

## 10. Housing



### 10.1 Introduction

- 10.1.1 The delivery of a substantial number of new homes at a price that our residents and people working locally can afford remains the key housing issue in the Borough. As one of the most densely developed areas of the country, the supply of land for housing will continue to be constrained, particularly as we continue to protect existing social and economic uses that make the Borough a vibrant and successful place. The constraints on land availability are inevitably reflected in median house prices which remain the highest in the country, and are equivalent to twelve times median earnings.
- 10.1.2 This Local Plan Partial Review will need to set out how the Borough will meet its new annual housing target of 733 additional homes through the identification and allocation of new housing development sites, as well as exploring how best to protect and improve the existing stock. It will also seek to continue the current emphasis of ensuring diversity of housing by reviewing the existing policies to take account of the latest evidence on local need, affordability and development viability.
- 10.1.3 The issues which the Council considers the Local Plan Partial Review needs to address in light of these ongoing challenges are:
- **Issue 1:** Meeting the Borough's housing targets
  - **Issue 2:** Amalgamations and De-conversions
  - **Issue 3:** Setting an Affordable Housing Target

- **Issue 4:** Affordable Housing Tenure Split
- **Issue 5:** Affordable Housing Threshold
- **Issue 6:** Calculating Payments in Lieu
- **Issue 7:** Securing the Maximum Reasonable Amount of Affordable Housing
- **Issue 8:** Meeting Specific Housing Needs
- **Issue 9:** Securing a Suitable Mix of Housing
- **Issue 10:** Housing Estate Regeneration

## 10.2 Existing policies

10.2.1 The strategic objective of the Local Plan is to have a diversity of housing at a local level, catering for a variety of needs and built to a high quality. The existing Local Plan and UDP policies relating to housing are as follows:

- Policy CH1 Housing Targets
- Policy CH2 Diversity of Housing
- Policy CH3 Protection of Residential Uses
- Policy CH4 Estate Renewal
- UDP Policy H4 Resist encroachment into residential areas of commercial activities
- UDP Policy H8 Require appropriate social and community facilities in major developments
- UDP Policy H17 Resist loss of small self-contained flats

10.2.2 The policies are set out in full in **Appendix B** and referenced as relevant under each issue.

## 10.3 Legislation, policy and guidance context

### National

#### National Planning Policy Framework (NPPF)

10.3.1 Paragraph 47 of the NPPF seeks to 'boost significantly the supply of housing' by requiring Councils to meet the 'full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this framework'. To demonstrate housing targets will be met, the NPPF requires Local Plans to identify a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing target plus an additional 5% to ensure choice and competition in the market for land, or 20% where there is a record of persistent under delivery. A supply of specific, developable sites or broad locations for growth for the next 6 to 15 years must also be identified within the Local Plan. To ensure supply is maintained in the future, the housing supply list must also be updated on an annual basis outside of the plan making process.

10.3.2 Paragraph 50 requires Councils to plan for a mix of housing based on current and future demographic and market trends, as well as the needs of specific groups within the community. The size, type, tenure and range of housing required should

also be identified. Where a need for affordable housing has been identified, policies should be set for meeting this need.

- 10.3.3 In order to have a clear understanding of the housing needs in their area, paragraph 159 states that Councils should prepare a Strategic Housing Market Assessment to identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period. In terms of housing supply paragraph 159 also sets out the need to prepare a Strategic Housing Land Availability Assessment to establish 'the availability, suitability and likely economic viability of land to meet the identified need for housing over the plan period.
- 10.3.4 Paragraph 173 of the NPPF sets out that where planning policies such as those on affordable housing are likely to have an impact on development viability, they should be sufficiently flexible to allow a development to provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable. In most cases this will require the impact of the policy to be tested through a development viability appraisal.

#### National Planning Practice Guidance (NPPG)

- 10.3.5 The NPPG sets out detailed guidance in relation to undertaking Strategic Housing Market and Land Availability Assessments as part of the evidence for the revised Local Plan.
- 10.3.6 The NPPG also includes broad guidance on the assessing the impact on development viability of planning policies such as a requirement for affordable housing together with guidance on assessing viability in planning decision making.
- 10.3.7 It is also important to highlight that the NPPG also refers to the Government's Starter Homes initiative which are aimed at meeting the needs of first time buyers under the age of 40. Starter Homes should be offered for sale at a minimum of 20% below open market value up to a maximum of £450,000 in London. The Housing and Planning Bill currently progressing through Parliament proposes further obligations on local planning authorities in relation to Starter Homes which will need to be taken into account once the Housing and Planning Bill passes into law as an Act of Parliament.

#### Regional

##### The London Plan

- 10.3.8 Through Chapter 3 of the London Plan, the Mayor recognises the pressing need for new housing across London to promote opportunity and real choice for Londoners. To help boost significantly the supply of housing the London Plan sets out the average annual minimum housing supply targets for each Borough until 2025. These targets are informed by the need for housing as evidence in the GLA's 2013 Strategic Housing Market Assessment (SHMA) and London's housing land capacity identified through the 2013 Strategic Housing Land Availability Assessment (SHLAA). This approach recognises that though there are difference in the type, quality and cost of housing across London, the complex linkages extend between them mean that for planning purposes, London should be treated

as a single housing market.

- 10.3.9 It is estimated that London will require between 49,000 and 62,000 more homes a year to meet need. On the supply side, it is recognised that the availability of land is the main long term constraint. However, potential capacity for at least 420,000 additional homes over the next 10 years has been identified. Based on this evidence, Policy 3.3 and Table 3.1 of the London Plan set out minimum annual housing targets for each Borough, with minimum annual target for Kensington and Chelsea set at 733 net additional dwellings. Boroughs are required to identify housing sites to achieve, and where possible exceed their target in view of the strategic gap that existing between housing need and supply.
- 10.3.10 Ensuring housing choice is another key Mayoral priority. Policy 3.8 specifically addresses the needs of different communities by requiring Boroughs to undertake their own assessment of local housing needs to ensure that new developments offer a range of housing choices in terms of mix, housing sizes and taking account of the needs of different groups. At the London-wide level, significant need for affordable family homes, as well as homes which meet more specialist needs such as those of London's growing numbers of older people are identified. Other types of non-conventional housing including student accommodation and purpose built rented accommodation are also supported by the Mayor as a way of further boosting London's housing supply.
- 10.3.11 The Mayor also gives particular priority to the provision of new affordable homes to meet London's pressing needs. The London SHMA demonstrates that high cost of market housing in London makes affordable housing particularly important in meeting housing needs. A strategic supply target for affordable homes of 17,000 per annum is set out Policy 3.11 together with percentage targets for the proportion of affordable provision that should be social/affordable rent (60%) and intermediate rent or sale (40%). At the local level, the policy requires Boroughs to set an overall target in the Local Plans for the amount of affordable housing provision needed together with separate targets for the different types of affordable tenures. Such targets may be expressed in absolute or percentage terms. In terms of thresholds, Policy 3.13 states that Boroughs should normally require affordable housing provision on a site with capacity to provide 10 or more units, but to seek a lower threshold where this can be locally justified. In accordance with NPPF, the assumption is that affordable housing provision should be made on-site with off-site provision or payments in lieu accepted only in exception circumstances. Policy 3.12 is also clear that when negotiating affordable housing on individual sites, the maximum reasonable should be sought having regard to local requirements, affordable housing targets, the need to promote mixed communities and development viability.
- 10.3.12 Finally, in addition to making provision for new homes, the overwhelming need for additional housing across London makes it essential to consider the potential of the Borough's existing housing stock to address housing needs and sustain existing neighbourhoods. This is reflected in London Plan Policy 3.14B-C which requires Boroughs to resist the net loss of housing provision unless it is to be replaced at existing or higher densities with at least equivalent floorspace.

## Mayor's Housing Supplementary Planning Guidance (Nov 2012) and Draft Interim Housing Supplementary Planning Guidance (May 2015)

- 10.3.13 The Mayor's Supplementary Planning Guidance (SPG) is a material consideration in planning decisions and provides additional advice on the on the implementation of the London Plan's policies. The guidance in both the adopted and draft SPG in relation to housing choice, affordable housing provision and the existing housing stock have been referenced in the formulation of the issues and options.

### Summary

- 10.3.14 Figure 10.1 summarises the main legislation, policy and guidance of particular relevance to this section.

Date	Document	Organisation
Mar 2012	National Planning Policy Framework <sup>186</sup> Paragraphs 47, 50, 159 and 173	DCLG
Mar 2014 (updated)	National Planning Practice Guidance <sup>187</sup> Housing and Economic Needs Assessment and Housing and Economic Land Availability Assessment	DCLG
Mar 2015	The London Plan <sup>188</sup> 3.3 Increasing housing supply 3.8 Housing choice 3.11 Affordable housing targets 3.12 Negotiating affordable housing on individual private residential and mixed use schemes 3.13 Affordable housing thresholds 3.14 Existing housing	Mayor of London
Nov 2012	Housing Supplementary Planning Guidance (SPG) <sup>189</sup>	Mayor of London
May 2015	Draft Interim Housing Supplementary Planning Guidance (SPG) <sup>190</sup>	Mayor of London

Figure 10.1: Summary of legislation, policy and guidance

## 10.4 Evidence base

### Dwelling stock

- 10.4.1 The most recent Government data indicates that there were 85,550 dwellings in the Borough in 2014. This total has been growing, but at a relatively slow rate when compared to its inner London neighbours, with only a 1% increase the last six years as shown in Figure 10.2 below.

<sup>186</sup> [www.gov.uk/government/publications/national-planning-policy-framework--2](http://www.gov.uk/government/publications/national-planning-policy-framework--2)

<sup>187</sup> <http://planningguidance.planningportal.gov.uk/>

<sup>188</sup> [www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan](http://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan)

<sup>189</sup> [www.london.gov.uk/priorities/planning/publications/housing-supplementary-planning-guidance](http://www.london.gov.uk/priorities/planning/publications/housing-supplementary-planning-guidance)

<sup>190</sup> [www.london.gov.uk/priorities/planning/consultations/draft-interim-housing-supplementary-guidance](http://www.london.gov.uk/priorities/planning/consultations/draft-interim-housing-supplementary-guidance)

	Dwelling stock					
	2009	2010	2011	2012	2013	2014
K&C	84,550	84,760	84,800	84,900	84,960	85,550
H&F	80,990	81,900	82,390	82,860	83,280	83,910
Westminster	115,050	116,640	118,320	119,250	119,840	120,370
London	3,308,000	3,336,360	3,358,180	3,383,030	3,404,070	3,427,650
England	22,694,000	22,839,000	22,976,000	23,111,000	23,236,000	23,372,000

	% addition to dwelling stock per annum					
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-2014
K&C	0.25%	0.05%	0.12%	0.07%	0.69%	1.18%
H&F	1.12%	0.60%	0.57%	0.51%	0.76%	3.61%
Westminster	1.38%	1.44%	0.79%	0.49%	0.44%	4.62%
London	0.86%	0.65%	0.74%	0.62%	0.69%	3.62%
England	0.64%	0.60%	0.59%	0.54%	0.59%	2.99%

Figure 10.2: Changes to dwelling stock (DCLG Live Tables 100, 122, 125)

10.4.2 The make-up of the dwelling stock in terms of type shows that in comparison with neighbouring authorities the Borough has a low proportion of houses (17%) with the majority of the stock made up of purpose built and converted flats (79%). This is higher than both the Inner London and London-wide averages.



