

GLA Consultation on Support for Housebuilding Draft LPG

2 Cycle parking

Question 1: Are the proposed changes to the cycle parking standards, in conjunction with the wider package proposed by this consultation, likely to make a material difference to the viability of residential schemes while still providing sufficient cycle parking to enable sustainable growth in London and mode shift?

As part of the wider package of measures proposed by the GLA and MHCLG, the reduction in minimum cycle parking standards could make a marginal difference to the viability of residential schemes. A reduction in the minimum number of spaces compared to those required in the current London Plan would help maximise density and/or site capacity in some scenarios, which would positively impact upon viability.

The reduction in minimum cycle spaces is based on up-to-date data on cycle ownership and a sound methodology, which allows for the greatest growth in cycling in boroughs with the lowest existing cycle mode shares. Therefore, we are satisfied the measure adequately balances the need to improve viability while also continuing to support the growth in cycling in the capital.

Question 2: Do you consider that the guidance on flexibility and quality in sections 2.3 and 2.4 of the guidance will address development viability and cycle parking quality challenges?

Clarification on acceptable types and locations of cycle parking may help to a small degree, although the impact is likely to be limited since some of the guidance (e.g., the London Cycling Design Standards) is already widely used.

Section 2.3.4 outlining circumstances where it would be acceptable to provide less than the minimum specified parking is helpful, given its clear reference to balancing the need for parking provision with site constraints and potential design impacts.

As a further step, we believe local authorities should be able to secure cycle storage details by way of a condition where it can be demonstrated that sufficient space is available. This would avoid the need to negotiate the fine detail of cycle storage while an application is being considered, potentially accelerating the granting of planning permission.

3 Changes to housing design standards

Question 3: The GLA welcomes views on the proposed changes to the housing design standards.

We support the proposed changes to housing design standards C4.1 (dual aspect) and B2.5 (dwellings per core). The amendments provide helpful additional flexibility to maximise the delivery of homes and ensure the efficient use of land in accordance with Chapter 11 of the National Planning Policy Framework (NPPF). This should have a positive impact on scheme viability in some cases.

Adequate safeguards are also in place to ensure the relaxation of design standards doesn't compromise comfort or safety. For instance, paragraph 3.1.2 specifies single aspect dwellings must have adequate passive ventilation, daylight, privacy and avoid overheating. And paragraph 3.1.3 specifies developments must comply with Building Regulations limiting the distances of flat entrances to a core exit on each floor.

The relaxation of design standards also supports the principle of paragraph 63 of the NPPF, which encourages planning policies to meet the needs of different groups. Groups such as young professionals and first-time buyers may be willing to forego dual aspects if other desirable features (e.g., a central location, communal space, relatively large living space, more useable wall space) are present.

4 Affordable housing

Question 4: The GLA welcomes views on the time-limited planning route. Do you agree that this will support the early delivery of housing development whilst also maximising affordable housing provision in the short term? Are there any changes to the approach that would more effectively achieve these objectives?

We are longstanding advocates of the Mayor's threshold approach viability given its role in increasing the supply of affordable housing and embedding the requirement for affordable housing into land values.

Introducing a new time-limited planning route with lower affordable housing requirements is a pragmatic response to build cost inflation and the subdued housing market. It will streamline the planning process for compliant schemes and reduce upfront costs associated with viability assessments. This may help increase affordable housing provision in the short-term if it encourages schemes to come forward which would not otherwise have done in the absence of a temporary planning route.

The lower thresholds could have the positive knock-on effect of helping housing associations acquire stalled schemes and ultimately increase the proportion of affordable homes delivered. That's because housing associations can claim grant funding for the 'additionality' – the additional affordable homes delivered compared to those specified when planning permission was granted – meaning acquisition becomes a more viable proposition.

While the lower threshold may help drive the supply of new affordable housing through section 106 and help housing associations acquire stalled schemes, it will not have a significant effect on housing associations' land-led delivery. Housing association schemes typically feature considerably higher proportions of affordable housing (often 100%), so will remain eligible for the existing Fast Track Route.

Further measures beyond planning will be necessary to tackle the range of barriers slowing housing associations' land-led development including build cost inflation, rising borrowing and land costs and diversion of investment into existing homes to meet growing regulatory requirements. In London, this should include:

- increased grant rates to offset the rising cost of construction (see our response to question six below)
- extra flexibility over the use of Recycled Capital Grant Fund (RCGF), specifically permitting its use to top up AHP grant subsidy and to fund building safety or retrofitting works (although the latter two applications concern works to existing homes, greater flexibility over the use of RCGF would help free up balance sheet capacity for new development)
- the ability to retain RCGF (since the GLA's current practice of reclaiming grant negatively impacts housing associations' cash flows)

Question 5: Do you agree with the proposed eligibility criteria for the time limited planning route? The GLA welcomes any views on whether this will, and how this better can, help to achieve the objective of increasing housing supply and supporting early delivery whilst also maximising affordable housing provision in the short term.

As per our response to question four, we believe the lower thresholds (20% /35%) are appropriate for accessing the lighter touch approach to viability assessment under the new time-limited planning route.

