

Matter 4: Housing

Introduction

This statement sets out Westminster City Council's written response in relation to the Inspector's Matter 4 issues and questions regarding **Housing**. Examination document reference numbers are used throughout for convenience e.g. EV_H_001. References to modifications in the Schedule of Modifications are in the following format M/H/01 or PS/H/01

Issue

Whether the City Plan has been positively prepared and whether it is justified, effective, consistent with national policy and in general conformity with the London Plan in relation to housing.

Housing requirement/target

Question 1. Is the housing requirement/target of 22,222 new homes over the plan period and the commitment to step up delivery to 1,495 new homes each year in the first 10 years justified and in general conformity with the London Plan? What is the specific basis for the figure of 1,495 and is this an appropriate methodology for calculating a housing requirement/target?

1.1 Considering the council's review of housing land supply, as evidenced in the revised Housing Supply Topic Paper (EV_H_013), the housing requirement of 22,222 new homes over the plan period and the stepping up of delivery to 1,495 homes per year over the first 10 years is not fully justified as it could not be demonstrated to be deliverable. Whilst non-conformity issues were not raised by the Mayor, it was made clear in his representation to our Regulation 19 consultation that the Planning Practice Guidance explicitly states that spatial development strategies (i.e. the London Plan) are responsible for defining individual borough housing requirements. Therefore, whilst the proposed target and commitment to stepping up delivery were in general conformity with the New London Plan, deliverability issues mean that it is not fully justified.

1.2 The basis of the 1,495 figure is set out in the submitted Housing Topic Paper (EV_H_001). It was calculated using the standard methodology as set out in the Planning Practice Guidance (PPG) on Housing and Economic Needs Assessment, using the then draft New London Plan target (1,010) as a baseline. In light of correspondence from the Inspectors (INSP2) drawing attention to PPG Paragraph 013 (ID: 2a-013-20190220) the council now considers that the New London Plan target is the more appropriate measure of the overall housing requirement in Westminster. Consequently, we have suggested a revised target of 20,685 homes for the plan period based on an annual target of 985 homes per year, derived from the revised target for Westminster set in the New London Plan (intend to publish version). This is set out in the Revised Schedule of Modifications (CORE_025_V3).

Question 2. Would this be realistically achievable? What evidence is there to demonstrate this?

2.1 No. As set out in the revised Housing Supply Topic Paper (EV_H_013), the council could not demonstrate that the combination of delivering 22,222 homes over the plan period together with delivery of 1,495 homes per year over the first 10 years was realistically achievable. We have therefore revised our approach as set out in the Revised Schedule of Modifications (CORE_025_V3). The answers to questions 7 - 17 below explain how the revised target is realistically achievable and the evidence to demonstrate this.

Question 3. Distinguishing between a housing requirement/target and the ambition for higher potential supply and delivery of housing, would it be more appropriate to remove the reference to a step up in delivery from the policy?

3.1 Yes. Whilst the council's ambition remains to exceed its housing requirement, particularly over the next 10 years, removing the reference to stepping up housing delivery from the policy is appropriate. We have set this out in the Revised Schedule of Modifications (CORE_025_V3). The delivery of housing against the plan target will be monitored by the council (KPI 1) and through the government's Housing Delivery Test. Our revised Housing Supply Topic Paper (EV_H_103) robustly demonstrates that we expect to deliver 12,050 homes over the next 10 years.

Question 4. Would it be more appropriate for the City Plan to simply reflect the housing target set out in the new London Plan (intend to publish version) of 985 new homes per year?

4.1 Yes. Although the council retains the ambition to exceed the New London Plan housing requirement, as explained in the answer to question 1 we now consider it is more appropriate for the City Plan policy to reflect this target, in line with PPG Paragraph 013.

Question 5. Would the proposed modifications relating to this issue achieve this and are they necessary for soundness? Are any other modifications necessary?

5.1 Yes. As set out in the Revised Schedule of Modifications (CORE_025_V3), our proposed modifications to Policy 8 and its supporting text clearly refer to the New London Plan (intend to publish) target and the overall plan target is derived from this. They are therefore in general conformity with the London Plan and are consistent with national policy. Other modifications (M/S/02, M/S/05 and M/H/18) have been suggested elsewhere in the plan to align with the proposed modifications to Policy 8.

5.2 We do not believe further modifications are necessary for soundness in relation to the housing target.

Question 6. Should the City Plan set out a housing requirement for designated neighbourhood areas (Para 65 of the NPPF)?

6.1 No. As set out in our Housing Supply Topic Paper (EV_H_013), although deliverable and developable sites have been identified across the city, a large proportion of Westminster's housing supply is expected to be delivered through windfall development. It is therefore not possible to calculate an accurate housing requirement figure for each of Westminster's 21 designated neighbourhood areas. Westminster's neighbourhood areas are small-scale, highly urbanised, and some contain no obvious opportunities for residential development. The lack of a housing requirement would not prevent these areas from contributing to Westminster's housing supply where redevelopment opportunities arise.

Housing supply and delivery

Question 7. What is the estimated total supply of new housing in the plan period 2019-2040?

7.1 The estimated total supply of new housing in the plan period 2019-2040 is 23,135 homes. This is based on our Housing Supply Trajectory of 17,225 homes for years 1-15 of the plan period as set out in Table 14 of the Housing Supply Topic Paper (EV_H_013), and the assumption that the 985 homes per year London Plan derived target can be met on an annual basis for years 16-21. This is illustrated in the proposed modification to Figure 14 (PS/H/05) as per the council's Revised Schedule of Modifications (CORE_025_V3).