Figure 10.3: Property Types (Source: Census 2011 Table QS402EW)

10.4.3 Figure 10.4 compares the proportion of different dwellings types in RBKC from the 2001 and 2011 Census. The major feature of change is the growth in the proportion of purpose built flats, accompanied by a reduction in the number of other types of flats i.e. those in converted houses and self-contained bedsits.

10.4.4 In terms of tenure, the 2011 Census showed that the private rented sector has just

overtaken owner-occupation as the largest single tenure in RBKC, with both housing 36% of households. The social rented sector accounts for a further 25% and shared ownership less than 1%. The growth of the private rented sector is a pattern reflected across London although the level in RBKC is greater than the inner London (31%) and London-wide averages (25%). By contrast the proportion of social rented stock is below the inner London average of 35%.

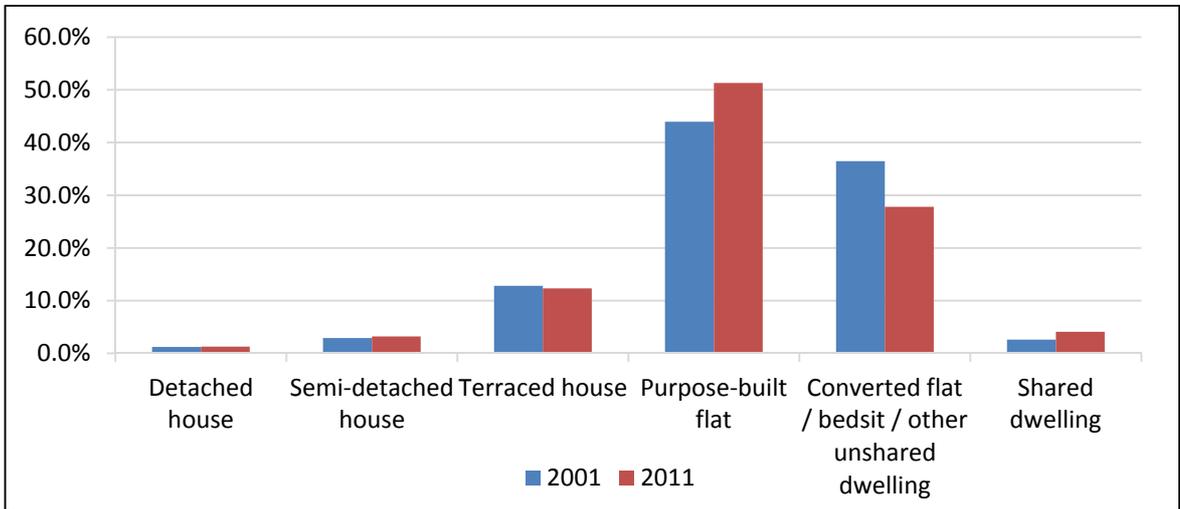


Figure 10.4: Changes in property type over between 2001 and 2011 Census

10.4.5 The final characteristic of the Borough’s housing stock to highlight is that of dwelling size. As Figure 10.5 shows, the Borough has a greater proportion of smaller homes than the inner London and London average. Nearly three quarters (72%) of the current stock are one and two bedrooms compared to 66% for inner London and 54% for the whole of London. Proportionally however, there is also a reasonable proportion of large homes (four bed plus) at 11% which is equivalent to the inner London average. The Census also highlights that there are differences in dwelling size by tenure. For example 40% of the owner occupied stock has three beds or more compared to only 20% in each of the social rented and private sector rented stock. Approximately half the social rented (47%) and private rented (45%) stock is one bed implying a restricted range of household sizes that these tenures can potentially house.

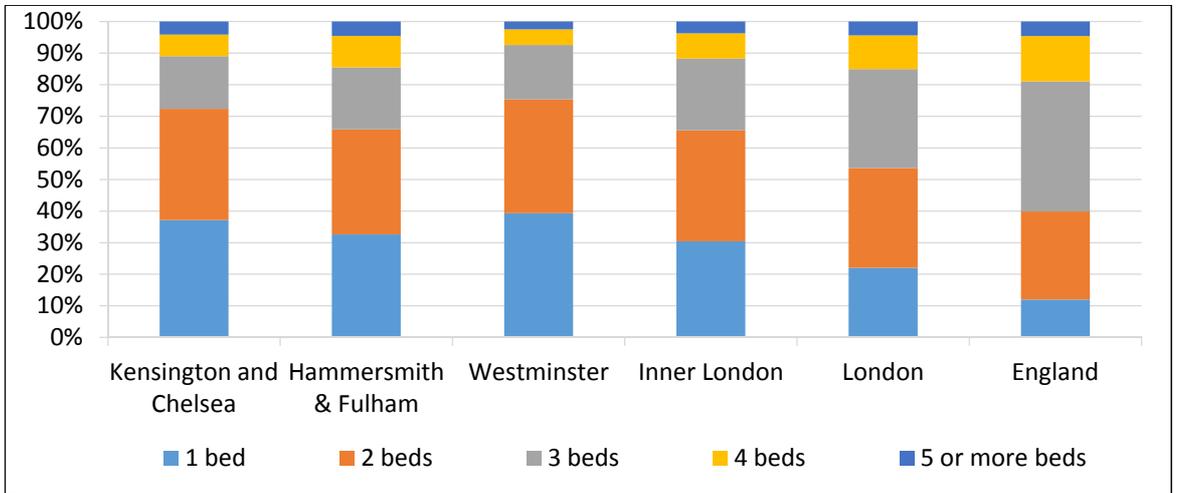


Figure 10.5: Dwelling Size

## Vacant dwellings and second homes

- 10.4.6 Across London as a whole, residential vacancy rates are generally low as a result of the significant demand for housing. Vacancy rates in Kensington and Chelsea as in neighbouring inner London Boroughs have fallen as a proportion of total stock over the last five years as shown in Figure 10.6. This overall figure does mask a slight increase in vacancy levels in the social rented sector however, this can be ascribed to active estate regeneration programmes and should fall as new units are completed and occupied.
- 10.4.7 In relation to second homes, the 2014 Council Tax Base assesses the number and proportion of homes classified as 'second homes'. The figures for the Royal Borough for 2014 showed 8,330 second homes, equivalent to 9.5% of the total housing stock. This compares to only 2.4% in Hammersmith and Fulham and 4.9% in Westminster. Kensington and Chelsea is almost the highest ranked Borough in terms of both the number and proportion of second homes with only the City of London (at a proportion of 27%) and Cornwall (overall numbers) in higher positions.

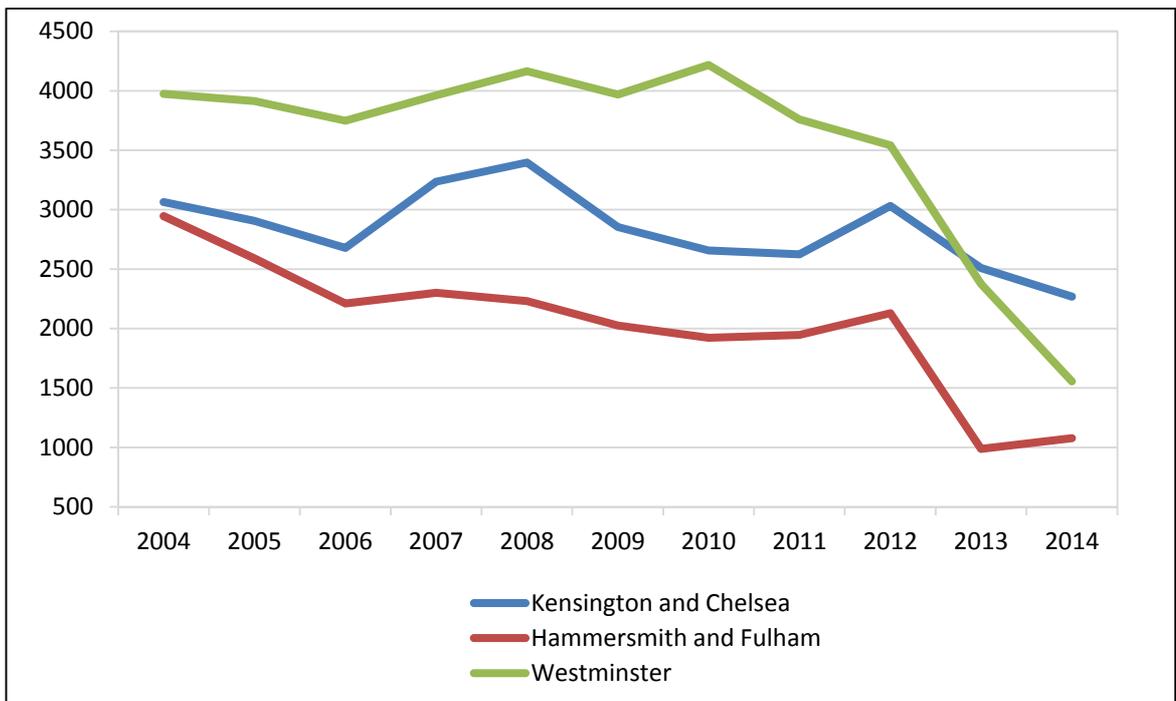


Figure 10.6: All vacant dwellings 2004- 2014

## Houses in Multiple Occupation (HMOs)

- 10.4.8 There are currently estimated to be a nearly 4,500 HMOs in the Borough, amounting to nearly 16% of the private rented stock. Whilst this proportion is significant, it is a lower proportion than neighbouring Boroughs with Westminster at 19% and Hammersmith and Fulham at 39%.

## House prices

- 10.4.9 Kensington and Chelsea occupies a distinctive position within the overall London

housing market. Median house prices in the Borough have increased at the highest rate in the country since the Local Plan was first adopted (as the Core Strategy) in 2010 (60%) leading to highest median house price in England of £1.2 million in 2014. As Figure 10.7 below shows, this pattern of increase is exceptional even when compared to other inner London Boroughs.

