. The Core Strategy was finally adopted in December 2010.

1.3 This Addendum report extends the LDF SA / SEA Scoping Report to include the emerging issues and options around a future planning policy on planning for housing provision, including affordable housing.

BACKGROUND

Legislative Background

2.1 In the summer of 2001, the European Union legislated for Strategic Environmental Assessment (SEA) with the adoption of Directive 2001/42/EC on the Assessment of the Effects of Certain Plans and Programmes on the Environment (the ‘SEA Directive’). The Directive was incorporated into UK law with the Environmental Assessment of Plans and Programmes Regulations 2004 and applies to a range of UK plans and programmes whose preparation began after 21st July 2004, or whose formal adoption is not complete by 21st July 2006.

2.2 The SEA/SA report supports public consultations as required by Regulation 25 of the Town and Country Planning (Local Development) (England) Regulations 2004 and the National Planning Policy Framework 2012 (paragraph 165 – Environment). Furthermore, issuing the SEA/SA Report

1 Available from: http://www.rbkc.gov.uk/planningandconservation/planningpolicy/localdevelopmentframework/sustainabilityappraisal.aspx
alongside the Housing Issues and Options (which will move to specific draft policies) will help to provide objective information for consultees, so that responses can take full account of the predicted sustainability impacts of different ‘options’. It will also identify the information being fed into the decision making process and how this has informed the decisions.

Contents of this report

2.3 Figure 1 below sets out the outputs at each stage of the SA/SEA process. This Addendum report documents the Scoping (or Stage A) of the process, setting out the context and objectives of the SA / SEA. It also establishes the baseline and decides on the scope of the SA/SEA.

Stage A: Setting the context, collecting the baseline, identifying sustainability issues, creating SA Framework, consult on scope ➔ Scoping Report (This Stage)

Stage B: Testing the LDF Objectives against the SA Framework, developing and refining options, predicting and assessing effects, identifying mitigation measures and developing proposals for monitoring

Stage C: Documenting the Appraisal process ➔ Final SA Report

Stage D: Consulting on the plan with the SA Report

Stage E: Monitor the effects of the implementation of the plan

Figure 1. Outputs from the SA process

2.4 Stage A from figure 1 (as set out in subsequent sections of this report) is divided into the following 5 key tasks:

- A1 – Context;
- A2 – Baseline;
- A3 – Sustainability issues;
- A4 – SA Framework; and
- A5 – Consult on scope.

2.5 This report seeks to supplement the LDF SA Scoping Report which was adopted by the Council in November 2005.

2.6 The main body of this report is divided into sections which document Stage A of the SEA process and, in particular, tasks A1 to A5.
3.0 Housing Policy: Background

3.1 The Royal Borough is an intensely developed, primarily residential borough with some of the highest land values in the United Kingdom. It is estimated that in 2011 the Borough was home to 159,000 people and given its size has one of the highest population densities of all local authorities in England and Wales. The Borough’s outstanding built environment and its position close to the capital’s centre make it one of the most desirable places to live in London, if not the world. This popularity comes at a price, bringing with it the highest property prices in the United Kingdom.

3.2 Between May 2000 and 2008, the average price of a home in Kensington and Chelsea more than doubled from £389,000 to £873,000\(^2\) since when it has continued to increase to an excess of £1m in 2012. Affordability is therefore a significant issue in the Borough.

3.3 The Royal Borough of Kensington and Chelsea adopted its Core Strategy in December 2010. One of our strategic objectives in the Core Strategy is for Diversity of Housing to have a diversity of housing is that at a local level, it will cater for a variety of housing needs, and is built for adaptability and to a high quality. Diversity of Housing is central to stimulating regeneration in North Kensington, and vital to the residential quality of life.

3.4 The purpose of the document is to review and set out issues and options in relation to the existing Core Strategy policies CH1: Housing Targets, and CH2: Housing Diversity of the adopted Core Strategy and invite your comments on these. The review is not, however, looking to change the overall strategic objective Diversity of Housing.

4.8 STAGE A: Tasks A1 to A4

Task A1 – Identifying other relevant plans, programmes and sustainability objectives

4.1 An initial review of policies, plans, programmes, strategies and initiatives (PPPSIs) was carried out as part of the LDF Scoping Report. This section outlines those PPPSIs which are considered to be of particular relevance to the emerging policy regarding planning for housing. These are set out in Table 1 below which includes also additional policies, plans, programmes, strategies and initiatives not included in the LDF Scoping Report but relevant to the formulation of housing planning policy.

\(^2\) Land Registry (May 2012)
4.2 The key messages from these PPPSIs which need to be taken into account are set out in Volume 3 of the main LDF SA / SEA Scoping Report and in the October 2009 updated Sustainability Appraisal Report.

