Housing Core Strategy Review
Issues and Options

October 2012
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Introduction

1 Background

1.1 The Royal Borough is an intensely developed, primarily residential borough with some of the highest land values in the United Kingdom. The Borough’s population appears to have remained fairly static since the 2001 Census and according to the 2011 Census it is about 159,000. However, given the size of the Royal Borough it 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.

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

1.3 The Core Strategy was adopted in December 2010 and Chapter 35: Diversity of Housing sets out the Strategic Objective (CO 6) Diversity of Housing and related Planning Policies (CH1 to CH4). These policies deliver a diversity of housing in the Borough which is an integral part of the Core Strategy’s central vision of Building on Success. It is central to stimulating regeneration in North Kensington, and vital to the residential quality of life.

[1] The ONS 2010 mid-year estimates reported the Borough’s population as 180,000 and there is a drop in the 2011 census-recorded population. This is probably due to more accurate reporting rather than an actual decline.
[2] Land Registry (May 2012)
2 Purpose of the Document

2.1 The purpose of this 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. Policies CH1 and CH2 of the adopted Core Strategy are set out in Appendix 1 for ease of reference. This review is not, however, looking to change the overall strategic objective Diversity of Housing.

3 Need for a review

National and Regional Policies

3.1 The Borough’s adopted Core Strategy (December 2010) represents an up to date plan in terms of planning policy. However, since adoption the Government has published the National Planning Policy Framework (NPPF) in March 2012 with its emphasis on encouraging economic growth. The NPPF requires that Local Plan policies are compliant with the London Plan. Annex 1 of the NPPF (para 218) states that “Where it would be appropriate and assist the process of preparing or amending Local Plans, regional strategy policies can be reflected in Local Plans by undertaking a partial review focusing on the specific issues involved.”

3.2 The NPPF requires planning authorities to plan for a mix of housing based on current and future demographic trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes). It also requires that affordable housing should be met on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies also need to be sufficiently flexible to take account of changing market conditions over time.

3.3 The London Plan was published in July 2011 and sets a higher housing target for the Borough both for market and affordable housing. However, there is no longer a stipulation that 50% of floorspace on each site should be for affordable housing purposes.

[3] The NPPF defines Local Plan as “the plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act.”
Affordable Rent Tenure

3.4 Affordable housing policy has also changed at the national level with the introduction of the ‘Affordable Rent’ tenure. The Localism Bill has introduced Flexible Tenancies as a new tenure within the affordable sector. Flexible Tenancies are significantly different to the currently used social rented tenure. Flexible tenancies do not give the tenant security of tenure for life and will allow ‘Affordable Rent’ to be charged. Their introduction is likely to have an effect on the wider housing market and a significant impact on the affordable sector.

3.5 Terms of the Affordable Rent tenancies are set for at least two years and charge up to a maximum of 80% ‘of local market rents’ for an equivalent property for that size and location (up to the Local Housing Allowance Level). The income generated from Affordable Rent tenancies will be used to finance new developments. The implications of these changes for our local policy need to be examined.
4 Emerging Evidence

The Annual Monitoring Report

4.1 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.

4.2 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.

4.3 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 175 in 2010/11. 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.

4.4 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

4.5 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.
Strategic Housing Market Assessment

4.6 A Strategic Housing Market Assessment (SHMA) update for the Borough has been undertaken and published in October 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. All the key findings are reproduced in Appendix 2 for ease of reference and are 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 limited potential for intermediate housing which is closer to the market rent, especially for larger units.
- 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\(^4\) (explained in the footnote) are in particular demand.

• 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, which were based on the 2001 Census, suggested that there will be a notable growth of the resident population over the next 19 years, with a significant increase in certain age cohorts, particularly those aged 90 or over. In addition it was projected that there may be large increases in the number of lone parent households. It is possible that the 2011 Census may amend these conclusions, but it appears likely that there will be an increase in very elderly and one parent households.

• The introduction of the national upper LHA cap means that most of the new LHA accommodation required will have to be social rented housing.

4.7 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

4.8 Revised planning 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.

\(^4\) SHMA identifies four price markets in RBKC. These are – North, North West of Centre, Central and South East and South West.
5 Summary of issues being raised by emerging evidence/changing circumstances

- New evidence from the Annual Monitoring Report (AMR) suggests that the delivery of affordable units is well below the London Plan target and the affordable housing policy needs to be reviewed to help secure more units.

- The introduction of CIL, and future changes may give opportunities to broaden the approach to financial contributions for affordable housing and this needs to be considered as part of the policy approach.

- The pressure for affordable housing to be provided off-site creates difficulty in secondary site identification within the Borough in-line with the creation of mixed and balanced communities.

- Affordability of housing remains a key issue in the Borough with rising house prices.

- The implications of Affordable Rent tenure introduced by the Government need to be examined. 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 45% (SHMA update 2012).

- Many of the market housing units that are delivered in the Borough do not address the range of identified local housing need, but do meet an international need for those able to afford the very high residential prices within Kensington and Chelsea and contribute to London’s role as a Global City.

- Coupled with the above issue, the amalgamation of units to create larger residential units can reduce net growth of the overall housing stock in the Borough.
6 How to respond to this Issues and Options Document

6.1 This document brings forward a number of housing issues for discussion which the Council consider are pertinent to review. However, there may be other housing issues that you are aware of which are not covered or sufficiently addressed. There is a comments box at the end of the document where there is an opportunity to identify a particular housing issue in RBKC and discuss its implications. However, the planning system cannot influence every aspect of housing policy and the issues raised in this document are the ones where the Council consider that the direction of planning policy could have some useful effect.

6.2 A number of options are identified for each issue together with the possible advantages and disadvantages, although the list is not exhaustive. It should be stressed that the Council is not advocating any particular choice or direction, but has only included pros and cons because this may assist in making an informed choice. There are also likely to be many variations on a particular option - if you consider that the variation may form the basis for a more finely tuned policy then there is the opportunity to mention it in the box below. There is a tick box so that you can make your preferred option clear together with the box to provide further comments. The box also enables other options to be identified which have not been mentioned although it would be helpful to give a reason why you are advocating a particular option backed up by appropriate evidence if you have it.
7 Issues and Options

7.1 The delivery of affordable housing is probably the greatest housing challenge that the Borough faces over the coming years. Current delivery figures are significantly below the target set by the London Plan (200 units a year). Whilst a major component of the target figure is based on delivery from the Borough’s strategic sites there is also a significant proportion that needs to be delivered from other sites within the Borough. Demand for all types of housing, including affordable housing, is insatiable and however many homes are built it will never begin to satisfy the demand. This may lead to difficult choices having to be made if the Council is serious about delivering more affordable homes. Part of the purpose of this document is to promote discussion on the subject. Some of the issues that need to be taken into account are mentioned below:

7.2 The unique characteristics of the Borough: The Royal Borough has some unique characteristics which make the delivery of on-site affordable housing more challenging than elsewhere. Being the smallest Borough in London in terms of size there is a severe shortage of land on which to build and when development opportunities do come up invariably they are on small sites. It has the highest property prices in the United Kingdom. It is a very desirable location for individuals and organisations to invest in real estate which contributes to pushing prices even higher, making it difficult to provide a diversity of housing for all tenures. The Borough’s coherent and rich historic townscape which forms the basis of its attractiveness as a desirable place to live means that there are fewer development sites and those that do come forward are often severely constrained because of townscape considerations. Apart from the strategic sites, the opportunities to provide affordable housing on-site are therefore limited.