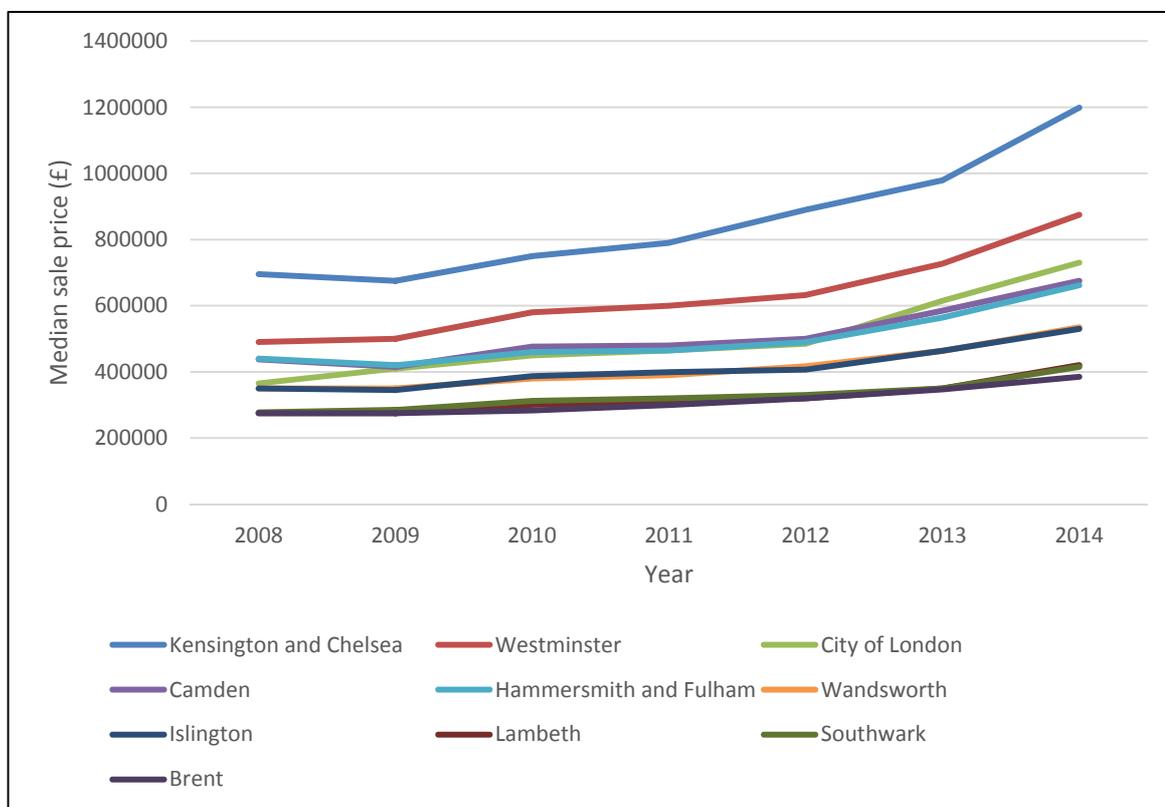


Figure 10.7: Median sale house prices in London in 2014

- 10.4.10 The Borough's high house prices are primarily driven by a lack of supply with the availability of land acting as the main constraint. The 2011 Census shows that the Borough has the second highest population density in England and Wales. Consequently, land for development is highly sought and the high prices paid are reflected in the subsequent value of new homes. The Borough's existing stock of large, character properties, together with the central location, high quality amenities also makes the Borough popular with international buyers who further drive up prices competing for the limited stock.

### Housing need

- 10.4.11 As set out in section 10.3 above, the NPPF requires local planning authorities to identify their full objectively assessed needs for market and affordable housing. The OAN is an assessment of the amount of additional housing stock required to cater for future household growth. Evidence set out in the Borough's 2015 SHMA (available from [www.rbkc.gov.uk/planningpolicy](http://www.rbkc.gov.uk/planningpolicy)) identifies an objectively assessed need (OAN) of 11,291 dwellings over the period 2015-2035, or 575 dwellings per annum. These figures are based on the GLA's long-term migration household projections plus an allowance for vacant dwellings and second homes. This is the highest projection in relation to the other potential scenarios of household growth

set out in the SHMA (based on the DCLG 2012 household projections and the GLA short term migration scenario) but are assessed as the most realistic for using the longer term migration trend data determined at London-level.

- 10.4.12 An additional factor to be taken into account when determining the OAN is market signals such as prices, affordability and overcrowding which could indicate additional demand. It has already been shown above that the Borough's house prices are the highest in the country by some margin, with rents also high to generate the returns which property owners require. Affordability ratios comparing median sale prices and median earnings have increase from 2.5 times the national average in 2003 to five times that average in 2013. In terms of overcrowding, despite the high prices and rents, there is less overcrowding in Kensington and Chelsea than in neighbouring authorities and only marginally more than the England average. Furthermore, there are also indications of under occupation within the owner occupied stock.
- 10.4.13 The key message from these signals is that the housing market in the Borough is unique with house prices so far detached from local income levels that it is evidence that a significant proportion of the market is being driven by investors. The SHMA concludes that this suggests the demand for housing which is driving price increases is of a nature and order which is unlikely to respond to any practicable increase in supply. This is not to suggest that there should be no additional supply in the Borough in response to market signals, but rather that it is necessary to accept that the level of supply will be constrained by the availability of sites and the greater importance should be placed on the type and affordability of new housing in order to have the maximum impact on need.
- 10.4.14 The need for affordable housing differs from the overall objectively assessed need for housing (OAN). The OAN is the net addition to the housing stock of all tenures required to cater for future household growth. The affordable housing requirement estimates the total amount of affordable housing required to meet the need of households which cannot afford to access market housing. It assesses the ability to afford housing across newly forming households, not simply the net addition to household numbers, adds in any current backlog and offsets this against the supply of affordable housing likely to come available in the current stock to produce an estimate of how much additional affordable housing is required. To illustrate the difference further, it would theoretically be possible for affordable housing need to be met through a transfer of existing market housing to affordable housing without adding to the existing stock.
- 10.4.15 The process for calculating the Borough's overall affordable housing need is set out in Figure 10.8 below. This shows an annual need figure of 1,171 affordable homes, which can be broken down by tenure as follows:
- Social rented sector: 209 (18%)
  - Affordable rented sector: 523 (45%)
  - Intermediate sector: 437 (37%)
- 10.4.16 It is important to note that paragraph 4.7 of the NPPF references meeting such need "as far as is consistent with the policies set out in" the NPPF.

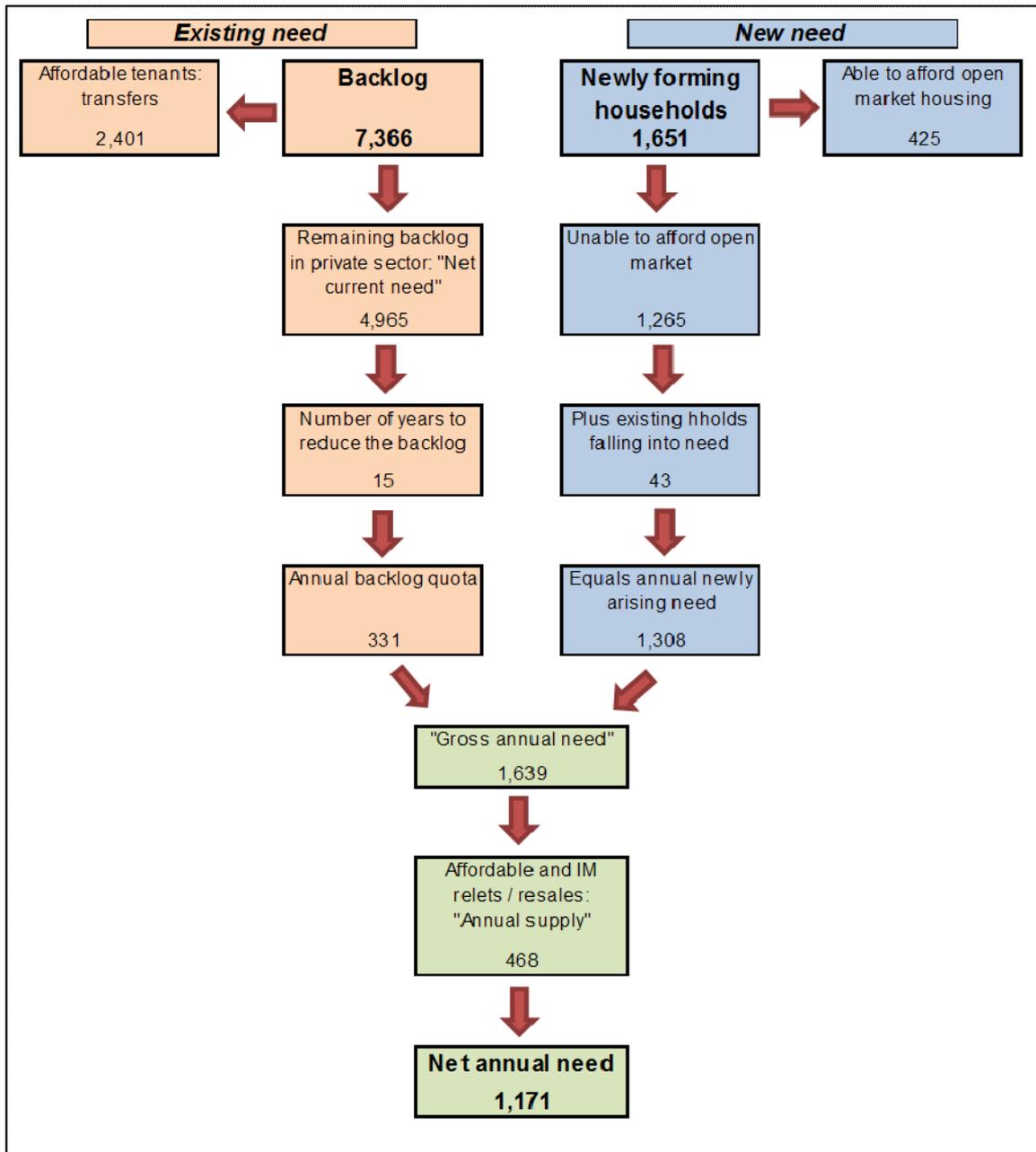


Figure 10.8: Calculating the need for affordable housing

## 10.5 Issues and options

### Issue 1: Meeting the Borough's housing target

- 10.5.1 The Borough's housing target of 300 units per annum rising to 600 as set out in Policy CH1 of the Local Plan has been superseded by the Further Alterations to the London Plan (2015) which have raised the Borough's target 733. This target is above the objectively assessed need for housing identified by the Borough's SHMA of 575 new homes each year.
- 10.5.2 In accordance with national and regional guidance, the Council must demonstrate that it is able to identify a supply of specific development and/ or deliverable sites sufficient to meet the Borough's housing target plus an additional 20% buffer for

the first five years due to a record of persistent under delivery. The cumulative housing delivery target for the remainder of the plan period to 2027/28 is therefore a minimum of 11,728 units.

- 10.5.3 Since the Local Plan was adopted (as the Core Strategy) in 2010, 1,588 new homes have been built equating to 58% of the 2,750 target for the same period. Whilst this is an under delivery, it must be placed in the context of the number of new homes approved by the Council in the same period, for which the Borough has performed significantly above the target with 3,897 approvals, equivalent to 1.4 times the target. At present, however, national and regional policy assesses performance in terms of completions, the rate of which cannot be influenced by the Council. Assessing housing supply on completions since the Local Plan was adopted leaves a backlog of completions for the first five year period of the Plan of 1,162 dwellings.

	10/11	11/12	12/13	13/14	14/15	Total
<b>Housing Supply Target</b>	350	600	600	600	600	<b>2,750</b>
<b>Net residential completions</b>	175	102	65	264	982	<b>1,588</b>
<b>New residential approvals</b>	783	860	244	1292	718	<b>3,897</b>

*Figure 10.9: Housing supply target, completions and approvals*

- 10.5.4 In terms of the existing site allocations intended to deliver the Borough's supply requirements, the Local Plan identifies a small set of strategic allocations which would deliver a minimum of 5,300 dwellings. It was anticipated that the remainder of the units would come from windfall sites as had historically been the case. Most of these allocated sites have come forward for planning permission since the Plan was first adopted in 2010 as shown in Figure 10.10 below.
- 10.5.5 The actual number of units now anticipated or delivered on these sites has increase by approximately 1,000 units since 2010 to 6,500. A large proportion of these units are still due to be completed and will therefore continue to be a key element of future housing supply contributing approximate 5,700 units (50%) towards the 11,728 target for the remainder of the plan period. However, this leaves half the target remaining for which sites must be identified. The Local Plan Partial Review will therefore need to identify additional housing capacity to meet our increased target. It will also be important to address the existing shortfall from the first five years of the plan period.
- 10.5.6 The Borough's updated housing trajectory currently shows a total development pipeline of 10,734 net additional units for the 15 year period 2015/16 to 2029/30 (see Figure 10.11 below). The housing trajectory is based on a combination of the capacity from strategic sites, the development pipeline of planning permissions, those sites where pre-application responses have identified a potential for housing development, assumptions on windfall from small sites and vacant buildings

returning to use. It is estimated that just under 4,500 of these units will be delivered within the first five year period enabling the Borough to demonstrate a five year housing land supply plus an additional 20% to account for under-delivering in earlier years. Overall however, the total capacity is 994 units below the Borough target for the same period.

