



ENABLING HOUSING DELIVERY – where knowledge of change is priceless

What has been delivered in London to date?

INTRODUCTION

It's been over two years since the London Plan was adopted on 2nd March 2021. During that time, we've navigated the Covid pandemic, Brexit, and three Prime Ministers. Notwithstanding this monumental economic and societal change, the Mayor of London and the Government are struggling to agree on how to provide more homes and make them affordable. This dual aim is more important than ever, as the cost-of-living crisis continues to bite. Delivery is king, but currently, so is the drive to improve the safety and security of our buildings.

The key question is: can these intertwined objectives work seamlessly together, or do they create friction and challenges for each other?

This briefing note considers the role the London Plan has in enabling housing delivery, and how this could be impacted by Government reforms, especially those relating to fire safety.

WHAT IS THE LONDON PLAN'S HOUSING TARGET?

The London Plan set an annual target of **52,000** new homes a year between 2019/20-2028/29 across 32 London Boroughs, the City of London Corporation and two Mayoral Development Corporations. The need for affordable housing in the capital is immense, with the 2017 London Strategic Housing Market Assessment (SHMA) identifying that **65%** of London's need is for affordable housing.

It seeks to rise to this challenge by setting a strategic target that **50%** of all new homes delivered across London are to be 'genuinely' affordable.

Circa **71%** of the annual target of **52,000** new homes was met in 2020/21. According to the Department for Levelling Up, Housing and Communities' (DLUHC) main measure of new housing supply, **37,180** net additional homes were completed in London in 2020/21, which is a decrease of **6.7%** from the 2019/21 figure, a likely reflection in part of the impact of the pandemic (source: GLA, Housing in London 2022).

However, the GLA is improving in terms of affordable housing delivery. In this respect, **37%** of homes recommended for approval by the Mayor in 2021 were affordable homes. This is the same proportion as in 2019/20 and a significant increase from the period between 2012 and 2017 (source: GLA Housing in London 2022).

The figure to the right shows the housing approval performance of each London Borough at a local level in 2022 (source: Cavendish, formerly BECG, 'A comprehensive review of Councillors' decisions on new housing 2019-2022')

2022 Performance Analysis of London's Boroughs



- 75% or less of London Plan target
- Between 76% and 99% of London Plan target
- 100% or more of London Plan target

The London Plan gives boroughs housing delivery targets. We use this map to analyse whether boroughs approved enough homes last year to contribute to those targets.

10 Boroughs met their annual target as set out in the London Plan.

6 Boroughs were between 76% and 99% of their annual target.

17 Boroughs met 75% or less of their annual target.



WHAT ARE THE MAIN MECHANISMS FOR MAXIMISING HOUSING DELIVERY IN THE LONDON PLAN?

The main mechanism for maximising housing delivery is through policy support for significant growth in:

- The 47 Opportunity Areas
- Higher residential density around town centres and stations
- Mixed-use redevelopment of low-density retail parks, supermarkets and car parks
- Redevelopment of surplus utilities and public sector owned sites
- Controlled release of industrial land through intensification, co-location and substitution

It also recognises the role of the Build to Rent sector in making a positive contribution in increasing housing supply.

In addition, two Mayoral Development Corporations were set up to fast-track growth at the former Olympic area (London Legacy Development Corporation, LLDC), and the Old Oak and Park Royal Opportunity Area (Old Oak and Park Royal Development Corporation, OPDC).

The London Plan seeks to boost affordable housing delivery by setting a minimum target of **35%** on major residential development and requires **50%** provision on public sector land and former industrial land.

THE CHALLENGE TO HOUSING DELIVERY

The construction industry and the economy slowed down during the pandemic. As the construction industry recovered, it was hit by fresh challenges of skilled labour and building material shortages since Brexit. Recent research (source: UK Trade & Business Commission, January 2023) found that the cost of built materials and labour for construction has increased more steeply in the UK than in the EU since Brexit and has been worsened by the energy crisis partly due to the war in Ukraine.

Setting aside the wider economic climate, the planning system in the Capital is never straightforward. High-profile major schemes could be called in by the Mayor and the Secretary of State, such as the Former Stag Brewery in Richmond, and the M&S Oxford Street redevelopment.