7.3 Affordable Housing Targets: Core Strategy Policy CH1 makes a provision to deliver the maximum amount of affordable housing and reflects the London Plan target of 200 additional units per year from 2011/12 to 2027/28. However, the Annual Monitoring Report (AMR) shows that the Borough’s affordable housing target has not generally been met since 2006/07 with just 22 units permitted in 2009/10 and 61 in 2010/11.

7.4 Affordable Housing Thresholds: Current planning policy requires a provision of 50% affordable housing on any residential development in excess of 800 sq m gross external floorspace. 800 sq m is considered large enough to accommodate 10 units. Whilst the policy acknowledges that at 800 sq m the development may be too small to accommodate on-site affordable housing the existing threshold of 1200 sq m has also proved difficult to administer, both in terms of negotiation and on site provision. The delivery of one or two affordable units creates challenges for a Registered Social Provider (RSL) and fails to provide a suitable housing mix on a site. The issue of thresholds needs reviewing.

7.5 Financial Viability: In practice it has been found that the existing 50% floorspace target has never been close to being achieved as it is subject to a financial viability assessment. The viability assessments which have been
received by the Council (and independently checked) demonstrate that the high costs of delivering the 50% affordable floorspace target make schemes unviable at this level. This results in either a commuted sum being taken; affordable housing being provided elsewhere or provision on-site which is significantly below the 50% floorspace policy requirement. Should the 50% target be retained, or indeed is any target realistic, or should the policy revert to obtaining the 'maximum reasonable amount' of affordable housing to go on a site?

7.6 **Community Infrastructure Levy**: The Government is considering introducing a new mechanism for paying for affordable housing through the Community Infrastructure Levy (CIL). The developer/applicant will pay a financial contribution through CIL for the provision of affordable housing but the Council/Registered Social Landlord (RSL) will have to provide the housing including the site. Accepting financial payments in lieu of affordable housing could be viewed by some as an attractive option, especially on smaller sites where a much higher market value could be obtained and a high levy could be set. The money could be ring fenced for housing delivery. However, there may be disadvantages – there is a shortage of available sites in the Borough to provide appropriate mixed tenancy developments and the cost of land is high. Development outside the Borough boundary may enable more suitable developments to come forward with much higher delivery numbers and an appropriate mix of market and affordable units, but it may not be popular with those who have a close link with the Borough. How should the Council proceed?

7.7 **Affordable Rent**: The Government has also introduced a new affordable housing tenure called ‘Affordable Rent’. This tenure will be available to those on the Council’s housing register. However, the rents charged may be much higher and can be up to a maximum of 80% of the market rents. Whilst a higher level of rent would enable affordable housing providers to deliver more affordable units recent evidence has shown that a level above 45% would be unaffordable to those in the most need.

7.8 Whist it is desirable to provide affordable housing on-site, experience has demonstrated that it has not been successful in tackling housing need within the Borough. This leads to the question whether (a) We should carry on broadly with the current system of seeking on-site provision or (b) seek in kind off site provision or (c) shift in principle to a contributions based approach? The following sections deal with the different aspects of these questions in greater detail.
8 Issue: The On-site/ Off-site Debate

Issues

8.1 One issue relating to affordable housing is the question of securing the 'Maximum Reasonable Amount' of affordable housing which is required by the London Plan. To maximise the delivery of affordable housing the interlinking themes of on-site as opposed to off-site provision, financial contributions (either through s.106 agreements or through CIL), and how and where to provide the affordable housing that is secured need to be explored. The following issues cover how the maximum reasonable amount of housing could be secured.

8.2 On-site delivery figures have been very low compared with the London Plan target. If additional affordable housing can be provided off-site (either within or outside of the Borough), should this be promoted? This could be the case where, for example, the amount of affordable housing to meet local needs could be significantly increased. In such cases, policy could incorporate additional flexibility to recognise these benefits.

8.3 An off-site solution can help with overall housing delivery, provided that suitable sites can be identified. It may be possible to secure additional benefits through off-site delivery of affordable housing: for example, a greater number of units could be provided, more closely aligned to our bespoke needs.

8.4 A site may be too constrained to allow for appropriate on-site provision including the provision of larger family units, or, on-site provision may yield very few units which may give rise to management problems or an increased cost to the occupier. In such cases, policy could incorporate additional flexibility to recognise these benefits.

8.5 Although there are delivery benefits to off-site provision, there are also potential difficulties. The availability of other suitable sites in, or close to, our small and densely-built borough is limited due to the central London location. Development beyond London also risks failing to meet the aspirations of some of Kensington and Chelsea households, many of whom would anticipate having a link as close as possible to the Borough.

8.6 What is meant by off-site, and the types of locations suitable would require careful consideration and definition, and such an approach would mean that local needs are not necessarily met locally. Promotion of off-site provision either through in-kind provision on another site, or through the acceptance of a financial contribution in lieu of affordable housing could reinforce a geographical division of housing types, although this does not necessarily follow, or it could result in a borough where there is less diversity and one that is dominated by very high cost housing. However, many would argue that this is the case already and the planning contribution makes little difference, it is the rate of delivery that is important and off-site provision is the only way of seriously tackling housing need in the Borough.
8.7 It may be possible that a slightly more sophisticated approach could be taken to the off-site as opposed to on-site provision. This could involve seeking on-site affordable housing only on our much larger sites (e.g. our Strategic Sites). Any financial contributions secured (through s.106 contributions or through CIL) would be ring fenced for affordable housing delivery provided that it met the concept of a mixed and balanced community. Whilst there may be variations on the example quoted it may offer a third option regarding affordable housing delivery in the Borough.

The bulk of ‘In Kind’ affordable housing delivery: should it be on-site or off-site?

Options

Option 1: Retain the existing on site policy approach. This requires that affordable housing is delivered on site and only in exceptional circumstances is off site provision supported.

Pros

- The policy promotes housing diversity, and a balance of housing types across the Borough.
- Has enabled delivery on-site and in-kind in a Borough with some of the highest land costs in the United Kingdom.
- Provides a small contribution of affordable housing within the Borough to meet a small proportion of identified need.

Cons

- Has involved low delivery figures, in terms of the number of units and makes little contribution towards housing need.
- Is not always practical from a design or management perspective.
- Does not always deliver the type of affordable units that are required.
- May contribute towards a polarised community as in reality it has little material effect.
- Involves immense administrative and legal effort for quite little gain.
- Involves planners on viability discussions, for which they are not qualified, is complex to administer and can lead to delays.