Strategic Allocation	Minimum number of dwellings required in existing Local Plan	Current Status	Potential number of dwellings (net)	Units Completed (net)
<b>Kensal</b>	2,500	Further Alterations to the London Plan in 2015 increased the capacity of the site to 3,500 homes.	3,500	0
<b>Wornington Green Phases 1-2</b>	688	Planning permission granted	462	324
<b>Land Adjacent to Trellick Tower</b>	60	Supplementary Planning Document prepared for site	100	0
<b>Charles House Site</b>	500	Planning permission granted – scheme under construction	506	506
<b>Former Territorial Army site</b>	250	Planning permission granted	281	0
<b>Empress Telephone Exchange</b>	150	Planning permission granted – scheme under construction.	158	0
<b>Homebase Site</b>	300	Planning permission granted – scheme under construction.	251	0
<b>100 West Cromwell Road</b>	350	Planning permission expired	350	0
<b>Earls Court (part)</b>	500	Planning permission granted	930	0
<b>Total number of dwellings</b>	<b>5,298</b>		<b>6,538</b>	<b>830</b>

*Figure 10.10: Status update of the Local Plan Strategic Site Allocations including residential uses*

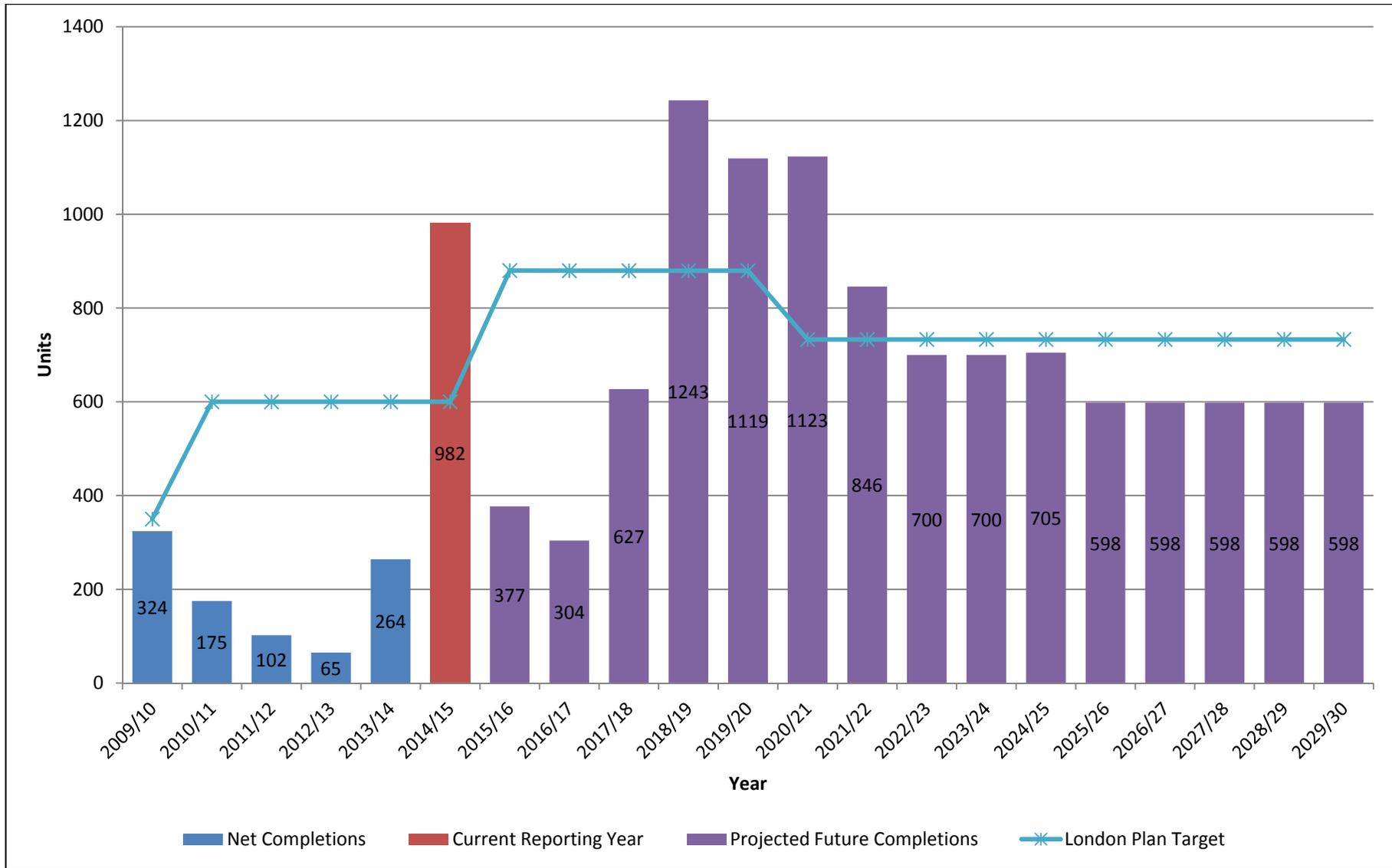


Figure 10.11: Housing Trajectory

- 10.5.7 Given the gap between the Borough's target and supply, and that the London Plan requires Boroughs to seek to augment their housing supply to close the strategic gap between identified need and supply, it is necessary to consider further sources of housing supply in the form of potential new strategic and non-strategic site allocations for inclusion in the revised Local Plan. The starting point for the identification of these sites will be those identified through the London-wide Strategic Housing Land Availability Assessment (SHLAA) in 2013. To inform the Local Plan Partial Review moving forward, the Council will review the housing potential of all of the Borough's sites identified through the London SHLAA (2013). To supplement this process, this Issues and Options consultation includes a call for potential housing sites which will be assessed for their potential using existing planning policies and the London SHLAA methodology.

#### **Question 1**

Are there any sites that should be considered as a site allocation as part of the Local Plan Partial Review for housing? If so, please complete the Call for Sites section of the Consultation Response Form (**Appendix C**).

#### **Issue 2: Amalgamations and de-conversions**

- 10.5.8 Current Local Plan Policy CH2(f) resists development which results in the net loss of five or more residential units on the basis that an appropriate balance should be struck between the loss of residential units and the need for larger family homes. In addition, Policy CH3 seeks to ensure a net increase in residential accommodation by protecting market residential floorspace except in a defined set of circumstances and resisting the net loss of affordable housing floorspace and units outright (Policy CH3). It should also be noted the Borough has required planning permission for proposals which involve the net loss of one or more residential units since August 2014. The previous trigger for a planning application had been the loss of five or more units.
- 10.5.9 The Council has seen a significant number of existing flats being joined together to create a smaller number of larger units. Whilst the newly created large units will serve a need, the level of loss has implications on the ability of the Council to meet its increased housing targets and is often contrary to London Plan Policy 3.14 as set out above. The Council has collated evidence to demonstrate the impact of amalgamations on the overall housing supply. Quantifying the total loss of units that has occurred through amalgamations is difficult given that planning permission was not required for schemes resulting in the loss of less than five units prior to August 2014. Lawful development certificates are one measure, although it is worth stressing that as there is no compulsion to submit a certificate this does not give the whole picture. The table below sets out the number of units lost through amalgamations where a lawful development certificate has been issued.

	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Net residential losses</b>	-47	-58	-72	-80	-34

Figure 10.12: Net residential losses

- 10.5.10 Further evidence for the 2014/15 financial year has also been sourced from Council tax records which indicate a further 93 units were lost through amalgamations. Together this adds up to nearly 400 dwellings, which is equivalent to the Borough's combined net completions for the last three financial years.
- 10.5.11 The combination of the significant loss of smaller units resulting from amalgamations, the Borough's increased housing target, residential completions at levels consistent below target, and the need to be in general conformity with the requirements of London Plan Policy 3.14 which protects existing residential densities, have highlighted a need to reconsider the Borough's planning policies in relation to amalgamations.

#### **Option 1**

Maintain a planning policy approach that permits amalgamations of existing units up to a defined threshold of units and/or floorspace.

- 10.5.12 The Council has received a legal opinion that the impact of amalgamations in reducing the number of residential units across the Borough has planning consequences that can render them a material change of use. Consequently, the Council is of the view that all such proposals should be subject to planning permission so that impacts of the proposed change of use can be assessed against all of the development plan policies. An exemption for units up to a defined threshold would prevent such an assessment from being made.

#### **Option 2**

Introduce a presumption against the loss of residential units subject to specific exemptions. Possible exemptions include:

- Restoration of a house to its original use as a single dwelling subject to a maximum of two dwellings being combined and an overall floorspace limit.
- Where the existing accommodation is substandard in terms of floorspace standards, daylight and layout which could only be remedied through an amalgamation.

Are there any other criteria or exemptions which the Council should consider?

- 10.5.13 Given the evidence demonstrating the impact of amalgamations on the Borough's housing supply, the Council believes a presumption against the loss of residential units can be justified. However, there may be specific circumstances where the benefits of an amalgamation will outweigh the need for housing, and these would be set out within any revised policy to provide guidance to applicants.

### Option 3

Resist the loss of all residential units unless it can be demonstrated that the de-conversion is required to create a decent standard of accommodation.

- 10.5.14 The overwhelming need for additional homes across the Borough and London and as whole, planning policies should resist the loss of existing homes unless the quality of accommodation to be replaced is providing a significantly sub-standard level of accommodation. Such an approach gives significant weight to housing need but incorporates a degree of flexibility where there would otherwise be a detrimental impact on the quality of the Borough's housing stock.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

### Issue 3: Setting an affordable housing target

- 10.5.15 With the highest median house prices in the country, the issue of providing new affordable homes for those on low and moderate incomes who wish to live in Kensington and Chelsea is a key matter for the Local Plan Partial Review. With significant reductions in the availability of public funds to subsidise the building of affordable homes over the last few years, the majority of provision is made through Section 106 planning obligations cross funded by the sale of private market housing.
- 10.5.16 The Borough's current affordable housing target of 50% on schemes with a residential floorspace in excess of 800sqm (Policy CH2) was set taking into account viability but also the very high need identified for affordable housing in the 2009 SHMA. A large number of planning permissions granted since the Local Plan was first adopted (as the Core Strategy in 2010) have not achieved the 50% floorspace target. Evidence from the London Development Database shown in Table 5.4 below shows the percentage of affordable housing as a total of all residential planning permissions in each of the last four financial years since the target was adopted. This table shows the highest overall percentage of 31% was achieved in 2010/11, dropping to just 12% of net approvals in 2013/14. It should however be noted that these figures are a percentage of all residential approvals including those below the 1,200sqm affordable housing threshold. Taken as proportion of units only within qualifying schemes, the overall percentage of affordable housing would be slightly higher. Such figures also do not show where a payment in lieu of affordable housing has been secured contributing to the Council's affordable housing fund.