*Table 1: List of relevant policies, plans, programmes, strategies and initiatives*

<table>
<thead>
<tr>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Planning Policy Framework March 2012</td>
</tr>
<tr>
<td>The Localism Act November 2011 (issues such as Affordable Rented Tenure, Flexible Tenancies)</td>
</tr>
<tr>
<td>London</td>
</tr>
<tr>
<td>The London Plan (adopted July 2011)</td>
</tr>
<tr>
<td>Local</td>
</tr>
<tr>
<td>Local Development Scheme (revised 2012)</td>
</tr>
<tr>
<td>Core Strategy for the Royal Borough with a Focus on North Kensington Development Plan Document (adopted December 2010)</td>
</tr>
</tbody>
</table>

**Task A2 – Collecting Baseline data**

4.3 The LDF SA / SEA Scoping Report identifies the key characteristics of the Royal Borough of Kensington and Chelsea. It was updated in 2009 with the information in the table below in relation to housing.

Emerging Evidence
The Annual Monitoring Report

4.4 The Council’s Planning and Borough Development department published the first Annual Monitoring Report (AMR) in 2011 following the adoption of the Core Strategy. The AMR reviews the outcomes of the policies in the Core Strategy and whether they have delivered what they set out to do. It provides some initial information about the implementation and delivery of planning policy in the Borough.

4.8 The AMR monitors net planning permissions and net completions for the period of 2006 – 2011. The figures indicate that over the entire study period the net gains permitted have exceeded the target set in the London Plan of 350 units for 2009/10 and the higher target of 600 units since August 2011. The net gain for approvals was 540 for 2009/10 and 783 for 2011. However, there is some concern that these permissions do not appear to have been translated into completions, with just 324 completions in 2009/10 and in 175 2010/11.
4.8 Whilst the Core Strategy can influence the number of properties permitted it has little influence on the number of units that are actually built. The Council has demonstrated the deliverability of the housing capacity, incorporating the Strategic Housing Land Availability Assessment (SHLAA) findings and using local evidence, as illustrated in the Housing Trajectory.

4.7 In terms of affordable housing the target has not generally been met since 2006/07 with just 22 units negotiated in 2009/10 and 61 in 2010/11 as opposed to an average target of 200 affordable units per year set out in the London Plan 2011 (90 affordable units per annum were required in the previous London Plan).

**Average House Prices**

4.8 Since adoption of the Core Strategy in 2010 average house prices have continued to rise, to an average of over a million pounds (£1,044,900) (see chart below). This is nearly double the average house prices in 2005. Therefore affordability in the Borough continues to be an issue.

![Average House Prices in RBKC by Type](chart.png)

*Source Based on data available on: [http://www.landregistry.gov.uk/professional/house-prices-and-sales/search-the-index](http://www.landregistry.gov.uk/professional/house-prices-and-sales/search-the-index)*
A Strategic Housing Market Assessment (SHMA) update for the Borough has been undertaken and updated for 2012. This provides an update of the original SHMA undertaken in Kensington & Chelsea Royal Borough in 2008 (finalised in 2009). The update has been undertaken because of the continued turbulence across the housing market and changes to the housing sector such as the introduction of ‘Affordable Rent’ by the government. The report assesses the local impact and the appropriate response within the current market conditions and new policy landscape. The full report is available on the Council’s website [www.rbkc.gov.uk](http://www.rbkc.gov.uk). All the key findings are reproduced in Appendix 2 for ease of reference and summarised below.

- An analysis of the gaps between each tenure shows that there is a very large income gap between the social rented sector and market rent indicating the potential for intermediate housing.
- Based on the affordability criteria set out in the SHMA Practice Guidance, some 42.5% of all households in Kensington & Chelsea are theoretically unable to afford market accommodation of an appropriate size at the present time. This compares to a figure of 39.7% in 2009.
- It is estimated that a total of 11,587 households are living in unsuitable housing. This represents 14.4% of all (non-student) households in Kensington & Chelsea.
- The needs assessment model shows a net need estimate of 5,786 affordable dwellings per year in Kensington & Chelsea. Larger affordable homes and properties outside the North price market are particularly required.
- Flexible Tenancies are being introduced as a new tenure. They will not give the tenant security of tenure for life and will allow Affordable Rent to be charged. Affordable Rent will be based on the open market value of each property.
- The Local Housing Allowance (LHA) is capped nationally. The high property prices in Kensington and Chelsea means that setting ‘Affordable Rent’ at 80% of market rent is still too expensive, unaffordable to most households in the Borough and far above the LHA cap.
- Very few households on the Register can afford Affordable Rent at 80% of the median market rent. The most practical level to set Affordable Rent to meet substantial need and be viable in terms of the viability of development is no more than 45% of market rent.
- The GLA demographic projections suggest that there will be a notable growth of the resident population over the next 19 years, with a significant increases in particular age cohorts, particularly those aged 90 or over. In addition there are projected to be large increases in the number of lone parent households.
- In terms of the accommodation required to provide housing market balance over the long-term, the model suggests that of the new housing required up to 2031 (7,970 dwellings in total), 52% should be market dwellings, 10% shared ownership, 24% Affordable Rent and 14% new Local Housing Allowance (LHA) dwellings.
• The introduction of the national upper LHA cap means that most of the new LHA accommodation required will have to be social rented housing.