Option 2: Move towards in-kind but off-site delivery within the Borough. This might be justified where the number of housing units that could be delivered are significantly more than on-site provision or there may be practical delivery issues with on site provision. The off-site delivery approach:

Pros

- Could result in an increase in the number of affordable housing units being delivered.
May make it easier to provide a particular type of affordable housing unit, for example larger family units which are in great demand.
May make it easier from a design and management perspective as larger sites are easier to administer.
Could still be part of a more comprehensive scheme that provided a suitable mix of market and affordable units.

Cons

May not meet the expectations of potential residents in terms of location.
May be difficult to administer within the Borough boundary because of the shortage of suitable sites.
May be difficult to administer if off-site was permitted only in the same ward.
May not necessarily contribute to a diversity of housing, especially on the donor site.

Option 3: Relax the geographical restrictions on provision of affordable housing in the Borough. The policy would be more flexible in allowing affordable housing to be provided anywhere in the Borough, irrespective of the existing levels.

Pros

The approach would increase flexibility of affordable housing provision.
It could deliver significantly more affordable housing.
It would allow an easier response to changing needs over time.
It would treat the Borough as a single housing market, responding to needs across the Borough rather than attempting to be overly prescriptive.

Cons

Certain areas or wards may receive a greater amount of affordable housing simply because they provide the opportunities.
The approach could conflict with strategic objective of creating housing diversity and mixed communities.
The policy may result in a mismatch of affordable housing types within areas, for example, too much intermediate housing where the need is for Affordable Rented housing, or vice versa.
9 Issue: Community Infrastructure Levy (CIL) and Commuted Payments (payments in lieu of on-site affordable housing)

Issues

9.1 Currently the Borough seeks contributions in lieu of on-site affordable housing only in certain circumstances. Such as in the case of modest increases in residential floorspace (currently 800 sq m to 1200 sq m) the Council accepts a financial contribution, which is placed in the Borough’s Affordable Housing Fund. The Fund is only used for the provision of affordable housing in the Royal Borough. An amount per sq m is required (£2,500 per sq m at present) and monitored annually. The amount can be adjusted to reflect actual costs of providing affordable housing within the Royal Borough. The payment could also reflect the financial benefits to a developer for securing a site solely for market housing, rather than a mixed scheme.

9.2 A new mechanism to secure financial contributions for affordable housing could be through CIL (see para 7.7). However affordable housing is currently excluded from CIL[5] but amendments to the CIL regulations are expected later in the year which may include provisions to allow funding of affordable housing. If the Government decide not to use CIL in this manner then a similar approach could be adopted by accepting financial contributions in lieu of affordable housing secured through a s106 legal agreement. This could be based on a standard formula, but one that reflected the different viability rates within the Borough. Delivery through CIL would mean a financial contribution from the applicant, placing the responsibility for building the units on the Council or on Registered Social Providers who act on their behalf. This could be advantageous in terms of transparency and ease of negotiation, but could result in delivery issues – for example, finding land on which to provide the units in a Borough where there is virtually no spare land and where the cost of land is the highest for residential land in the United Kingdom. This could mean a very high financial contribution through the CIL process and/or delivery outside the Borough boundary.

9.3 If the Government amends the system to allow for provision of affordable housing through CIL, or financial contributions in lieu of affordable housing are adopted as the Council’s preferred position, it gives rise to further choices; these are also set out in the options below:

[5] The Community Infrastructure Levy (CIL) was introduced in 2010 to fund necessary infrastructure – for example health facilities, schools, roads - through a levy charged on developments of 100 sq m or more. By 2014 it will replace the planning obligations (Section 106) regime as the principal means of infrastructure delivery.
Options

**Option 1: Continue with the current policy which is in kind and on site delivery** except on smaller schemes with a floorspace of between 800 sq m and 1,200 sq m.

**Pros**

- It can promote a diversity of housing in the Borough.
- The current approach is tried and tested for smaller schemes below 1200 sq m. It is readily understood, and allows for revisions based on viability.
- The approach takes account of viability of schemes from the outset, and affordable housing is considered alongside a range of other planning obligations. This can permit some flexibility.

**Cons**

- The approach is very time-consuming to those involved, and can be expensive to administer.
- Because the s.106 approach requires agreement, it can be resource intensive, and, ultimately yield relatively small numbers of affordable housing units or floorspace.
- The range of competing planning obligations required to mitigate a development can result in the level of affordable housing being reduced.

**Option 2: Use CIL (or s106 agreements) to collect payments for affordable housing.** Amend the policy to use the Community Infrastructure Levy (CIL) or s106 if CIL does not come forward, to secure contributions to affordable housing. The provision of affordable housing will then be the responsibility of the Borough, and could be provided within or outside of the Borough.

**Pros**

- A significant level of affordable housing may be delivered which could start to address housing need.
- The policy would promote growth in market housing, and because the requirement for on-site affordable housing is removed, a wider range of market housing units could be sought (conventional units as well as ‘super-prime’ units).
- If money is spent to provide affordable housing where land values are cheaper, it could result in additional affordable housing being provided. This could still be part of a mixed and balanced community with a mixture of market and affordable units.
- The Borough could examine using the money to provide affordable housing outside of the Borough, or even outside of London. Again, by identifying lower-value land areas, it could be
possible to provide a greater number of affordable housing units which reflect housing need. Again, this could still be part of a mixed and balanced community with a mixture of market and affordable units.

**Cons**

- There can be additional challenges arising from spending contributions to deliver affordable housing: site availability, delivery, management.
- Delivery of affordable housing units on land administered by other authorities, may require partnership arrangements and agreements that a number of units may be given over to the host authority, thus reducing the ‘net gain’ to address housing needs of this Borough.
- It may not be popular to those prospective tenants who wish to have an RBKC location for family or work reasons.
- May not promote a diversity of housing within the Borough boundary.
10 **Issue: The Threshold for Affordable Housing**

**Issues**

10.1 London Plan Policy 3.13: Affordable Housing Thresholds (July 2011) states that “*Boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes....*”. Requiring affordable housing based on 10 units did not work well in the Borough where, until the policy changed, 9 unit schemes were common. The Core Strategy now sets out a calculation showing 800 sq m to be the equivalent to 10 residential units. This seems well suited to the context of the Borough and it is not proposed to be changed.

10.2 However, this threshold has also been deducted from the affordable housing floorspace calculation, essentially giving developers the first 800 sq m of new floorspace ‘tax free.’

10.3 The policy operates at three levels -

- No affordable housing requirements below 800 sq m.
- On-site provision/commuted sums in excess of 800 sq m but less than 1,200 sq m.
- On-site provision only in developments of 1,200 sq m and above.

10.4 Table 1 below illustrates a range of scheme sizes and how the affordable housing policy works in practice. As shown a 1,200 sq m scheme (broadly equivalent to 15 units) would require a maximum of 17% on-site affordable housing by floorspace. This is because the policy allows discounting the first 800 sq m.