Financial Year	Net Market	Net Affordable	Net Total (all tenures)	Percentage Affordable
2011/12	726	330	1056	31%
2012/13	417	143	560	26%
2013/14	1,140	156	1296	12%
2014/15	1,017	286	1303	22%

Figure 10.13: Percentage of affordable housing granted planning permissions

- 10.5.17 The Council's recently published SHMA addresses the requirements of the NPPF

to identify the full objectively assessed need for affordable housing, and to set policies for meeting that need. The Borough's SHMA estimates that the overall net annual need for affordable housing is 1,171 units per annum. This requirement figure is around twice as large as the objectively assessed need (OAN) figure of 575 dwellings per annum. It should be noted that there is little relationship between the two figures, with the OAN is based on projected net growth in households and the affordable housing requirement based on working through the backlog of existing affordable housing need as explained in Section 4 above.

- 10.5.18 Despite the distinction in methodology, a comparison of the two figures makes it clear that the need for affordable housing is the overwhelming policy requirement. The primary objective of the revised affordable housing target therefore becomes ensuring that the Council achieves the maximum reasonable level of affordable housing in all instances.
- 10.5.19 In order to set a planning policy target that achieves the maximum reasonable amount of affordable housing, the Council must take account of need but also the deliverability. Firstly, in terms of supply there is already a gap between overall housing supply the Borough's fifteen year target as set out under Issue 1. Furthermore, even if the Borough's entire housing requirement for the next fifteen years were to be delivered as affordable homes, the cumulative affordable need figure for the same period could still not be met. The second issue that must be taken into account is the economic viability of delivering affordable housing. Paragraph 173 of the NPPF requires that new developments should not be subject to such a scale of obligations and policy burdens that their ability to be viably developed is threatened. It is recognised that there have been some changes in the costs on development since the Borough's current affordable housing policy target of 50% was adopted in 2010. These include the introduction of the Mayoral and Borough CIL and a reduction in public grants for affordable housing. At present, the impacts of these changes can only be addressed through site specific financial appraisals which allows developers to demonstrate that the viable level of affordable housing is below the current policy target. The emerging Local Plan Partial Review provides an opportunity to re-assess viability at a strategic level and set a target that should be achievable on the vast majority of development sites.
- 10.5.20 Viability evidence newly commissioned by the Council demonstrates that a proportion of affordable housing is viable in all residential developments, and all mixed use developments with 30% of commercial floor space. However, the level of viability varies significantly. The range for a generally viable affordable housing target is shown to be between 30% and 35% in the majority of the Borough, but rises significantly to 60% in Knightsbridge because of this area's very high sales values. In order to determine the most appropriate affordable target, the Council will need to balance this viability evidence with the overwhelming need for affordable housing set out above. The viability evidence presented above also raises the issue of whether the Council should continue with a Borough wide affordable housing target or opt for a split rate which allows for a greater proportion of affordable housing to be secured in the highest value area.

### **Option 1**

Adopt a Borough wide affordable housing target of between 30-35%.

- 10.5.21 A single Borough wide target provides a consistent standard for both development and monitoring purposes which is simpler to implement. The setting of a single target will necessarily need to be at the lower end of the viability range to ensure that the majority of sites remain viable. This could mean that the potential to secure increased levels of affordable housing in the higher value parts of the Borough will be forfeited. However, given the relatively small size of the high value area (Knightsbridge) together with the density of existing development, it is likely that only a small number of housing developments will come forward in this area, reducing the potential value of a split target.

### **Option 2**

Adopt a split affordable housing target to enable a higher percentage target in the highest value areas.

- 10.5.22 The split target approach allows account to be taken of differences in viability between different parts of the Borough. However, in general a single Borough affordable target is simpler to set and implement as drawing the boundaries between the different areas of the Borough can be a contentious process. The evidence must therefore indicate that there is significant amount of additional affordable housing to be gained from taking a differential approach.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

### **Issue 4: Affordable housing tenure split**

- 10.5.23 Affordable housing provision currently consists of three different types of tenure which meet the requirements of households whose needs are not met by the market. Eligibility for each type of housing is primarily determined with regards to income.
- 10.5.24 Social rented housing is rented housing owned and managed by the Council or private registered providers (also known as housing associations), for which guideline target rents are determined through a national rent regime. This type of affordable housing typically meets the needs of those on the lowest incomes.
- 10.5.25 Affordable rented housing is the second type of affordable tenure. Such housing can also only be let through Councils or private registered providers to those groups that would also be eligible for social rented housing. The rents are also subject to rent controls that require a rent of no more than 80% of market rent. Within the Borough, the Council has an adopted housing policy for new affordable rent tenancies to ensure that they remain affordable to those in housing need. As shown in Figure 10.14 below, the Borough's basic formula is based on a percentage uplift of the rents charged for social rented units (known as target rents) which reduces as the size of unit increases.

Number of Bedrooms	Percentage Uplift under interim housing policy
1 bedroom	Average RP Target Rent plus 30%
2 bedroom	Average RP Target Rent plus 25%
3 bedroom	Average RP Target Rent plus 12%
4 bedroom	Average RP Target Rent plus 5%
5 bedroom	Average RP Target Rent plus 5%

Figure 10.14: Basic formula for determining RBKC Affordable Rent levels

- 10.5.26 The third type of affordable housing tenure is intermediate housing which can be housing for sale or rent at a cost above social rent but below market levels. These can include shared ownership and other low cost homes for sale or rent but no affordable rented housing. To qualify for intermediate housing, the London Plan has set household income levels of £18,100-£66,000, with the upper limit extend to £80,000 for homes with more than two bedrooms. These income thresholds will be updated annually through the London Plan Annual Monitoring Report.
- 10.5.27 Lastly, it is important to highlight that the Government has proposed a further type of low cost housing known as ‘Starter Homes’. Starter homes are homes that will be available to purchase by first time buyers under the age 40 with at least a 20% discount. In London it is proposed to cap the price of a Starter Home at £450,000. The legislation regarding the delivery of ‘Starter Homes’ is currently making its way through Parliament as part of the Housing and Planning Bill. It is likely that the Bill will be passed into law as the Housing and Planning Act in early 2016 and future consultations on the Local Plan Partial Review will seek to the address the implications on affordable housing delivery once more information is available.
- 10.5.28 In terms of the existing three affordable housing tenure types, the London Plan requires that the Council sets a separate target for the provision of social/ affordable rented housing and intermediate housing. Policy 3.11 ‘Affordable Housing Targets’ of the London Plan proposes a strategic target of 60% of affordable housing provision as social/ affordable rent and 40% for intermediate rent or sale. The current Local Plan Policy CH1 sets a Borough-wide target of 85% social rented housing and 15% intermediate housing.
- 10.5.29 The updated evidence on the need for each type of tenure is set out in the Borough’s SHMA. The level of need for each tenure is determined by the affordability threshold which is calculated as the entry level monthly cost. Figure 10.15 below shows that the lowest cost market tenures start at £1,712 for a one bed which is equivalent to a gross household income of £68,480 (assuming 30% of gross income is spent on housing costs) rising to £95,320 for a two bed unit. Given that the median average wage of a Borough resident is just under £40,000<sup>191</sup> this indicates that market housing will be unaffordable to significant proportion of Borough residents.

<sup>191</sup> [www.nomisweb.co.uk/reports/lmp/la/1946157252/report.aspx](http://www.nomisweb.co.uk/reports/lmp/la/1946157252/report.aspx)

Dwelling size	Social/ affordable rented	Intermediate sector	Open market
1 bed	<£555	£555 - £1,712	>£1,712
2 bed	<£806	£806 - £2,383	>£2,383
3 bed	<£1,135	£1,135 - £3,250	>£3,250
4 bed	<£1,513	£1,513 - £4,333	>£4,333

Figure 10.15: Price thresholds for affordability calculation (monthly costs)

10.5.30 The SHMA puts forward three scenarios in terms of identifying the need for each type of affordable housing tenure. To allow comparison, the intermediate rent levels are shown in Table 10.16 below as a percentage of open market rents.

10.5.31 Scenario A sets the intermediate threshold as a percentage of the market entry level that a household falling within the Mayor's intermediate housing income bands could afford. Scenario B is based on the entry level intermediate rents set out in the Council's intermediate rent policy. Given the large difference in the percentage of market rents used in Scenarios A and B, Scenario C uses an intermediate rent set at a mid-point between the two. It is also important to note that Government guidance points to the use of actual intermediate rents charged as a starting point for determining affordability however, there are so few of these units in the Borough it has not been possible to use this data in the SHMA.

Dwelling size	Scenario A: Intermediate threshold as % of market rent	Scenario B: RBKC Intermediate Rent Policy	Scenario C: Mid-point Intermediate Rents
1 bed	80%	32%	67%
2 bed	74%	34%	54%
3 bed	65%	35%	50%
4+ bed	49%	35%	50%

Figure 10.16: Intermediate rent scenarios as % of market rents

10.5.32 Using the three scenarios set out above, the net annual need for affordable housing is estimated as follows:

Tenure	Scenario A		Scenario B		Scenario C	
	Absolute	%	Absolute	%	Absolute	%
<b>Social and Affordable Rent</b>	838	72%	196	17%	652	56%
<b>Intermediate Sector</b>	332	28%	966	83%	510	44%

Figure 10.17: Estimated net annual need for affordable housing

10.5.33 The tenure split generated by the three scenarios is significantly differently with the lower intermediate housing threshold set out in Scenario B creating a much higher requirement for intermediate housing. This is due to the lower intermediate rents meeting the needs of a larger number of households who would not be able

to afford the higher intermediate rents used in Scenarios A and C. It is therefore clear that the affordability threshold in terms of the cost of intermediate housing plays a key role in determining the overall level of need and the appropriate affordability level will need to be determined through the plan making process.

#### **Option 1**

Set a Borough wide target of 72% social/affordable rented housing and 28% intermediate housing to take specific account of the findings of the SHMA.

- 10.5.34 This option is based on the intermediate threshold as percentage of the market entry threshold used in SHMA Scenario A and generates higher requirements for social rented / affordable housing than the current London Plan target due to the high market rents within the Borough making intermediate products less affordable. The SHMA scenario underpinning this option is based on the rents that would be affordable for those who would fall within the Mayor's intermediate income range of up to £66,000 for 1 and 2 bed units and £85,000 for 3 bed plus units. It is recognised that given the high prices in the Borough, there is a risk that intermediate units will be priced so that only those households earning close to the top of these thresholds will be able to afford them. This could limit the Plan's ability to meet the full range of intermediate housing need. This would be especially true for larger sized family units.

#### **Option 2**

Set a Borough wide target of 17% social/affordable rented housing and 83% intermediate housing based on the Council's adopted Intermediate Rent Policy.

- 10.5.35 The affordable housing tenure split set out in this option is based on Scenario B which uses the intermediate rent levels set out in the Council's recently adopted Intermediate Rent Policy. The rents in the policy are based on spending 40% of net household incomes on rent, and cover annual incomes of £20,000 to £85,000. The affordability of these rents significantly increases the range of households who would be able to afford intermediate housing. However, there is also significant crossover with the rent levels for social/affordable rented housing, with in some instances the proposed intermediate rents being lower, and therefore lowers the overall need for this type of housing. This overlap may need to be considered further to ensure that there is no impact on development viability that reduces the overall ability of the Council to secure affordable homes.

#### **Option 3**

Set a Borough wide target of 56% social/affordable rented housing and 44% intermediate housing based on the mid-point intermediate rents set out in the SHMA.