We note at least 60% of the affordable component will need to be social rent for schemes to be eligible for the new time-limited planning route. While we strongly support the ambition, it could pose viability challenges in some cases. As Grainger's recent 'Making Social Rent Homes Viable' report underlines, the capital value of homes for social rent is significantly less than their total development costs, creating a large viability gap, even with free land. While very welcome, the increase in social rent benchmark grant rates from £170,000 to £220,000, is unlikely to eliminate this gap, meaning continued viability challenges where schemes provide a large social rent component. Therefore, there may be limited circumstances where a small degree of flexibility on tenure mix is necessary to help address acute viability constraints without undermining the supply of affordable housing. Any such

flexibility should be exceptional, clearly justified, and demonstrably linked to earlier delivery, rather than used to dilute policy expectations.

Question 6: Do you agree that the proposed approach to grant will help to achieve the objective of increasing housing supply and supporting early delivery, whilst also maximising affordable housing provision in the short term? To what extent will this help to support the acquisition of affordable homes secured through the planning process by Register Providers?

We support efforts to increase grant availability, both by making grant available for units above the first 10% of homes on a scheme and through increased grant rates per home. However, as explained in our response to question five, the revised benchmark grant rates are unlikely to make a significant difference to the viability of homes for social rent. Despite the £50,000 increase to benchmark grant rates, the Internal Rate of Return on social rent is likely to remain below the cost of capital, potentially compromising the viability of schemes comprising a high proportion of homes for social rent.

For the same reason, Shared Ownership and Intermediate Rent homes will remain more attractive to housing associations acquiring homes through s106 than those for social rent.

We recommend the GLA continues to review grant levels and pursue other complementary actions to ensure that emergency planning measures deliver meaningful increases in social and affordable homes without placing undue financial strain on housing association balance sheets and weakening their long-term financial resilience.

At a national level, this could include helping the G15 make the case for an expansion of the £2.5bn in low-interest loans announced in June's spending review. Low-interest loans could make a significant difference to housing associations' development capacity in the capital given many London-based housing associations have constrained EBITDA-MRI cash interest cover. However, the initial £2.5bn allocation is unlikely to go far enough. G15 members including Southern Housing are pushing for the initial £2.5bn allocation to be topped up via an innovative tax-credit model and would welcome further discussions with the GLA on how this might work in practice.

Question 7: The GLA welcomes views on the approach to reviews under the time limited route, including whether any further criteria should be applied which would a) incentivise early delivery, or b) help to ensure that, if reviews are triggered, additional affordable housing contributions are provided where viability improves over the lifetime of the development.

The review mechanisms are sound. The provision for some flexibility where slow build-out is due to delays in securing a decision from the Building Safety Regulator is especially important given well-publicised delays in this process.

Question 8: Recognising that the substantial implementation milestone of the first floor set out in 4.6.1 may not be appropriate in all instances, are there any circumstances in

which an alternative review milestone to completion of the first floor would be necessary and justified, in a way that continues to incentivise fast build out?

No comment.

Question 9: An alternative approach for phased schemes would be for boroughs, and the Mayor for referable applications, to have discretion to agree forward dates and milestones for future phases if it would support the faster build out of the scheme, which if met mean that no review is required for that phase.¹⁷ Do you agree with this and what measures would be required to ensure that this resulted in faster build out than may otherwise be the case?

While we see the rationale for an element of discretion, the proposed alternative approach is likely to make progress reviews unnecessarily complicated and create inconsistency in the application of the review mechanism between schemes and between boroughs. The time taken to negotiate forward dates and milestones is also likely to slow down the decision-making process and therefore the delivery of new homes, counter to the objectives of the package of proposals. The process needs to be as straightforward as possible to ensure it remains effective.

Question 10: The GLA welcomes views on any additional measures that would support the delivery of schemes with existing planning consents which provide 35 per cent or more affordable housing. Do you agree that the time limited planning route would support schemes which have been granted planning consent but are currently stalled?

In principle, we agree with the approach set out at paragraphs 4.8.1-4.8.2 of the consultation document. We welcome the provision to seek grant 'at or above the benchmark grant rates set out at paragraph 4.5.3' (paragraph 4.8.1) as higher grant rates could play a key role in unlocking stalled sites.

As per our answer to question four, it would also be helpful if the GLA permitted RCGF to be used alongside AHP grant, as this would help unlock stalled sites, including schemes affected by contractor insolvency or abnormal cost pressures.

In addition to the need to seek grant and CIL relief (paragraph 4.8.2), we believe developers should have to satisfy a further criterion before being allowed to renegotiate affordable provision and tenure mix. If developers can demonstrate they've approached a minimum of three housing associations, none of which expresses an interest in acquiring all the affordable units, this would offer legitimate grounds for renegotiation. This would provide further reassurance a reduction in the affordable component or change to tenure mix is necessary.

Where such renegotiations do result in a reduction in the original level of affordable housing secured through a s106 agreement, this may provide an opportunity for housing associations to acquire the stalled site and ultimately increase the proportion of affordable homes delivered. This is because housing associations can claim grant funding for the

‘additionality’ – the additional affordable homes delivered compared to those secured through the s106 agreement – meaning acquisition becomes a more viable proposition.

Question 11: Are there any further measures that would help to prevent the level of affordable housing being reduced in consented schemes where this is not needed to enable the development to progress?

Please see our response to Question 10.