10.5 Therefore we need to consider if smaller schemes below 800 sq m should contribute towards the provision of affordable housing targets in the Borough. This is especially important given that many of the sites coming forward in the Borough are small and the effect of this discount is far more significant as the table below shows.
Table 1: Affordable Housing Policy in Practice

<table>
<thead>
<tr>
<th>Total floorspace (GEA) Sq M</th>
<th>Equivalent units (approx)</th>
<th>Floorspace liable to affordable housing requirement in CH2</th>
<th>Affordable housing floorspace sought (GEA) Sq M</th>
<th>Equivalent affordable units (approx)</th>
<th>Affordable housing floorspace sought as % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1200</td>
<td>15</td>
<td>400</td>
<td>200</td>
<td>2</td>
<td>17%</td>
</tr>
<tr>
<td>2000</td>
<td>25</td>
<td>1200</td>
<td>600</td>
<td>7-8</td>
<td>30%</td>
</tr>
<tr>
<td>3000</td>
<td>37-38</td>
<td>2200</td>
<td>1100</td>
<td>13-14</td>
<td>36%</td>
</tr>
<tr>
<td>5000</td>
<td>62-63</td>
<td>4200</td>
<td>2100</td>
<td>26</td>
<td>42%</td>
</tr>
<tr>
<td>10000</td>
<td>125</td>
<td>9200</td>
<td>4600</td>
<td>57-58</td>
<td>46%</td>
</tr>
</tbody>
</table>

Formulas:
- Formula: 
- Equivalent units = a - 800
- Floorspace liable to affordable housing requirement in CH2 = c x 0.5
- Affordable housing floorspace sought (GEA) Sq M = d / a

Note: The table is for illustrative purposes. The formula follows the approach in Policy CH2, where 50% of floorspace is sought on-site, as affordable housing, in excess of the first 800 sq m. On schemes of 1,200 sq m and greater, the total GEA floorspace (column a) deducts the first 800 sq m (column c). 50% of the resulting floorspace (the formula in column d) is then sought as affordable.

Options

**Option 1: Maintain the status quo**: affordable housing (contribution or floorspace) would only be sought on the floorspace ‘in excess’ of the first 800 sq m.

Pros

- It can aid viability of smaller schemes because the requirement is linked to the scheme size.
- May enable more smaller sites to come forward.
- The approach places a greater reliance on the larger – strategic – sites in the Borough. These are known development sites with known infrastructure requirements, and delivery can be assisted through site allocations, development briefs or other provisions.

Cons

- The current delivery mechanism does not recognise the predominance of smaller sites in the Borough and is not tailored to the RBKC context.
- Some very large sites – where the policy requirement for on-site affordable housing is proportionately higher, have proven unfavourable at the policy compliant percentage. This places a greater reliance on smaller sites to deliver the Borough’s total affordable housing requirement.
- Operationally, the approach has not delivered the level of affordable housing envisaged. Although this may not be entirely...
due to the policy – other factors have played a part – it suggests that the policy needs reviewing.

**Option 2:** Once the affordable housing threshold of 800 sq m has been reached, all the net additional floorspace is liable for an affordable housing contribution and the first 800 sq m is no longer discounted.

**Pros**

- Basing the affordable housing requirement on the total floorspace, instead of the excess above the threshold, could result in greater affordable housing delivery from qualifying schemes.
- The policy would require a greater contribution from smaller sites in the Borough.
- It may enable more on site and in kind housing units being delivered fulfilling the concept of mixed and balanced communities.
- It may enable more sites in the Borough to be eligible for affordable housing contributions and it is more tailored to the type of sites that come forward in RBKC.
- It is more in line with the approach to affordable housing of other boroughs.

**Cons**

- Seeking a larger proportion of qualifying floorspace for an affordable housing contribution, especially for smaller sites may make certain schemes unviable.
- There may be an opportunity cost in so far as money for other infrastructure contributions may not be available as more resources would go towards affordable housing delivery.

**Option 3: Increase the threshold for on-site provision** for example to 1,600 sq m of floorspace[^6], and requiring financial contributions through s106 or CIL (if taken forward) on schemes below this net increase in floorspace.

**Pros**

- It may avoid the delivery problems on smaller sites just over the 1200 sq m threshold.
- This approach may assist housing delivery, particularly the delivery on the small to medium sites. It would allow more flexibility.

[^6]: 1,600 sq m (GEA) would be broadly equivalent to 20 units. Based on past development trends, an increase to this level would increase the occurrence of financial contributions sought in lieu of affordable housing by around 50-60%. Beyond this, point the schemes are large, but a much fewer
number.

- The approach would be likely to secure an increase in financial contributions which could be spent to improve the delivery rate of affordable housing elsewhere where land costs may be lower.
- It could reduce the time and complexity of negotiation, instead securing a transparent payment would speed the system up and it may be easier to administer from a Registered Social Landlord perspective.

**Cons**

- Financial contributions in lieu of on-site or in-kind provision can have added complications to the delivery of affordable housing – e.g. finding the land to provide housing is extremely difficult in the Borough given the shortage and very high cost of land. Land may need to be found elsewhere.
- Allowing a greater number of schemes to provide contributions instead of units may not promote housing diversity at the local level.
11 Issue: Affordable Housing: Targets

Issues

11.1 The Core Strategy adopts the London Plan target requirement of 200 additional affordable units per year. The target is based on known housing need, and also on viability evidence, taking overall supply of housing into account. This is calculated by examining the capacity of the larger sites in the Borough to accommodate housing.

11.2 The 50% target for provision of affordable housing within Policy CH2 is based on the Strategic Housing Market Assessment (SHMA) identification of housing need, and on viability evidence. The Affordable housing Viability Assessment 2010 provides a ‘reality check’. The Council commissioned this independent study of the affordable housing policy, which assesses policy at the strategic level (not on a site-by-site basis). In summary the ‘Affordable Housing Viability Study’[7] reported that:

- A figure of 40% affordable housing floorspace is generally viable, and this was subsequently updated to 46% in 2010.
- 50% affordable housing floorspace is deliverable in some circumstances; there is no justification for adopting a lower target as need far outweighs supply.
- Affordable housing threshold of 10 units would be financially viable in most circumstances.
- Within the Royal Borough, a 10 unit threshold equates to the 800 sq m threshold within the policy. A floorspace figure has been used because it makes it harder for a developer to get round compared with a policy based on units.

11.3 Therefore, the 50% target on qualifying sites is based on: (a) sound evidence— as it is based on the level of affordable housing needed, and (b) realistic— because it is grounded in an assessment of what is viable, in most cases. Monitoring of affordable housing delivery in recent years shows, however, that the target is not close to being met.

11.4 The Core Strategy states that the implementation of Policy CH2 will be dependent upon a ‘viability test’ as to what would represent the ‘maximum reasonable amount’ of affordable housing provision on a site (Core Strategy CH2 criterion p).

11.5 These site-by-site viability tests almost always result in a level of affordable housing which is substantially less than the 50% headline target.

[7] RBKC Affordable Housing Viability Study, 2009 and 2010
Options

**Option 1: Continue with the current policy**, seeking a 50% on-site floorspace requirement, subject to viability, on qualifying sites.

**Pros**

- The policy provides a degree of certainty and transparency. Adoption of a target allows an agreed and understood starting point.
- The policy requires the applicant to demonstrate reasons (economic, site or policy considerations) as to why the target should not be provided, which allows a range of considerations to be included in decision making.