- 10.5.36 Options 1 and 2 are based on the scenarios which give the top and bottom of the intermediate rented affordability range and consequently there are significant differences in the percentage of market rents which are used to determine affordability. Both scenarios raise potential issues with the intermediate provision modelled under Scenario A only being affordable to those at the top of the Mayor's affordability income threshold. The cost of some of the intermediate provision under Scenario B makes it more affordable than social / affordable

rented housing. A third Scenario C was therefore modelled at the mid-point of the intermediate housing range to provide an alternative option.

#### **Option 4**

Set a Borough wide target that takes account of the three scenarios (set out under the first three options) together with further information collated from Registered Providers and developers on the viability of delivering intermediate rent units.

- 10.5.37 The three scenarios presented in the SHMA do not take account of the impact of different ratios on the deliverability of affordable housing. The current affordable housing viability work is based on the existing Local Plan tenure split of 85% social/affordable rent and 15% intermediate. It may therefore be necessary to test the viability of the different scenarios to ensure that the Local Plan strikes the appropriate balance between meeting need and ensuring development viability.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

#### **Issue 5: Affordable housing threshold**

- 10.5.38 The current Local Plan threshold set out in Policy CH2 is based on floorspace rather than unit numbers. This is due to the concern that schemes with a total quantum of floorspace which would elsewhere generate affordable housing requirement, might not do so in the Royal Borough with a target based on dwelling numbers, because of the large size of some individual units aimed at the prime and super-prime market. The current affordable housing policy therefore operates with three thresholds:
- No affordable housing requirements below 800 sqm.
  - Commuted sums in lieu of affordable housing floorspace in excess of 800 sqm but less than 1,200 sqm.
  - On-site provision only in developments of 1,200 sqm and above.
- 10.5.39 The Council calculated the adopted floorspace threshold of 800sqm based on then development plan floorspace standards for the Council's preferred mix for nine market homes (five 1-2 bed units at 57sqm and four 3-4 bed units of 98sqm), turning the net internal figure of 677sqm to a gross figure of 778.5 (allowing for 15% gross) which was then rounded to 800sqm for administrative convenience. A scheme in excess of the 800sqm is assumed to be equivalent to 10 or more units. The 1,200sqm threshold for on site provision is based on the addition of one house to schemes in excess of 800sqm. Thus a commuted sum is only sought on schemes between 800sqm and 1,200sqm GEA. Such an approach is intended to take account of the difficulty of delivering affordable housing on site at this local level but recognising that a financial contribution is appropriate subject to viability considerations.
- 10.5.40 The three tiered approach to the affordable housing threshold has, however, created some irregularities in the application of the affordable housing target. The first is the exclusion of the first 800sqm GEA of development floorspace from the calculation which has effectively reduced any affordable housing obligations

from appropriate schemes. This has left the Council unable to secure the maximum reasonable amount of affordable housing on sites above the affordable housing threshold. Secondly, the automatic use of commuted sums for schemes between 800sqm and 1,200sqm, prevents due consideration of whether an on-site offer could be made on smaller sites. Finally, given the continually rising residential sales values, the policy revisions provide an opportunity to consider whether affordable housing could be viable on sites below the 800sqm threshold. The options presented below seek to consider options for addressing the issues outlined above.

#### **Option 1**

Maintain the existing approach with affordable housing (contributions or floorspace) sought on schemes with in excess of 800sqm of residential floorspace, with payments in lieu of affordable housing floorspace for schemes only between a minimum of 800sqm and 1,200sqm.

- 10.5.41 Maintaining this approach would not allow for the assessment of new evidence in relation to whether a lower threshold should be considered or whether payments in lieu secure the maximum reasonable amount of affordable housing and are in general conformity with national and regional planning guidance.

#### **Option 2**

Broadly maintain the existing policy but with an amendment to ensure that once the 800sqm threshold is met, all net floorspace is liable for an affordable housing contribution, i.e. the first 800sqm will no longer be discounted.

- 10.5.42 Such an amendment to the existing policy would allow for increased contributions to be secured from developments in line with London Plan policy to secure the maximum reasonable amount of affordable housing subject to viability considerations where required.

#### **Option 3**

Consider a revised minimum threshold for the provision of affordable housing in light of local viability evidence demonstrating that small schemes could deliver a proportion of affordable housing. It is anticipated the threshold would continue to be expressed as floorspace to ensure that sites providing a small number of larger units are not exempt from the requirement for affordable housing.

- 10.5.43 The Council has commissioned a specialist report to look at the viability of affordable housing within the Borough. The report looks at the viability of different development typologies in different parts of the Borough based on benchmark land values and development costs. The report concludes that schemes of either five flats or five houses would be able to provide between 22% and 46% affordable housing. It therefore seems likely that a lower affordable housing threshold could be justified, although further detailed evidence will be required to determine the precise threshold.

#### **Option 4**

Consider the removal of the fixed range for payments in lieu between 800sqm and 1,200sqm GEA floorspace and instead apply the general policy provisions for when off site or payments in lieu may be considered appropriate.

- 10.5.44 National and regional planning guidance make clear that affordable housing should be provided on-site as part of a sustainable, mixed tenure development. In addition, the Council's most recent viability evidence on the delivery of affordable housing has shown that small schemes across the Borough are able to support a proportion of on-site affordable housing. However, given the complexities of the viability evidence required to identify the individual level of payments in lieu, a fixed tariff approach may be more suitable for residential schemes close to the affordable housing threshold.

#### **Option 5**

Consider thresholds for on-site / off-site provision of affordable housing.

- 10.5.45 If the Council increased the threshold for payments in lieu, the Council would need to be confident in ensuring it could spend the money to provide more units. Should the Council raise the target for on-site or be more flexible so it can accept money when it is demonstrated that this approach could deliver significantly more units? Should the Council change its existing policy and allow off-site provision of affordable housing anywhere as long as it is part of a mixed tenure scheme?

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

#### **Issue 6: Calculating payments in lieu**

- 10.5.46 Where schemes meet the affordable housing threshold, national guidance states that policies should require on-site provision unless off-site provision or a financial payment can be robustly justified. At present Policy CH2 of the Local Plan seeks payments in lieu of affordable housing on smaller developments (at present between 800sqm and 1,200sqm GEA additional residential floorspace) rather than the onsite provision of units. Such an approach may also be appropriate on larger schemes where this can be justified in relation to site-specific circumstances.
- 10.5.47 The Council's current approach to payments in lieu for affordable housing is set out in the Planning Obligations SPD adopted in 2010. There is an existing per square metre charge of £2,500 on developments between 800sqm and 1,200sqm (GEA). The value of the charge is based on the then Housing Corporation's Total Cost Indicator for building a larger family home (£218,000) divided by the average floorspace of such a unit (87.5sqm). The primary concern with this current approach is that because it is based on build costs, it does not take into account land costs, and consequently the contributions are not sufficient to deliver the affordable housing needed. The contribution has also not been increased in over five years which has further reduced its value in terms of the affordable housing that can be delivered. Finally, there are also additional concerns about whether the charge is in accordance with national guidance and the CIL Regulations in terms of taking account of viability and its failure to capture the uplift in value of a

scheme with no onsite affordable housing provision.

- 10.5.48 The Council commissioned a specialist report from BNP Paribas to explore and recommend an alternative approach for calculating the value of payments in lieu for affordable housing taking into account difference in sale values and build costs across the Borough. The approach put forward is based on the principle that replacing onsite affordable housing provision with a payment in lieu should be financially neutral for the developer. To achieve this an alternative option for calculating the payment in lieu sum is proposed which is calculated by deducting the residual land value of a scheme that incorporates a viable percentage of affordable housing onsite from a scheme that assumes 100% private housing i.e. the difference in residual land value between the two schemes is the value of the payment in lieu. BNP Paribas highlight that such an approach is already in operation in other London Boroughs including Wandsworth and Richmond upon Thames. The Council has number of options for implementing this approach:

**Option 1**

Calculate all payments in lieu for affordable housing by comparing residual land values on a site-by-site basis by requesting two viability assessments – one reflecting policy compliant affordable housing provision on-site and the second with 100% private housing.

- 10.5.49 This approach allows for the most accurate assessment of the value of the payment lieu based on the principle of the provision of off-site affordable housing being a financially neutral option for the developer as set out above. It will, however, require the submission of detailed viability assessments from smaller developers who have previous been exempt from such a requirement and could make the application process more complex.

**Option 2**

Introduce zonal payment in lieu charges based on the adopted CIL Charging Zones using benchmark land values and development types to compare residual land values for schemes with and without on-site affordable housing.

- 10.5.50 In the viability report prepared for the Council by BNP Paribas assessed the of introducing standardised payment in lieu charges based on the Borough's six CIL charging zones to take account of the significant differences in land and sales values across the Borough. The charges are calculated using benchmark land values and developments types mostly like within in each CIL charging zone (taking account of a the viable quantum of affordable housing in each case). The indicative charges for each zone are shown below and show a difference of £10,500 between the highest value and lowest value areas of the Borough.
- 10.5.51 Adopting a zonal approach, whilst more accurately reflecting values, is more complex to implement and would need to be reviewed on a regular basis to take account of any changes in values across the different areas.

CIL zone	Viable quantum of affordable housing	Indicative per square metre payment in lieu
A (Knightsbridge SW1X)	50%	£12,409
B (Chelsea, South Ken)	50%	£6,397
C (Notting Hill Gate, HS Ken)	50%	£6,166
D (Earls Court and West Brompton)	47%	£3,067
E (Olympia)	37%	£2,521
F (North Kensington)	42%	£1,932

Figure 10.15: Indicative payment in lieu charges for zones across the Borough

### Option 3

Adopt a Borough-wide standardised charge based on benchmark land values and development types to compare residual land values for schemes with and without on-site affordable housing.

- 10.5.52 The option would provide the simplest approach to securing payments in lieu for affordable housing and would provide developers with certainty on the value of the payment in lieu. However, given the wide range in land and sales values, it is likely that the charge would need to be at the lower end of the range to ensure that it was viable in all parts of the Borough. This could result in the Council losing out on the possibility of higher payments in the highest value areas.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

### Issue 7: Securing the maximum reasonable amount of affordable housing

- 10.5.53 Current Local Plan Policy CH2(p)(i) states that where the affordable housing target will not be met developers are required to submit a viability assessment using the toolkit provided by the GLA or an agreed alternative. Additional guidance on the process is provided in the Planning Obligations Supplementary Planning Document (2010). This states that verification of viability assessments (including open book appraisals where required) will be carried out on a strictly confidential basis by an independent third party of the Council's choice with the costs associated paid for by developers (chapter 6). Guidance is also provided stating that valuations should be done on a residual value basis as this allows account to be taken of planning policies, and that provisions maybe put in place for re-appraising the viability of schemes prior to implementation to take account of economic uncertainties (paragraphs 6.5-6.6). Such an approach is also supported by policies and guidance set out in the London Plan which in requiring the maximum reasonable amount of affordable housing supports the use of the residual value approach. Further existing Local Plan policy and the wider legislative, policy and guidance context is considered in section 5 'Infrastructure and planning contributions' of this document.
- 10.5.54 The Council has seen an increasing reliance on the use of viability assessments due to non-compliance with development plan policies and in particular the target for affordable housing. Whilst the target itself is also being reviewed in terms of viability, it is clear from the evidence in the SHMA that there remains an

overwhelming need for new affordable housing within the Borough. Given the significant level of need, it is essential that the Council ensures that it is securing the maximum reasonable level of affordable housing on all schemes. It is therefore proposed to consider how the Council's planning policies can best support the delivery of affordable housing on all qualifying sites, whilst remaining flexible in view of changing market circumstances.