4.10 In addition to updating of the 2009 SHMA, the 2011 census data is available and a range of other evidence sources are also becoming available, for example:

- Viability analysis which links to Community Infrastructure Levy (CIL) preparation;
- The Council’s Common Housing Register
- The preparation of the Older People’s Housing Strategy

4.11 Revised policy relating to affordable housing will also need to respond to the introduction of Community Infrastructure Levy (CIL). In 2011, the Government consulted on changes to the CIL process which, if introduced, could allow authorities to provide affordable housing using money levied from developments. This would be instead of the requirement to provide affordable housing within development schemes.

Gypsy and Traveller Sites

4.12 Recent national guidance on planning for travellers^4 (March 2012) states that local authorities must make their own assessment of need for the purposes of planning and work collaboratively to develop fair and effective strategies to meet need through the identification of land for sites.

4.13 The Council together with the London Borough of Hammersmith and Fulham (LBHF) funds the Westway site (Stable Way) for travellers in North Kensington. An assessment of need will inform future policy direction.

Task A3 – Main social, environmental and economic issues and problems identified

4.14 Section 4.3 of the original Scoping Report, along with the Sustainability Appraisal iterations and the Core Strategy provides a summary of the key social, environmental and economic issues that have been identified as of the most importance to the Royal Borough. The most relevant of these are listed below:

<table>
<thead>
<tr>
<th>Sustainability problem</th>
<th>Supporting Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td></td>
</tr>
<tr>
<td>Average house prices</td>
<td>Average house prices the highest in the UK creating a barrier to entry for low and medium level earners. July 2009 SEA update and Land Registry</td>
</tr>
<tr>
<td>The delivery of affordable units is below target</td>
<td>Annual Monitoring Report 2011</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very few households on the Register could afford Affordable Rent at 80% of the median market rent with the most practical level for Affordable Rent being 40%</td>
<td></td>
<td>SHMA update 2012</td>
</tr>
<tr>
<td>The introduction of CIL, and future changes give opportunities to broaden the approach to financial contributions for affordable housing and this needs to be considered as part of the policy approach.</td>
<td></td>
<td>SHMA update 2012. Future CIL preparation, including viability analyses. The Affordable Housing Viability Study (2009, 2010).</td>
</tr>
<tr>
<td>The pressure for affordable housing to be provided off-site creates difficulty in secondary site identification. Consideration of where affordable homes could be delivered if CIL was used is a consideration together with the concept of mixed and balanced communities.</td>
<td></td>
<td>SHMA update 2012. Future CIL preparation, including viability analyses. The Affordable Housing Viability Study (2009, 2010).</td>
</tr>
<tr>
<td>Environmental</td>
<td>Noise and Vibration – complaints have been rising since 2004</td>
<td>July 2009 SEA update.</td>
</tr>
<tr>
<td></td>
<td>The possibility that housing developments do not make the best use of land.</td>
<td>Annual Monitoring – residential developments on previously developed land, and density data.</td>
</tr>
<tr>
<td>Social</td>
<td>Equality issues: within the Royal Borough of Kensington and Chelsea, there is a clear north south delineation in regard to equity and social inclusion. Indices of Multiple Deprivation, clearly shows that the northern areas of the Borough are relatively more deprived than those in the south. Indeed, four wards (Golborne, St Charles, Notting Barns, Norland) in the north are in the 0-10% most deprived nationally, whereas the ward of Royal Hospital in the south includes an area are of the 81-100% least deprived, showing the Royal Borough to be an area of extremes.</td>
<td>July 2009 SEA update</td>
</tr>
<tr>
<td></td>
<td>Community Facilities – lack of elderly person homes (Care Homes).</td>
<td>Annual Monitoring report and RBKC Older People’s Housing Strategy</td>
</tr>
<tr>
<td></td>
<td>Many of the market housing units that are delivered in the Borough do not address the range of identified housing need, but do meet an international need for those able to afford the very high residential prices within Kensington and Chelsea.</td>
<td>SHMA update 2012 and Annual Monitoring</td>
</tr>
<tr>
<td></td>
<td>The amalgamation of units to create larger residential units could lead to a cumulative loss of residential units.</td>
<td>SHMA update 2012 and Annual Monitoring Report</td>
</tr>
</tbody>
</table>
Data ‘gaps’ and availability

4.13 No data gaps have been identified.

Future trends under the ‘business-as-usual’ option

4.14 Predicting the nature of future trends is fraught with difficulty. These depend on a wide range of factors including the global and national economic climate and decisions made at the national, regional and local level. It is likely, given the current information, that the full range of housing needs in RBKC will not be met. It is important to note that mitigation measures will be recommended in the SEA/SA, which could address any potential impacts of a future policy.

