Dear Mrs Wright

Re: Hackney – Local Plan 2033 Examination. Inspector’s Matters, issues and questions

- Matter 4 Housing (Questions 17, 19, 20 and 22)

Thank you for inviting Matters Statements in advance of Hackney’s Examination Hearing sessions. Hackney has been actively engaging with officers at the Greater London Authority (GLA), and officers have had several meetings to discuss the concerns raised on the Mayor’s letter of conformity dated 07 January 2019.

Firstly, I thought it would be useful to clarify the relationship between the London Plan and Local Plans in London. The Planning and Compulsory Purchase Act 2004 (as amended) is clear in S. 24 that development plan documents prepared by London boroughs must be in general conformity with the spatial development strategy (SDS) for London (referred to as the London Plan). When Hackney requested the Mayor’s opinion on conformity in December 2018, the draft Local Plan was assessed against the SDS published in March 2016 (The London Plan. The spatial development strategy for London consolidated with alterations since 2011).

In December 2017, the Mayor has published his draft new London Plan and proposed Minor Suggested Changes (following the close of the consultation) on 13 August 2018. The Examination Hearing sessions closed on 22 May 2019 with the Panel report due to be published in the summer. The new London Plan is likely to be published in Winter 2020.

The Mayor published his Affordable Housing and Viability Supplementary Planning Guidance in August 2017 and is also a material consideration.

Mayor of London Statement

The Draft London Plan includes a strategic target of 50% of all new homes being affordable. The Mayor’s Housing and Viability SPG 2017 and Policy H6 of the draft new London Plan introduce the ‘threshold approach’, whereby schemes meeting or exceeding 35 per cent affordable housing without public subsidy (or 50 per cent where on public land, without grant) can follow a ‘Fast Track Route’. This means applicants are not required to submit viability information at the application stage, and applications are subject to review mechanisms only if
an agreed level of progress on implementation has not been achieved within two years of consent being granted or as agreed with the Local Planning Authority.

The ‘threshold’ is not a fixed target; instead this determines whether viability information is required depending on the level of affordable housing that is being offered. Schemes that do not meet this threshold are required to follow a ‘Viability Tested Route’, under which applicants must submit detailed viability information which will be scrutinised and treated transparently. Importantly, in addition, comprehensive early and late stage review mechanisms will be applied to schemes that do not meet the threshold or require public subsidy to do so, in order to ensure that affordable housing contributions are increased if viability improves over time.

The ‘threshold approach’ provides certainty and consistency, as well as clear incentives for developers to increase affordable housing delivered through the planning system above the level in planning permissions granted in recent years. It should be noted that both the SPG and the draft Plan (Policy H6) are clear that grant should be used to increase affordable housing provision beyond the threshold level.

This approach specifically focuses on viability by setting out more consistent, certain and transparent processes for the assessment of planning applications to accelerate planning decisions, thereby enabling more rapid delivery of new and affordable housing.

However, as currently drafted, LP13 is effectively retaining the ‘maximum reasonable’ approach to affordable housing, justified through viability assessments for each application, which, as set out in the Mayor’s SPG, has not been effective in delivering affordable housing through the planning system and is likely to result in a lower level of affordable housing that could be secured following the Mayor’s threshold approach. The addition of 1. ii simply removes the requirement for viability information for those schemes meeting or exceeding 50% affordable housing. As described above, the ‘threshold approach’ works by providing an incentive for developers to aim to meet the threshold and follow the Fast Track route – the threshold must be set at a level that will incentivise an applicant to reach it and the viability tested route must include a disincentive to following that route (the requirement for viability information and the application of late stage reviews). LP13 does not provide the incentive of the Fast Track Route or the key disincentive of the Viability Tested Route. Rather than providing certainty, the continuation of what essentially is the maximum reasonable approach creates uncertainty and means applicants are likely to argue that viability prevents them from meeting the threshold on every application. Moreover, this means the Policy requirement will not become embedded in land values.

The SPG and emerging Policy H6 set the threshold at 35 per cent of habitable rooms as affordable provision, the development of which was informed by analysis of past completions and approvals, a viability study and the aim to have a threshold that will increase delivery of affordable housing. The approach will embed affordable housing requirements into land values across London. Affordable housing grant can then be used to increase the level of affordable housing delivered on sites beyond the threshold level.

A single threshold ensures consistency and certainty across the borough while providing the flexibility to follow the Viability Tested Route where the threshold cannot be met.
The Mayor’s SPG strongly encourages boroughs to apply the affordable housing threshold approach to applications for sites that are capable of delivering 10 or more homes. In addition, when developing future affordable housing policy (and other policies on planning obligations and CIL rates), LPAs are strongly encouraged to take account of the SPG and the importance the Mayor places on increasing the numbers of affordable homes.

The 35 per cent threshold level will be monitored and reviewed in 2021 to determine whether this threshold should be increased. Any changes to the threshold will be consulted on as part of an updated Affordable Housing and Viability SPG.

I hope this statement can inform the Examination of the Hackney Local Plan. If you have any questions in relation to this Statement, please contact Celeste Giusti at celeste.giusti@london.gov.uk

Yours sincerely

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