**Cons**

- The absence of a headline target may hinder negotiations, meaning that the starting point is always lower than the known level of need.
- In practice, issues of viability and securing a maximum reasonable amount are greater considerations than rigid adherence to a target, which itself may rarely be delivered.

**Option 2:** Remove, or reduce, the headline target of 50% of affordable housing floorspace to be delivered, but maintain and emphasise the importance of the 'maximum reasonable amount' subject to viability considerations.

**Pros**

- The policy approach would closely follow the London Plan approach to affordable housing. This is widely understood by developers across London.
- This approach would be closely aligned with how affordable housing is secured in practice.
- This approach recognises that 50% is generally unattainable on a site-by-site basis.

**Cons**

- Although the target may not regularly be met, it was based on evidence. Its removal, or reduction, could send a signal to developers that it is no longer so important.
- Without a target, there is a lack of transparency, understanding and certainty on which to build in valuation assumptions as to the cost of land. This may, in the longer term create more problems than it could solve in terms of affordable housing delivery.
12 **Issue: The Affordable Rented Tenure**

**Issues**

12.1 In order to support the development of new affordable housing units, a type of affordable housing tenure has been introduced called Affordable Rent (AR). This new type of affordable housing is a type of social housing which is available to those in housing need and on the Council’s Common Housing Register. However, the rents charged are much higher and can be up to 80 per cent market rent.

12.2 Due to this change, it is important that sufficient new Affordable Rent properties are built. Additionally, the existing supply of social rented housing will reduce with the introduction of Affordable Rent because Housing Associations can convert properties to Affordable Rent. The effects of this decrease in the availability of social rented stock, and an increase, over time, of the new type of Affordable Rent tenure is shown in the graphs below (figures 2 and 3). Assuming 50% of all housing association lettings are at Affordable Rent the number of socially rented homes will almost halve in 30 years. Assuming a figure of 75% of all housing association lettings are at affordable rent the number of socially rented homes available will almost halve in 20 years. A further explanation of Affordable Rent is provided in Appendix 3.

![Figure 2: New Units and Conversions to Affordable Rents (assuming 50% conversion)](image-url)
Figure 3: New Units and Conversions to Affordable Rents (assuming 75% conversion)

Issues

12.3 The Royal Borough has developed its own interim housing policy for dealing with this, which advises on acceptable levels of Affordable Rent. It restricts the rents which may be charged locally, secured through a s106 legal agreement.

12.4 This locally developed approach involves close liaison with local social housing providers who are supportive of the rent levels that have been set. It appears to work well within the Royal Borough’s housing market context. The Key Decision Report[8] which introduced the interim policy acts as standing advice to the Planning and Development Department. In reviewing the Core Strategy, there is an opportunity to more closely align this approach with planning policy.

12.5 The local approach devised to rent levels appears to be conflicting with emerging London Plan policy which seeks to remove any constraints on the Affordable Rent levels, and to ensure that these are set centrally by the Mayor of London. Whilst the London Plan approach might help to maximise “affordable” housing delivery, it is considered that the delivery will be unaffordable in the local context.

12.6 The NPPF confirms the Affordable Rent (AR) tenure as an affordable housing tenure, and one which should appropriately be delivered when securing affordable housing through local plans. Statutory guidance on housing allocations and housing regulation regarding Affordable Rent state that Affordable Rent tenancies must be let in the same way as socially rented tenancies, and therefore must be suitable for those in housing need.

Options

Option 1: Limit the amount that can be charged through the Affordable Rent tenure, in line with the Council’s Key Decision (November 2011).

Pros

- The rent levels set out in the Council’s Key Decision have been determined using average incomes across the Royal Borough and with consideration to the benefit cap which will be introduced. This means they should be affordable to all households and in particular those in need.
- The rent levels set out in the Key Decision are linked to existing social housing rent formulas and not to the market. This means they will increase in line with socially rented housing and not be subject to market increases.

Cons

- Using lower rent levels could reduce the number of affordable housing units delivered in the Royal Borough.
- Housing Associations locally are converting properties to Affordable Rent and charging higher rent levels than those set out in the Key Decision.
- May not assist Housing Associations in generating sufficient revenue to spend on new affordable housing schemes.

Option 2: Allow provision of Affordable Rented tenure in line with the definition contained within the NPPF (up to 80% of market rents).

Pros

- Delivery of Affordable Rent at the highest rent level should lead to the maximum amount of affordable housing being secured (because it will impact on the viability of a scheme).
- Housing Associations are converting their existing homes to Affordable Rent from social rent when they become empty. Some of the rent levels are at the Local Housing Allowance cap level and therefore this option would bring the policy for newly built housing closer in line with this practice.

Cons
• Higher rent levels might not be affordable to those in housing need (either working or on benefits).
• The private rented market within the Royal Borough is strong and the weekly rents are some of the highest in the country. Linking affordable housing rent levels to the market in this way would mean that the rents might be unaffordable to the vast majority of individuals and not just those in need.
13  **Issue: The delivery of Intermediate Housing units**

**Issues**

13.1  The current housing planning policy states that 15% of the affordable housing developed should be intermediate housing – an 85:15 split of social rented to intermediate. This is mainly fulfilled through the development of shared ownership properties.

13.2  Shared ownership means that part of the property is bought (on a leasehold basis) and the other part rented from the landlord. The amount of rent is usually capped to ensure the property is affordable.

13.3  The Mayor of London sets limits on the income of those buying shared ownership units. For 1 and 2 bedroom properties, the gross household income can be no more than £64,300 per annum and for 3 bedroom properties or larger, the maximum gross household income is £77,200 per annum.

13.4  Given the high land values in the Borough, the development of shared ownership units can result in expensive developments which are not affordable to those eligible for shared ownership in London. In reality the only units that may be affordable, in any sense of the word, are the smaller one or two bedroom units. Larger family sized units are not a realistic option and would exceed the £77,200 income quoted above. On this basis Intermediate Housing currently only forms a very small proportion of the affordable housing mix in the Borough.

**Options**

**Option 1**: Continue to provide intermediate units, mainly as 1 – 2 bedroom units to ensure they are affordable to those eligible at the current 15% level.

**Pros**

- The resultant units are more likely to be affordable and therefore consistent with the Mayor’s income limits.
- 1 and 2 bedroom units, within the intermediate tenure, are those in greatest need\[9\] and would continue to be provided.
- Requiring 1 and 2 bedroom intermediate unit allows their delivery in line with existing policy, at the ‘usefully affordable’ point.

\[9\] Chapter 35.3.10 of the Core Strategy sets out the known need within intermediate affordable tenure, which is predominantly 1 and 2 beds.
Cons

- It effectively means that no larger family sized properties are developed for the intermediate market within the Borough.

Option 2: In view of the rents that can be charged, reduce the percentage of intermediate housing as a portion of the total affordable housing to be developed to, say, 10% or lower.

Pros

- The updated Strategic Housing Market Assessment suggests that intermediate housing has a relatively small role to play in meeting Borough housing needs.
- A decrease in intermediate housing would be off-set through a proportionate increase in other affordable tenures (such as Affordable Rent, Social Rent).