#### **Option 1**

Require an open book financial viability assessment and any supporting evidence to demonstrate the maximum provision of onsite affordable housing is being proposed on sites which are above the policy threshold and do not meet the revised target for affordable housing.

- 10.5.55 The Council must ensure that its planning decisions are based on robust and consistent evidence. To achieve this, viability appraisals should be submitted in an open book format so that the Council can test and vary assumptions and observe the impacts on overall scheme viability. In addition, recent Information Commissioner's Office and First Tier Tribunal decisions on requests to release financial appraisals, submitted as part of planning applications under the Environmental Impact Regulations 2004, have been upheld.

#### **Option 2**

Introduce a policy presumption for the use of review mechanisms upon partial or full completion of a development when financial viability assessments demonstrate that current market conditions will only support levels of affordable housing below the policy target.

- 10.5.56 Given the significant changes to land and residential sales values in the Borough in recent years, it is likely that there will continue to be changes in market conditions. As the period between the granting of planning permission development being completed is a minimum of two to three years, it is likely that such changes over time will have an impact on the viability of a development. Consequently, for schemes anticipated to deliver levels of affordable housing below the policy target at the point at which planning permission is granted, the Council could introduce a requirement for a further financial viability assessment of a scheme upon partial or full completion based upon the actual finances of the scheme. Such an approach would be in accordance with paragraphs 50 and 205 of the NPPF which require flexibility to take account of changes in market conditions.

#### **Option 3**

Provide additional guidance on the information required in financial appraisals to avoid delays in determining planning applications. This could include the creation of the Council's own model for assessing development viability as proposed in the evidence on payments in lieu of affordable housing prepared for the Council by consultants, BNP Paribas.

- 10.5.57 The Council proposes introducing detailed guidance in terms of the information and assumptions which should be included within financial appraisals to speed up the consideration of viability issues as part of the planning application process.

This guidance will be subject to a separate statutory consultation process.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

## **Issue 8: Meeting specific housing needs**

### **Older people's housing**

- 10.5.58 Given that nationally and regionally the projected increase in the number of households aged over 65 will account for over half of all new households, meeting the needs of an ageing population is a key theme of the both National Planning Practice Guidance and the London Plan. The first requirement is to assess local need through the Council's SHMA and then identify the size, location and quality of dwellings needed in the future for older people. The guidance requires that account is taken of the full range of need including general housing, sheltered accommodation, extra care housing and registered care homes broken down by tenure.
- 10.5.59 The Further Alterations to the London Plan identifies growing and changing requirements for housing older people in London anticipating a 64% increase in the number of over 65s between 2011 and 2036. In Kensington and Chelsea adults aged over 65 is the fastest growing household group with the share of those aged 65 and over increasing from 14% in 2012 to 23% in 2037, a rise from 10,900 to 20,000 in absolute terms. Whilst an ageing population is a national issue, it is notable that the projected proportion in Kensington and Chelsea is notably higher than the London projected average of 14%. This growth has implications in terms a reduction in the economically active population, as well as increasing health, care and housing support needs. In terms of households, the SHMA shows a projected increase of 55% from 16,750 over 65 households in 2014 to 25,938 in 2035. However, the most important trend in terms of needs is the anticipated accelerated increase in over 85 households who are most likely to need specialist accommodation. It is recognised that the majority older people will prefer to remain in their own home and support for this is provided in relation to new housing through requirements to meet the revised Part M Building Regulations for accessible and adaptable dwellings. However, evidence in the London and Borough SHMA also suggest that a proportion of older Londoners are interested in a move to specialist housing where this is made available.
- 10.5.60 Annex 5 of the London Plan also provides indicative benchmarks on the amount of specialist accommodation needed each year for older people over the next 10 years. The benchmark for the Borough is set at 100 units of specialist older people provision per annum, with the majority (60%) provided for private sale. The need forecasts for specialist older people's housing set out in the Borough's SHMA, and also shown in Figure 10.16 below, are slightly lower than the London Plan benchmarks at 87 units per annum over the next ten years.

	Private Sale	Intermediate Sale	Affordable Rent	Total
<b>Indicative Borough benchmark 2015-2025 from London Plan</b>	60	20	20	100
<b>SHMA need figures (based on the SHOP tool)</b>	87			

Figure 10.16: Indicative Borough benchmark figures for specialist accommodation for older people

10.5.61 Within the Borough there are already various types of older people's housing: extra care housing, sheltered housing and designated older people's housing. The Borough's SHMA estimates current supply of specialist elderly accommodation in the Borough is 1,350 units incorporating both sheltered and extra care housing. There are also residential and nursing care homes which provide care services for older people. In 2013 the Council published its 'Modernising Older People's Housing and Accommodation with Care Services Strategy' which outlined the vision to improve the quality, quantity and choice of housing and accommodation with care services for older people. The evidence underpinning the strategy identifies that there is currently a lack of choice in terms of extra care and sheltered housing which is likely to lead to ongoing demand for expensive care home services. The Council's housing and adult social care services therefore supports an increase in the capacity of specialist provision by encouraging the development of new extra care housing. Extra care housing can meet the needs of a range of older people who are able to be diverted away from residential and nursing care, and retains a degree of independent living. Alongside the delivery of new extra care housing provision, the Borough also needs good quality, accessible housing for older people in which care can be delivered if required, but not by on-site services. This so-called 'sheltered' or 'retirement' housing supports independent living but also meets aspirations to live in safe and secure communities.

#### **Option 1**

In light of the need identified for older people's housing the Council should introduce policy support for the provision of new extra care and sheltered housing where this will meet identified local needs, and resist the loss of existing accommodation subject to criteria such as need and the quality of the provision.

10.5.62 This option provides in principle support for increasing the provision of older people's housing across the Borough to meet the need identified. Specialist housing increases the opportunity for independent living and promotes the well-being of the Borough's increasing proportion of elderly residents.

### **Option 2**

The Council should identify specific sites or locations for the provision of specialist older people's housing.

- 10.5.63 In view of the identified need, the Council should identify specific sites across the Borough where scope exists to provide specialist housing for older people. In particular, a gap in current provision has been identified in the south of the Borough.

### **Extra care and retirement housing**

- 10.5.64 The level of care provided within older people's house can influence the way in which planning permissions are assessed particularly in terms of their planning use class. Aside from nursing and care homes which clearly fall within the C2 use class (residential institutions), there are two other main types of housing for older people: extra care housing and retirement housing. The key difference between these latter two types is the level of on-site care and communal facilities with extra care provide higher levels which can cater for a wider range of physical, sensory or mental health needs. Footnote 21 of Chapter 35 (Diversity of Housing) the existing Local Plan states that "The Council regards extra care housing as falling within Use Class C2: Residential Institutions" and does not seek affordable housing from such proposals. An issue for the Local Plan Partial Review is the characteristics that determine whether extra care housing is being provided as C2 (residential institutions) or C3 (dwelling houses), as the classification as the former could exclude such provision from the requirement to meet the Borough's affordable housing targets. In either case, it is important to note that the provision of extra care housing will contribute to meeting the Borough's annual housing supply target.

### **Option 1**

The Council should rely on regional level guidance to determine the key characteristics of extra care and sheltered housing.

- 10.5.65 The Mayor's Housing Supplementary Planning Guidance to the London Plan takes the view that extra care provision generally falls within the C3 use class and should be subject to policy requirements for affordable housing. It would however be important to apply such guidance flexibly to allow account to be taken of the specific characteristics of individual sites.

### **Option 2**

The Council should set out the essential characteristics for schemes to be classed as extra care or sheltered housing at a local level. .

- 10.5.66 This option would seek to make use of the Council's Housing department recently adopted an 'Older People's Housing Design Guide' which for planning purposes seeks to set out the characteristics which distinguish sheltered/ retirement housing and extra care housing with the latter to be regarded use Class C2 due to the additional levels of care provided.

## Supported housing

- 10.5.67 In addition to the meeting the needs of the Borough's growing elderly population the NPPF requires the Local Plan to meet the needs of other groups with specialist needs within the community. The groups identified by the SHMA include households with disabilities and wheelchair requirements, families, students and service personnel. The type of housing that may be suitable for these groups includes sheltered accommodation, supported housing, refuges and hostels.
- 10.5.68 The Council will support the provision of housing to meet specialist needs where the proposed accommodation would meet an identified need as set out in the SHMA i.e. accommodation for homeless families, victims of domestic violence, and other identified groups.

### Question 1

Should the Council resist the loss of existing supported housing which meets identified community needs?

## Self build and custom build

- 10.5.69 The Government is keen to support and encourage individuals and communities who want to build their own homes, and is taking proactive steps to stimulate the growth of the self-build market. Paragraph 50 of the NPPF sets out how councils should plan for the needs of different groups in the community including those who wish to build their own homes. The Government also introduced a Community Infrastructure Levy exemption for new build / custom build housing in July 2014. Policy 3.8 (Housing Choice) of the London Plan also requires Boroughs to make appropriate provision for custom build housing having regard to local need.
- 10.5.70 The density of existing development and the need to protect and enhance the historic townscape, together with very high land values throughout the Borough will significantly limit the opportunities available for self build. However, the Council recognises that such proposals will contribute to increasing the overall housing supply and if designed to a high quality can have a positive impact on the overall townscape.

### Option 1

Provide only in-principle support to the self/custom build housing.

- 10.5.71 Self-build homes have the potential to make a small contribution to increasing the supply of housing in the Borough, often coming forward on small sites which would not be of interest to developers. The Council would therefore offer in principal support to such proposals where they are meeting local housing need subject to meeting the requirements of the development plan as a whole.

### Option 2

Identify sites which may be appropriate for self/custom build proposals.

- 10.5.72 As part of the 'Call for Sites' the Council welcomes the submission of any sites

which may be appropriate for self build and may consider the promotion of self build on suitable site allocations across the Borough.

**Question 1**

Are there any sites that should be considered as a site allocation as part of the Local Plan Partial Review for self/custom build housing? If so, please complete the Call for Sites section of the Consultation Response Form (**Appendix C**).

**Option 3**

Consider introducing a requirement for large schemes over a specific size threshold to make a proportion of units available as custom build.

- 10.5.73 This approach would require developers to make provision for custom build homes which could either include the development of serviced plots or the provision of partially completed homes requiring final fit-out.

**Overall**

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

**Issue 9: Securing a Suitable mix of housing**

**Dwelling size requirements**

- 10.5.74 The current Local Plan policy on housing mix is set out in Policy CH2(a) which requires new housing developments to reflect needs, taking into account current evidence. The evidence presented in paragraph 35.3.10 of the adopted Local Plan is for the majority of units in the market sector to be provided as three and four beds homes; whereas the greater need in the affordable sector is for smaller one and two bed units.
- 10.5.75 In accordance with the NPPF, the Borough has updated its evidence base on local housing requirements through the 2015 SHMA. This is shown as a breakdown by bedroom size of the objectively assessed need (OAN) for all types of housing. The evidence as presented in Figure 10.17 is of a 50/50 split between smaller (1-2 bedrooms) and larger (3-4+ bedroom) units.

Dwelling Size	Percentage
1 Bed	23%
2 Bed	29%
3 Bed	30%
4+ Beds	18%

*Figure 10.17: Summary of Dwelling Size Requirements taken for SHMA*

- 10.5.76 The SHMA also identifies the specific needs for those in need of affordable housing by tenure as shown in Figure 10.18 below.