STAGE A: Task A4 - Sustainability Appraisal Framework

4.15 The Council’s 16 SA objectives set out in the LDF SA / SEA Scoping Report are shown in Table 3 below. Changes may be made to these in light of the consultation on this Scoping Report Addendum.

Table 3: Sustainability Appraisal Framework: SA objectives

<table>
<thead>
<tr>
<th>SA objectives</th>
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<tbody>
<tr>
<td>1. To conserve and enhance the natural environment and biodiversity</td>
</tr>
<tr>
<td>2. To reduce crime and anti-social behaviour and the fear of crime</td>
</tr>
<tr>
<td>3. To support a diverse and vibrant local economy to foster sustainable economic growth</td>
</tr>
<tr>
<td>4. To encourage social inclusion (including access), equity, the promotion of equality and a respect for diversity</td>
</tr>
<tr>
<td>5. To minimise effects on climate change through reduction in emissions, energy efficiency and use of renewables and adopt measures to adapt to climate change</td>
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<tr>
<td>6. To reduce the risk of flooding to current and future residents</td>
</tr>
<tr>
<td>7. To improve air quality in the Royal Borough</td>
</tr>
<tr>
<td>8. To protect and enhance the Royal Borough’s parks and open spaces</td>
</tr>
<tr>
<td>9. To reduce pollution of air, water and land</td>
</tr>
<tr>
<td>9a. To prioritise development on previously developed land</td>
</tr>
<tr>
<td>10. To promote traffic reduction and encourage more sustainable alternative forms of transport to reduce energy consumption and emissions from vehicular traffic</td>
</tr>
<tr>
<td>11. To reduce the amount of waste produced and maximise the amount of waste that is recycled</td>
</tr>
<tr>
<td>12. To ensure that social and community uses and facilities which serve a local need are enhanced, protected, and to encourage the provision of new community facilities</td>
</tr>
</tbody>
</table>
13. To aim that the housing needs of the Royal Borough’s residents are met
14. To encourage energy efficiency through building design; maximise the re-use of building’s and the recycling of building materials
15. To ensure the provision of accessible health care for all Borough residents
16. To reinforce local distinctiveness, local environmental quality and amenity through the conservation and enhancement of cultural heritage

4.16 It is not proposed to change or add any further Objectives or sub-Objectives to the existing SA Framework as these Objectives, and in particular Objectives 3, 4 9a,12, and 13 are considered appropriate in terms of assessing the implications of an emerging housing policy.

5.0 CONSULTATION

STAGE A – Task A5: Consultation on the Scope of the SA/SEA

5.1 In accordance with the regulations implementing the SEA Directive, the Council has a statutory duty to consult the three statutory SEA Consultation Bodies, namely English Heritage, English Nature and the Environment Agency, on the scope of the assessment contained in this Addendum Scoping Report. In accordance with these regulations, the period of consultation is 6 weeks, from 16 October until 27 November 2012.

5.2 This report focuses primarily on tasks A1 – A4 and when commenting on this report, respondents are asked to consider four key questions:

- Are the policies / plans / programmes / strategies / initiatives that have been highlighted as being of relevance to future housing policies appropriate?
- Do you know of any further baseline indicators that might provide useful information? If so, please provide the information or a source for the data.
- Are the sustainability problems identified for RBKC the correct ones?
- Do the SA objectives encompass all the necessary issues?
- Do you have any further comments on the Issues and Options paper?

6.0 NEXT STEPS

6.1 Following consultation on this Addendum Scoping Report, the Council will carry out a sustainability appraisal on emerging Housing draft policies. The SA / SEA report (or ‘Stage B’ of the SA process) involves assessing the various options put forward against the Borough’s relevant SA objectives.

6.2 In addition, this ‘Stage B’ assessment will include:

- Testing the policy objectives against the SA Framework;
- Developing and refining options;
- Predicting and assessing effects;
- Identification of mitigation measures; and
- Developing monitoring proposals

6.3 The draft policy will be put out for public consultation in accordance with the adopted Statement of Community Involvement. The Council is required to notify stakeholders when the Council is likely to consult, which in this instance will be 16 October - 27 November 2012. The Sustainability Appraisal (SA) of the draft policy will be published alongside the policy document. These documents will be available on the Council’s website.

**Further Information**
Further information on the development of a draft planning policy for housing in the Borough and the accompanying SA process can be obtained from:

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Tel 020 7361 2732