Cons

- It would mean fewer intermediate units being developed, especially smaller one and two bedroom units.
Wider Housing Market Issues

14 Issue: A Suitable Mix of Housing Sizes: 'Super-Prime' Units

Issues

14.1 In recent years the Royal Borough has seen an increase in planning applications for ‘super-prime’ developments. These are luxury, high-end, high-specification developments typically of very large units in excess of 500 sq m. These cater to international investors. A recent article by Savills states that “Global billionaires are footloose individuals who can, and do, make any country their home. A property in one or more of our class of world cities is an essential part of their lifestyle. It provides access to their global business interests, allows enjoyment of a wide range of retail and cultural attractions, and is often seen as a mark of status and success…..A property transacted in 2008 in London’s Kensington Palace Gardens tops the list at £8,500 per sq ft.” (http://www.savills.co.uk/research_articles/141280/142344-0)

14.2 The importance of London as a world city is embedded within the vision of London in the London Plan (July 2011) “Over the years to 2031 – and beyond, London should: excel among global cities…..” The vision for the Royal Borough as set out in the adopted Core Strategy also seeks to “enhance the reputation of our national and international destinations.” Whilst this is focused more on the unique retail and cultural offer of the Royal Borough there is an argument that different London boroughs should fulfil different roles and that the ‘super-prime’ market is important for encouraging economic growth and making London an attractive city in which to invest. On this basis it could be argued that it is appropriate for the Royal Borough to provide this niche role.

14.3 Therefore in this context super-prime units provide an important function for London as a global city. However the size of these units and their cost can have implications for the number of residential units delivered in a small number of housing schemes.

14.4 The areas where such properties are located tend to be high density residential areas. The Royal Borough has a legacy of Georgian and Victorian terraces that are laid out in a network of streets, often including garden squares, of the highest quality. The late Victorian and Edwardian periods saw a shift away from town houses to the mansion block, allowing buildings to be slightly taller and thus, as we see today, of higher density.

[10]There is no accepted definition of a ‘super prime’ unit based on floorspace, but the price, specification and location are determining factors. It may be an option to define what we mean locally as super-prime, either by area, or as a multiple of minimum space standards.
14.5 The London Plan density matrix (London Plan 2011, Table 3.2) sets out
density ranges according to the character – suburban, urban and central.
Notes to the table state “Appropriate density ranges are related to setting in
terms of location, existing building form and massing, and the index of
public transport accessibility (PTAL). As stated above, super-prime flats
often have a floorspace in excess of 500 sq m. For example a single flat in
RBKC with an area of 800 sq m catering to an international investor is large
enough to provide 10 flats each with an average area of 80 sq m.

14.6 It should be noted, however, that the scale of the issue so far has not been
especially significant. Only in a few new developments have very large units
reduced the number of dwellings that could be provided. It is, however,
possible that such units can be bought by international investors as second
homes and may remain empty for most of the year but it should be stressed
that this is not always the case.

14.7 It can be argued that very large super-prime units are part of the overall
housing mix that the Council should be considering, particularly having
regard to the recognised global importance of London. The issue maybe
more one of ensuring that they are provided as part of a suitable housing
mix.

Options

Option 1: Continue with the status quo i.e. take the view that it would be
imprudent to interfere with the market and continue to assess applications
for low density super-prime units on their own merit.

Pros

- Contributes to the London Plan vision of London as a Global City.
- Could have a positive impact on the local economy.
- Contributes to the UK economy and the London economy.
- Could form part of a suitable housing mix if brought forward as
  part of a mix of units.
- Part of the niche role that Kensington and Chelsea plays and can
  contribute to the outstanding townscape of the Borough.

Cons

- Reduces the number of residential units that can be delivered on
certain sites (although it is not a wide spread phenomenon).
- In some cases may lead to under occupation with absentee
  owners for part of the year.
Option 2: Allow for super-prime units in schemes but as a small proportion of the overall mix.

Pros

- Contribute to the London Plan vision of London as a Global City.
- Would contribute to a diversity of housing.
- May contribute to the local, London and UK economy.
- Part of the niche role that Kensington and Chelsea plays and could contribute to the outstanding townscape of the Borough.
- Whilst it may not maximise the use of residential land it would help to optimise delivery and provide a diversity of housing.

Cons

- It could reduce the maximum number of residential units that could be achieved on a site.

Option 3: Resist super-prime units in new residential developments recognising that this market can be catered by an appropriate de-conversions policy (see section 15).

Pros

- It may enable more residential units to be delivered on a site.
- It may enable the creation of a greater diversity of housing on a particular site.
- It may help to stimulate community life if super prime units were permitted to dominate the housing market in Kensington and Chelsea.

Cons

- May reduce the opportunities in Kensington and Chelsea for the provision of super prime housing and investment opportunities move elsewhere.
- Would not contribute to the niche role that Kensington and Chelsea plays in catering to the housing needs of the international investor.
- Would not contribute to the London Plan vision of London as a Global City.
- Would not contribute to the UK economy and the London economy.
- May dilute a housing mix if part of a mix of units.
15 **Issue: Amalgamations and De-conversions**

**Issues**

15.1 Whilst there is a need for larger, family sized market housing, amalgamations may lead to a reduction in the overall number of dwellings in the housing stock.

15.2 The demand for larger units is reflected by the steady number of schemes that come forward for amalgamating a number of smaller residential units (normally one or two bedroom) into larger family homes, sometimes super-prime homes.

15.3 The Council currently takes the view that not all amalgamations need planning permission, and the restoration of single homes has some beneficial conservation merit, as well as providing housing of the type we need. Currently, the Core Strategy recognises that de-conversion proposals may be acceptable in certain circumstances, for instance when the proposal involves de-conversion back to a purpose built family home. There is no presumption against the loss of units where the loss is less than five (e.g. five units into one family unit). The trigger point for where a material change of use occurs is considered to be where there is a net loss of five or more units. Whether or not a 'material' change of use has occurred depends on the consequences of such amalgamations i.e. cumulative impact of such de-conversions may be significant.

**Options**

**Option 1:** Continue with the status quo and retain the existing policy resisting loss only where there is a net loss of five units or more.

**Pros**

- Can assist in the process of restoring buildings back to their original intended use of a single family dwelling.
- Helps to maintain a balance between the creation of larger family units which are in short supply and a significant loss of smaller units.

**Cons**

- The cumulative impact of such losses could reduce net growth of the Borough’s overall housing stock.
- May not always lead to the restoration of a purpose built dwelling.
Option 2: Allow the restoration of large family sized houses back to the purpose for which they were built (this may involve the loss of more than five residential units).

Pros

- It would enable large family sized dwellings to be created which would appeal to the more affluent and possibly the super prime market.
- Would enable the possibility of the restoration of the original internal layout of a property and could contribute to the Borough’s outstanding townscape.

Cons

- The number of dwellings lost through de-conversions would be increased from the current situation.
- May lead to more properties being bought for investment purposes on the international market which in certain circumstances can lead to problems of under occupation and vacancy for parts of the year.