Dwelling Size	Number	Percentage
1 Bed	576	49%
2 Bed	240	21%
3 Bed	184	15.5%
4+ Beds	170	14.5%
<b>Total</b>	<b>1,170</b>	<b>100%</b>

Figure 10.18: Summary of Dwelling Size Requirements for Affordable Homes

- 10.5.77 The need for different size homes varies within the affordable sector varies greatly from general housing needs with a significant requirement for 1 and 2 bed homes at 70% of the total need with the remainder split between 3 and 4 beds.
- 10.5.78 The SHMA highlights that as a trend based projection, these figures do have some limitations such as assuming current patterns of occupation continue. However, even with these assumptions aside, they provide an up-to-date evidence base for considering the following revised policy options.

#### Option 1

Continue with current policy CH2(a) which requires residential developments to take account of local needs as set out in the Council's evidence.

- 10.5.79 This approach allows for the policy to reflect changes in the evidence of the need for different dwelling types over time. However, the absence of specific targets in the policy may make the Council's requirements less clear to developers as the detailed information is provided outside of the policy and potentially the Plan.

#### Option 2

Set out specific targets for housing mix within a revised planning policy.

- 10.5.80 Introducing specific targets within a policy makes clear the Council's requirements and demonstrates to developers the Council's expectations in terms of overall unit mix. However, the policy would also have to allow for flexibility to enable site specific circumstances (such as conversions) which could limit the potential mix. In addition, as the evidence on need is likely to change over time, including specific targets within the policy would limit the council's ability to update information if evidence of need were to change during the remaining plan period.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

#### Prime and super prime housing

- 10.5.81 In recent years the Borough has seen an increase in planning applications for 'super-prime' developments. These are luxury, high-end, high-specification developments with multi-million pound sales values known as prime and super prime housing. There is no fixed definition of prime or super prime housing. The Borough's SHMA concludes that super prime properties are those valued at more than £10 million and prime properties between £2 million and £10 million. This approach is supported by research prepared by central London estate agents with the prime residential market identified as that for properties priced over £2 million but slightly different from a recent report prepared by Westminster City

Council which identified super prime properties as those over £5 million.

- 10.5.82 In terms of new build housing within the Borough, for properties to achieve these prime and super prime values, the Council has seen an increase in the number of very large residential units coming forward for development which are significantly above the Nationally Described Minimum Space Standards.
- 10.5.83 The provision of these larger units has an impact on the ability of the Borough to meet its housing supply targets as the sites for these developments are often capable of accommodating a much larger number of smaller units. Given the increase in the Borough's housing supply target to 733 units per annum in the 2015 London Plan, the Borough is under increasing pressure to ensure that the delivery of new housing is optimised on all sites. It is therefore vital that the Council considers whether there is a need to limit the provision of these larger units as part of the wider Local Plan objective for diversity of housing and meeting local needs.
- 10.5.84 There are clear aspirations at the regional level that London retains and extends its role as a global city and this includes continuing to attract significant overseas investment in London's economy and infrastructure. Providing high quality places to live a key part of attracting new businesses and investment into the capital as set out in Policy 2.1 of the London Plan. The vision for the Borough as set out in the adopted Local Plan 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 Borough there is an argument that different London Boroughs should fulfil different roles and that the prime residential 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 Borough to contribute to this niche role. In this context, prime units may provide an important function for London as a global city.

#### **Option 1**

Continue to assess applications for low density super-prime units on their own merits.

- 10.5.85 It can be argued that very large super-prime units are part of the overall housing mix that the Council should be providing for, particularly having regard to the recognised global importance of London and the unique role of Kensington and Chelsea with its high quality townscape and significant cultural and leisure offer. This would have to be done as part of seeking an overall mix of units within any new development with new units catering for the needs of different households as identified in the SHMA. Such an approach may continue to have the impact of reducing the overall number of residential units delivered on certain sites.

#### **Option 2**

Introduce a policy that restricts very large units in new residential developments where the potential housing capacity of sites is not being optimised.

- 10.5.86 In view of the significant to boost the Borough's housing supply, the Council should seek to optimise the number of residential units delivered on a site taking into account the relevant range within the London Plan Density Matrix. In

additional the provision of new very large units to meet the requirements of prime and super prime buyers will not contribute to meeting local housing needs as identified through the Borough's SHMA. Such an approach may reduce the opportunities within the Borough for catering to the market for international investors although opportunities will remain within the second-hand market. The Council could seek to strike a balance between very large units and smaller units as part of any proposal.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

### **Buy to leave**

- 10.5.87 The 60% increase in median house prices in the Borough since the Local Plan was first adopted in 2010 (as the Core Strategy) has led to the highest median house price in the country of £1.2 million. There has been some evidence that this significant growth in the value of residential properties, has led to a phenomenon of homes in the Borough being bought purely as investments with the intention of leaving them unoccupied – so-called 'buy to leave' housing.
- 10.5.88 The 2011 Census shows that Kensington and Chelsea is second only to the City of London in terms of the level of second home ownership (i.e. those living in the Borough also owning homes elsewhere) at 18%. The Census also shows that nearly 9,000 homes in the Borough are second homes (i.e. the owners have primary dwellings elsewhere) which equates to 59 homes per thousand. Together, these figures indicate that almost a quarter of our housing stock could be empty at times, either when owners are using their second home elsewhere or when non-residents are dwelling in their primary home outside of the Borough. Additionally, the Census shows that despite an increase in the Borough's housing stock between 2001 and 2011, there has been a reduction in the number of households living here, showing a falling residential population. A decline in the resident population of the Borough could have negative implications for the viability of local services and businesses.
- 10.5.89 As highlighted in a recent report for the Council in October 2015, it is important to maintain the distinction between buy to leave, which is essentially leaving homes empty and second homes which are occupied, but this relates to the intensity of housing occupation. The concern in relation to buy to leave is that our housing stock is being left empty and used as an asset, rather than a home. However, it must also be recognised that under-occupation of homes may be an issue which falls within the consideration of 'second homes' rather than 'buy to leave'. It is important to draw a distinction between the two.
- 10.5.90 Having reviewed evidence from council tax records, the electoral register, census data, empty homes data and information on the usages of utilities, the Council report on buy to leave does find evidence that there are empty homes or they are seldom occupied, especially in the south eastern corner of the Borough. The Council is concerned about the impact that large numbers of empty properties will have on the sense of community in these areas and the ability of local businesses and services to survive when the number of potential customers is in decline.

- 10.5.91 Should the Council choose to develop a policy response to address the impacts of buy to leave on local communities, there are a limited number of planning policy options which could be explored further, although it must be recognised that the planning system can only have an influence on new build properties or those where a change of use is proposed, thus limiting the overall impact of any such approach to very small proportion of the Borough's housing stock.

**Option 1**

The Council should not seek to introduce any restrictions on the period of occupation for new residential properties through planning policies.

- 10.5.92 Given the evidence on the nature and extent of buy to leave housing is limited in the absence of any official records, the Council considers it may be difficult to justify a restrictive policy approach within the Local Plan. In addition, it is considered that the impact of any such restrictions would be very limited given the relatively small proportion of new build housing each year where such restrictions could be applied. It should be borne in consideration that enforcing a minimum period of occupation may have a potential effect on second home owners.

**Option 2**

The Council should consider introducing a policy limiting the period during which residential properties can be left vacant to prevent new homes from being used as 'buy to leave' assets. This would be enforced through planning obligations.

- 10.5.93 Subject to there being evidence which demonstrates that buy to leave is a genuine issue in the Borough, a policy seeking to restrict the incidence of the phenomenon in Kensington and Chelsea could be lawful. However, regard must also be had to the impact of such a restriction on the provision of housing within the Borough. Evidence may suggest that this sector provides a premium on the values that can be achieved by developers which if restricted could have knock-on effects on viability, and in particular the delivery of affordable housing. There is also likely to be a significant challenge for the Council in enforcing such a policy given the nature and level of evidence that would be required to prove that the occupation requirements had not been met.

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**

**Issue 10: Housing estate regeneration**

- 10.5.94 The Borough contains some of the most affluent areas in the country, but also deprived neighbourhoods, particularly in the north of the Borough. These areas often contain a high concentration of social housing either owned by the Council or housing associations. Across the Borough, the Council owns approximately 7,000 homes let at social rents representing 8 per cent of the total housing stock with a further 13,200 or 15.5 per cent owned by housing associations (Source: 2011 Census). Together this type of housing makes up over a quarter of the Borough's total housing stock showing its significance as part of the overall housing mix. The need for such housing also remains high, with approximately 3,000 people currently accepted onto the Council's waiting list as being in priority need. In addition to those on the waiting list, there are also a large number of low

to moderate income households who do not qualify for social housing but cannot afford to privately rent or buy within the Borough.

- 10.5.95 In 2011, the Council concluded a Housing Stock Options Review to consider the future funding of its housing stock and services. This process identified a number of opportunities for estate renewal with the objectives of improving the quality of Council homes, providing new affordable homes for those on low and moderate incomes, and delivering wider public realm improvements. This would be achieved through a programme of comprehensive estate renewal. A number of housing associations within the Borough have similarly sought to take opportunities for improving the overall quality of their housing stock through large-scale renewal programmes.
- 10.5.96 The existing Local Plan Policy on estate regeneration (CH4) recognises that redevelopment proposals of large areas of social housing have specific characteristics which require a different policy approach to general housing. Firstly, the primary source of funding for delivering these regeneration programmes is from the sale of new private housing provided alongside replacement social housing, the opportunity for which is created by re-building to higher densities. Consequently it is recognised that the mix of tenures will need to differ from conventional housing applications in order for some cross-subsidising to take place. The introduction of market and intermediate housing could also have the beneficial effect of introducing a broader social mix of households in terms of tenure and household size in areas with high concentrations of social housing.
- 10.5.97 Secondly the policy recognises the need to ensure no net loss of social rented housing, requiring that all existing tenants have an opportunity to a home that meets their needs with those wishing to the stay in the neighbourhood able to do so. The mix of new housing provided should also be built to meet the needs of existing tenants and wider needs of the Borough. Thirdly, the policy highlights that whilst the outcome of such regeneration projects will be beneficial in the long term, as they cause significant uncertainty for disruption for existing residents whilst development works are completed, a compelling case for regeneration which outweighs these issues must be demonstrated.
- 10.5.98 The Council currently has three estate regeneration projects at differing stages of development for Barlby / Treverton, Edenham and Pembroke Road. Consultation on options for each of these estates is ongoing. In terms of housing associations, Catalyst Housing Group has nearly completed the first phase of their redevelopment of the Wornington Green off Ladbroke Grove, and proposals for the William Sutton Estate in Chelsea have recently been submitted by Affinity Sutton. Whilst only the Wornington Green scheme has been granted planning permission, the number of schemes coming forward does show that estate regeneration is likely to be a significant source of new housing during the remaining lifetime of the Local Plan. It is therefore important that the Council continues to have a robust policy in place to both maximise the benefits, and minimise the impacts on existing tenants.
- 10.5.99 The existing policy focuses primarily on the housing issues in terms of re-provision, tenure mix and viability which it is proposed to retain and refresh.

**Question 1**

Should the Council retain all elements of the existing policy including the requirement for no net loss of social housing provision? Should the policy be changed in any way?

- 10.5.100 The existing policy sets out minimum requirements for estate regeneration proposals in terms of meeting the Council's legal duties towards existing tenants, meeting housing needs and the provision of financial appraisals to support proposals for cross subsidy through private housing or commercial development. The Council considers that the existing policy is appropriate in its current form. However, can the policy be amended or supplemented in any way as the Council continues work on estate regeneration?

**Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?**