GOVERNMENT INTERVENTION

The ongoing power struggle between central Government, the Mayoral office, and local authorities adds to the complexity around housing delivery and growth in general. On 27th July 2023, Prime Minister, Rishi Sunak, announced plans to review the London Plan, saying that he had to '*step in*' to help build affordable housing in the capital, as the Mayor has '*failed to deliver the homes that London needs*'.

Mr Sunak announced £150 million funding to go directly to London Boroughs, bypassing the GLA, to prepare brownfield sites for housing, including better infrastructure such as roads and green space. He also announced £53 million for the Old Oak West project to deliver more than **9,000** new homes and support **12,000** jobs. The Prime Minister confirmed that rules on the already committed £1 billion Government funding originally planned for new affordable housing in the capital will be relaxed so that the money can be used to regenerate existing social housing estates.

At the same time, Secretary of State for Levelling Up, Housing, and Communities, Michael Gove, announced the Government's vision for a Dockland 2.0 initiative which could create up to **65,000** homes across East London in the Thamesmead, Beckton, and Silvertown areas. The Prime Minister also stated that the GLA has until the autumn to '*look at opportunities to accelerate residential development on inner city brownfield industrial sites*' or Michael Gove will intervene directly.

OTHER IMPLICATIONS ON HOUSING DELIVERY

Added to the mix are several planning reforms and emerging guidance that are yet to be finalised.

Infrastructure Levy

The Government is proposing a new Infrastructure Levy (IL) to replace the current Community Infrastructure Levy (CIL) and affordable housing contributions with a single flat-rate levy based on the final sale values of a development. The Government consultation document (March 2023) states that the new IL will streamline the process and speed up the delivery. However, the general feeling amongst the property industry is that the new levy would impact scheme viability, result in more administrative burden, and affect affordable housing delivery. Despite the complexity evident from the consultation document, the relevant detail is yet to be announced.

Planning Application Fee increase

On 25th July 2023, the Government announced that it is going to increase the planning application fee in 2023, subject to parliamentary approval. The application fee for major applications will be increased by **35%** and **25%** for all other applications, which will be adjusted annually each April to be in line with inflation, starting on 1 April 2025.

For example, the application fee for each new dwelling would be increased from £462 to £624. The 'free-go' for repeat applications has also been removed. However, this additional income from application fee uplift will not be ring-fenced within local planning departments, which raises the question of how it could be sure these fee hikes would result in additional resources and improvements in performance in local planning departments.

GLA's London Plan Guidance (LPG)

The GLA published various new guidance documents in 2022/23, one of which is the Housing Design Standards LPG (June 2023). This includes standards that are expected to be met as well as 'best practice' standards that are strongly encouraged to be met.

Notably, all types of housing are expected to be dual aspect unless exceptional circumstances make it impractical or undesirable. While the London Plan requires all homes to meet the nationally described space standards (NDSS), this LPG encourages all new homes to exceed these standards to provide more storage area and better provision for home working. Time will tell how strongly the GLA would enforce this guidance on new referable schemes.

The GLA also consulted on two draft LPGs on Affordable Housing and Development Viability in May 2023. These updated LPG documents will replace the GLA's 2017 Affordable Housing and Viability guidance when they are formally adopted in late 2023. The draft LPGs include further detailed guidance on the viability assessment process, review mechanisms, the affordable housing **35%** fast track approach, tenure, and grant funding.

Fire Safety - The Tale of Two Staircases

The proposed changes to the fire regulations will have major implications on building heights and layouts, and ultimately on schemes viability. The latest timeline on the two staircases and fire safety requirement is:

- **14th December 2022**, the National Fire Chiefs Council (NFCC) recommended the Government mandate a second staircase for all residential buildings over 18 metres;
- **23rd December 2022**, the Government consulted on amendments to the Approved Document B (fire safety) suggesting residential buildings over 30 metres will require two staircases (alongside a requirement for sprinklers in new care homes regardless of building height);
- **14th February 2023**, the GLA announced that for all referable scheme of residential buildings over 30 metres must have at least two staircases;
- **24th July 2023**, Michael Gove announced in his speech on a 'Long-term plan for Housing' that the Government will require two staircases in all new residential schemes taller than 18 metres, rather than the 30 metres threshold previously proposed. The new height threshold will bring England in line with many other countries as well as with Scotland. Gove said, '*There will be transitional arrangements in place to make sure that there is no disruption to housing supply.*'
- **August 2023**, the GLA advised that it will not be considering Stage 2 referral schemes which include a single staircase in residential blocks over 18 metres, until discussions have progressed with DHLUC where further clarity is provided on the transitional arrangements.