Option 3: Make all de-conversions the subject of a planning application and resist the loss of any units which met minimum floorspace standards.

Pros

- It would be likely to increase the Borough’s housing stock.
- In certain circumstances it may contribute to diversity of housing stock in the Borough.

Cons

- It would prevent any flexibility to create larger family units.
- It may hinder a property being restored to its original layout and the purpose for which it was built and it may not contribute to maintaining the Borough’s outstanding townscape.
- It may hinder the role of London as a Global City and niche role of Kensington and Chelsea plays in catering to the international investor.
- Could generate more planning applications and be costlier to administer.
Issue: Specialist Housing: Supported Housing, Housing for Older People

Issues

16.1 Currently, planning policy promotes the ‘Extra Care’ concept as a means for providing housing for Older People. Where Extra Care housing is provided, it is considered as Use Class C2 (Residential Institutions) – and so there is not a standard requirement to provide affordable housing. Developers can see this as an opportunity for providing general needs housing which is not genuine extra care housing, thus circumventing the affordable housing requirements. However, ‘Extra Care’ schemes are scrutinised very closely to prevent this from happening, and ensuring certain requirements are met.

16.2 An issue that has become apparent is that an increasing number of elderly people are living in unsuitable accommodation. There is a demand from older people living alone in large homes who want to downscale to smaller more manageable and accessible homes. There is a lack of suitable housing that would support their needs both in the affordable and private housing sector. However, the Strategic Housing Market Assessment (SHMA) which assesses housing need in the Borough states that there is a need for larger family homes, both in the market and affordable housing sectors compared with supply and that this is where the mix should be concentrated. In view of the fact that only a modest number of smaller units come forward because of defined housing need, should the Council be more flexible in encouraging accessible small units.

16.3 In theory if more accessible housing units were available, both in the market and affordable sectors the unsuitable family homes currently occupied by the elderly could be freed up to meet the need for affordable family homes in the Borough.

Options

Option 1: Continue with the status quo i.e. support provision of ‘extra care’ housing particularly in the south of the Borough.

Pros

- The policy will continue to support the provision of ‘extra care’ housing as schemes come forward.

Cons

- Targeted provision of units that match the specific housing needs of elderly cannot be achieved.

Option 2: Supplement the existing policy by allowing, or requiring, a greater proportion of smaller units and reserving these for the elderly both in the affordable and private housing sectors. The exact mechanism for ensuring this would need to be developed, but it might mean for example, the
provision of ‘affordable extra care’ homes within developments, secured through planning obligations.

**Pros**

- This will free up a proportion of larger units that can then be used to provide affordable and market family homes.
- The London Plan supports the approach.

**Cons**

- It could be viewed as favouring a specific age group.
- There is a risk that people from outside the Borough could purchase these units rather than freeing up larger units in the Borough for local need.
- If bought by people outside the Borough there is a danger that they may be used as second homes and remain empty for a major proportion of the year – this would not contribute to meeting local housing needs.
17 Issue: Provision for Gypsies and Travellers

Issues

17.1 The Council together with the London Borough of Hammersmith and Fulham (LBHF) funds the Westway site (Stable Way) for travellers in North Kensington. Recent national guidance on planning for travellers (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.

17.2 The Council has already commenced working with LBHF to identify future pitch requirements.

17.3 However, RBKC and to a degree, the LBHF are relatively small inner London boroughs with limited space. The cost of land in RBKC is also extremely high and there are limited opportunities for alternative sites.

17.4 Without additional sites the existing site at Stable Way will remain in use. There is very limited scope for expansion, and the location close to the flyover makes for a poor quality living environment.

Options

Option 1: Identify other sites either in the Royal Borough or elsewhere.

Pros

- If a site can be found it will be able to accommodate the need in the most suitable manner with sufficient amenity space.
- A better location in terms of environment could be found.
- More land may be available to address specific needs.

Cons

- Improbable that a new site can be found in the Borough due to lack of availability and prohibitive costs.
- Links to RBKC would be reduced if a site is found elsewhere.
- Careful site selection would be required to avoid marginalisation of the Gypsy and Traveller community.

Option 2: Setting a criteria based policy to assess where future pitches could be located if it is not possible to identify any sites under Option 1.

Pros

- Sets a framework to assess planning applications for any future Gypsy and Traveller sites.

Cons

- It fails to identify a clear solution to the current overcrowded site.
- Results in a less planned approach with the potential for the growth of unanticipated sites.
18  **Mixed Use Development**

18.1 In view of the shortage of available land in the Borough it is important both to optimise housing delivery and safeguard land for employment purposes. The best way to achieve this is by mixed use development which the National Planning Policy Framework (NPPF) also promotes. Please use box no. 18 on the questionnaire to provide your views on this issue.

19  **Further Issues**

19.1 If you wish to suggest any further housing issues please use box No 19 on the questionnaire.
Appendices
Policy CH 1
Housing Targets

The Council will ensure that sufficient housing sites are allocated in order to ensure the housing targets are met.

To deliver this the Council will:

a. make provision for a minimum of 350 net additional dwellings a year until the London Plan is replaced (estimated as 2011/12) based on the overall ten year housing target of 3,500 net additional units. From adoption of the London Plan the Council is planning to make provision for a minimum of 600 net additional dwellings a year, until 2027/28, based on the ten year housing target of 6,000 net additional units. The exact target will be set through the London Plan process;

b. make provision for the maximum amount of affordable housing with a target of a minimum of 200 units per annum from 2011/2012 until 2027/28 from all sources, the exact target will be set through the London Plan process;

c. require affordable housing tenures to be provided such that they work towards a Borough-wide target of 85% social rented housing and 15% Intermediate housing.
Policy CH 2
Housing Diversity

The Council will ensure new housing development is provided so as to further refine the grain of the mix of housing across the Borough.

To deliver this the Council will, in relation to:

Housing Mix and Type
a. require new residential developments to include a mix of types, tenures and sizes of homes to reflect the varying needs of the Borough, taking into account the characteristics of the site, and current evidence in relation to housing need;
b. require new residential developments, including conversions, amalgamations and changes of use, to be designed to as a minimum achieve all the following standards:
   i. lifetime homes;
   ii. floorspace and floor to ceiling heights;
   iii. wheelchair accessibility for a minimum of 10% of dwellings;
   where compliance with the above standards is not possible because of other policy requirements, to require new residential developments to demonstrate that all reasonable measures to meet them have been taken;
c. encourage extra care housing, particularly in the south of the Borough;
d. protect houses in multiple occupation except where a proposal concerns conversion into self-contained studio flats, and require any such proposal to be subject to a s106 agreement to ensure the flats remain as studios in perpetuity;
e. resist the loss of residential hostels except where the site will be utilised as a different form of affordable housing;
f. resist development which results in the net loss of five or more residential units;
g. require development that results in the amalgamation of residential units to be subject to a s106 agreement to ensure the resultant units are not further amalgamated in the future;
h. require housing schemes to include outdoor amenity space;
Affordable Housing

i. require developments to provide affordable housing at 50% by floor area on residential floorspace in excess of 800sq.m gross external area;

j. require provision to be in the form of a commuted sum in lieu of the equivalent amount of affordable housing floorspace where in excess of 800sq.m but less than 1,200sq.m of gross external residential floor space is proposed;

k. require affordable housing provision of affordable homes on site where more than 1,200sq.m of gross external residential floor space is proposed, unless exceptional circumstances exist;

l. require any off-site affordable housing to be provided in any wards except the following: Golborne, St. Charles, Notting Barns, Colville, Norland, Earl’s Court and Cremorne;

m. require an application to be made for any ‘off-site’ affordable housing concurrently with the main planning application and that the two applications are linked through a s106 agreement or unilateral undertaking;

n. require that affordable housing and market housing are integrated in any development and have the same external appearance;

o. require the affordable and market housing to have equivalent amenity in relation to factors including views, daylight, noise and proximity to open space, playspace, community facilities, and shops;

p. where a scheme over 800sq.m does not provide 50% of gross external residential floorspace for affordable housing, the applicant must demonstrate:

  i. the maximum reasonable amount of affordable housing is provided through the provision of a viability assessment, using the GLA toolkit or an agreed alternative

  ii. the exceptional site circumstances or other public benefits to justify the reduced affordable housing provision;

q. require that affordable housing includes a minimum of 15% intermediate housing in Golborne, St.Charles, Notting Barns, Norland, Colville, Earl’s Court and Cremorne wards. In all other wards a minimum of 85% social rented housing should be provided;

r. require that the provision of intermediate housing is provided at the ‘usefully affordable’ point.
Gypsies and Travellers

protect the existing Westway Travellers’ site which the Council jointly manages with the London Borough of Hammersmith and Fulham. Additional sites for temporary or permanent use will be identified in the forthcoming Gypsy and Traveller DPD and should meet the following criteria:

i. the site can provide for a satisfactory arrangement of pitches, permanent buildings and open space;

ii. use of the site would have no significant detrimental effect on the amenity of occupiers of adjoining land;

iii. use of the site would be acceptable in terms of the visual amenity;

iv. the use could be supported by adequate physical and social infrastructure in the locality.
The latest demographic projections suggest that in 2001 the Borough population was 165,200, an increase of 2.6% since 2001.

The Royal Borough continues to have the capacity to undergo continued economic growth and the proportion of economically active unemployed people amongst residents has decreased from 2.8% at the time of the original SHMA to 2.6% currently.

The mean earned income for employees in Kensington & Chelsea Royal Borough in 2011 is £79,066, notably higher than the equivalent figures for London and England.

According to data from the Land Registry, the mean house price in Kensington & Chelsea in the third quarter of 2011 was £918,352, the highest of all local authorities in England. Data shows that both prices and property sales have risen markedly since the original report.

The housing markets in operation in Kensington & Chelsea Royal Borough were re-examined and four price markets identified. The Central and South East price market is the most expensive part of the Borough and the North price market the cheapest.

The cost of housing by size was re-assessed for all tenures in the Royal Borough. Entry-level prices in Kensington & Chelsea range from £259,000 for a studio in the North West of Centre price market up to £2,340,000 for a four bedroom property in the Central and South East price market. Entry-level rents in Kensington & Chelsea range from £210 per week for a studio in the North price market up to £1,750 per week for a four bedroom property in the Central and South East price market.

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 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 from the original report.

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.

Factoring higher affordability thresholds households in the private rented sector pay in current market conditions and the supply of private rented accommodation (via LHA) to house those requiring affordable housing, the need for new affordable units reduces to 421 per year – however changes to the administration of Local Housing Allowance (LHA) mean that it is unlikely to continue to support households in need within the private rented sector to the same level.
Flexibile 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.

Within Kensington & Chelsea, as bedroom size increases, the range of Affordable Rents possible increases.

The national upper LHA cap means that, unlike in many other parts of the country, households in Kensington & Chelsea are unlikely to be able to live in Affordable Rent with the support of LHA.
Appendix 3: Affordable Rent

1.1 In order to support the development of new affordable housing units, a type of affordable housing tenure has been introduced called Affordable Rent. This new type of affordable housing is a type of social housing which is available to those in housing need and on the Council’s Common Housing Register. However, the rents charged are much higher, and can be up to 80 per cent market rent.

1.2 Changes nationally to the way the development of affordable housing is funded mean that housing associations are able to keep the rental income from the higher rent levels to pay for future development. Previously, grants were given to develop new homes. However, now grants are given to housing associations dependent on meeting targets for the amount of Affordable Rent tenancies they have, and the amount of income generated.

1.3 Due to this change, it is important that sufficient new Affordable Rent properties are built. Additionally, the existing supply of social rented housing will reduce with the introduction of Affordable Rent because Housing Associations can convert properties to Affordable Rent.

1.4 The modelling below sets out the potential impact of conversions on the supply of current Housing Association stock, based on the known annual void property turnover (350 units on average a year). It does not, however, take into account the new flexibilities regarding tenure length, and the trend to Affordable Rent may therefore be quicker than shown. If the increase in new AR tenancies is provided at a rate of 50% of those units becoming void, then the graph below illustrates that by 2041 the number of social rented units and AR units will be similar.
1.5 However, if the conversion between tenancies, in addition to new AR units built occurs faster, e.g. at a 75% conversion rate, then the number of AR units will exceed the supply of social rented units by 2036.

1.6

75% New Units and Conversions to Affordable Rents

1.7 The Royal Borough has developed its own interim housing policy for dealing with the AR tenure. This advises on acceptable levels of affordable rent. It restricts the rents which may be charged locally, secured through a s106 agreement.

1.8 This locally developed approach is based on appropriate evidence, and underwent scrutiny through a Working Party during 2011, including close liaison with local social housing providers who are supportive of the rent levels that have been set. It appears to work well within the Royal Borough’s housing market context.

1.9 The Key Decision Report\(^1\) which introduced the interim policy acts as standing advice to the Planning and Development Department. In reviewing the Core Strategy, there is an opportunity to more closely align planning policy.

1.10 The local approach devised to rent levels appears to be conflicting with emerging London Plan policy which seeks to remove any constraints on the affordable rent levels, and to ensure that these are set centrally by the Mayor of London.

1.11 Whilst the London Plan approach might help to maximise affordable housing delivery, it is considered that the delivery will be unaffordable in the local context.

1.12 The Council believe the interim approach to be in conformity with the adopted London Plan for the following reasons:
- The approach accepts and recognises the new AR tenure;
- It is based on an existing local evidence base (SHMA) and analysis of local circumstances (housing register, incomes and affordability ratios);
- It has used the London Plan level of net income in calculations to determine the policy.

1.13 The NPPF confirms the AR tenure as an affordable housing tenure, and one which should appropriately be delivered when securing affordable housing through local plans. Statutory guidance on housing allocations and housing regulation regarding Affordable Rent state that Affordable Rent tenancies must be let in the same way as socially rented tenancies, and therefore must be suitable for those in housing need. It is the Council’s belief that the interim policy also conforms to the NPPF.