FIRE SAFETY MANAGEMENT CONCERNS UPON OCCUPATION

Introduction

Since the implementation of the Building Safety Act (BSA) 2022, and its provisions came into force, much of the focus and comment has understandably been on the aspects that apply during the construction of new, high-risk buildings. But the BSA 2022 has far-reaching implications for Property Managers and Landlords of new or existing occupied, residential buildings over 18 metres high or seven storeys or more.

Due diligence documentation and deviation from design

The Construction (Design and Management) Regulations 2015 require the Principal Designer in a construction project to prepare a Health and Safety File during the pre-construction phase. This needs to be appropriate to the characteristics of the project and contain information that is likely to be needed during any subsequent phase to ensure the health and safety of any person. At the end of the project, the Principal Designer or Principal Contractor must give the Health and Safety File to the client.

On many occasions, there's a delay in receiving this documentation. At the post-completion stage when the building is occupied, the Fire Risk Assessor needs to inspect the property to conduct a fire risk assessment for the client. Occasionally there have been deviations from the original design, with no records available to confirm the design. Examples being:

- Repeater fire panels not installed.
- Deviation from the type of automatic fire detection system (AFD), heat or multi-sensors not installed in kitchens, or wrong type of system (L1 stated in design, but L2 fitted), missing detection in risers, etc. and there is no fire strategy document available to confirm this.
- Incomplete fire-stopping barriers.
- Electric charging points installed with minimal or inappropriate active or passive fire protection installed.
- Failures with compartmentation.
- No provision for sprinklers in underground car parks where there is a later requirement to install EV charging points.
- Electric scooter and cycle charging points installed during the build. This should be discussed first with the client and avoided if at all possible.

Changes to Regulatory Reform (Fire Safety) Order 2005

The BSA 2022 has also amended the Regulatory Reform (Fire Safety) Order 2005, to increase the obligations on the Responsible Person as defined under the Order. The extra requirements include those relating to record keeping, handovers, and providing residents with specified fire safety information. Where there are deviations from the design, this can be challenging for Property Managers and Landlords, as residents require precise fire safety information for what they can and cannot do (such as charging electric vehicles).

New challenging obligations on the Accountable Person(s) and Principal Accountable Person

Clients will have to appoint one or more Accountable Persons and a Principal Accountable Person (PAP) for higher risk buildings, and they will have extensive duties.

- By the 30th September 2023 all occupied residential buildings in scope must be registered to the Building Safety Regulator (BSR).
- A Building Safety Case and Summary Report for existing residential buildings in scope will need to be submitted by the Principal Accountable Person to the BSR by the 31st March 2024 or when instructed to do so, (awaiting the BSR five tier Strategic Plan) and six months after this date for new occupied buildings.
- The Principal Accountable Person must apply for a Building Assessment Certificate within 28 days of the call-in notification being given from the Building Safety Regulator (BSR).
- This period could be challenging for the PAP. This is because the BSR can direct a PAP to apply for a Building Assessment Certificate at any time, and the Safety Case Report will be the mainstay of that application, along with any other prescribed information. The PAP must respond to the BSR with their application within 28 days of being directed and failure to do so is a criminal offence.
- Part of the process is for a Building Assessment to be completed by the PAP.
- The BSR has not yet released its strategic plan on the timeframe for call-in notification. This is expected in Q2 2024.



For more information about BSA and how we can help visit:



Looking Ahead

The housing crisis is affecting everyone and there is no debate that more homes need to be built. The question is what can be done to achieve this, as clearly the current system is not delivering what is needed. Planning reform is largely driven by the political race with the General Election anticipated in early 2025.

More needs to be done to help with housing delivery in the Capital. Will the Government's announcement for extra funding towards Old Oak West and Docklands 2.0 be enough?

The Mayor announced in March 2023 that he is going to pilot a new 'City Hall developer' model to 'start directly building the low-cost homes Londoners need'. There have been plenty of examples with public sector development arms including Barking & Dagenham's Be First and Croydon's now-collapsed Brick By Brick. Will the GLA have the necessary funding and expertise to deliver housing directly?

There are so many moving parts in the planning system at the moment. From the development sector's point of view, we need clear guidance and leadership from the Mayor in order to inject some much-needed confidence into the market, rather than yet another draft policy guidance that creates uncertainty and restriction.

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