Question 8. What is the estimated supply from each source for the plan period? What is the evidence to support this and are the estimates justified?

8.1 In accordance with National Planning Policy Framework (NPPF) Paragraph 67 and the PPG on Housing Supply and Delivery¹, the council's Housing Supply Topic Paper (EV_H_013) and proposed modification PS/A1/01 both set out Westminster's supply of deliverable and developable housing sites for years 1-15 of the plan period.

8.2 Deliverable sites are those sites due to deliver housing in years 1-5 of the plan period. These consist of:

- completions in year 2019-20;
- sites under construction;
- sites with live detailed planning permission;
- sites with a submitted planning application awaiting formal decision but where a resolution to grant permission has been attained;
- large council-owned sites undergoing pre-application discussions.

8.3 Our 5-year housing land supply of deliverable sites is set out in our Draft 5 Year Housing Land Supply (EV_H_014). This document details planning permissions and development status for each site providing 10 or more net homes, justifying their inclusion as deliverable sites.

¹ <https://www.gov.uk/guidance/housing-supply-and-delivery>

8.4 Developable sites are those expected to deliver in years 6-15 of the plan period. These consist of:

- sites with planning permission or under construction where works have stalled and there is no indication that the site will deliver in years 1-5;
- sites with a submitted planning application awaiting formal decision;
- council-owned sites identified in the council's Housing Investment Plan;
- sites under pre-application discussions;
- other sites with no formal planning status that have undergone site selection and capacity testing.

8.5 The developable sites were assessed in accordance with NPPF Paragraph 67 and the PPG on Housing and Economic Land Availability Assessment² and the PPG on Housing Supply and Delivery³. The methodology used to assess sites with no formal planning status is set out in Section 5.10 of the Housing Supply Topic Paper (EV_H_013). This augmented the methodology used in the selection of the original Key Development Sites, as set out in the Housing Topic Paper (EV_H_001). The estimates for developable sites are therefore fully justified.

8.6 The council has also assumed a windfall allowance for years 6-15 of the plan period of 500 homes per year. This allowance has been formulated in accordance with NPPF Paragraph 70, as set out in section 6 of the Housing Supply Topic Paper (EV_H_013). The estimates use detailed data on past trends and consider the effect of anticipated policy changes and are therefore fully justified.

8.7 For the remainder of the plan period (years 16-21) it is anticipated that the housing target of 985 homes per year can continue to be met as further large sites are identified alongside continued windfall development.

Question 9. What is the requirement for the first five years and what buffer should be applied?

9.1 As set out in section 2 of our Draft 5-Year Land Supply (EV_H_014), the basic 5-year requirement (using the revised housing target of 985 homes per year) is 4,925 homes, based on the revised housing target of 985 homes per year.

9.2 In accordance with NPPF Paragraph 73 and PPG Paragraph 010 of "Housing Supply and Delivery" (ID: 68-010-20190722), the appropriate buffer when a local planning authority is seeking to confirm 5-year housing land supply through a Local Plan examination is 10%. This brings the total 5-year requirement to 5,418 homes.

Question 10. What is the estimated total supply of specific deliverable sites for this period?

10.1 The council's Draft 5-Year Land Supply (EV_H_014) estimates a total supply of 6,914 homes on specific deliverable sites over the period 2019-2024. This equates to 6.38 years of supply.

² <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

³ <https://www.gov.uk/guidance/housing-supply-and-delivery>

Question 11. What is the estimated supply from each source for this?

11.1 As set out in the council's Draft 5-Year Land Supply (EV_H_014), the housing supply is divided into the following categories:

- known housing completions 2019-20 (708 units);
- sites under construction (4,920 units);
- sites with live unimplemented planning permissions (945 units);
- sites with applications submitted pending decision or where planning permissions are expected (341 units)

Question 12. What is the evidence to support this and are the estimates justified?

12.1 The Housing Supply Topic Paper (EV_H_013) and Draft 5-Year Land Supply Statement (EV_H_014) explain the sources of supply of deliverable sites. Apart from two council-owned regeneration sites, all sites in our 5-year supply have planning references. These two regeneration sites are in detailed pre-application discussions and planning applications are expected within the next year, with the first completions expected by 2023. The other data has been compiled from our planning applications database and development status confirmed through building control records, site surveys and liaison with developers. The estimated 5-year deliverable housing supply is therefore considered justified.

Question 13. What is the estimated total supply of developable sites for years 6-10 and 11-15?

13.1 The council's Housing Supply Topic Paper (EV_H_013) estimates a total supply of 5,311 homes from identified developable sites: 2,636 in years 6-10 and 2,675 homes in years 11-15. An additional 5,000 homes are estimated to come forward from windfall development over this period: 2,500 in years 6-10 and 2,500 in years 11-15.

Question 14. What is the estimated supply from each source for this (including windfalls)?

14.1 As set out in the response to question 6 above, the Housing Supply Topic Paper (EV_H_013) identifies a supply of developable sites expected to deliver in years 6-15 of the plan period. These consist of:

- sites with planning permission or under construction where works have stalled and there is no indication that the site will deliver in years 1-5 (79 homes);
- sites with a submitted planning application awaiting formal decision (688 homes);
- council-owned sites identified in the council's Housing Investment Plan (1,142 homes);
- sites under pre-application discussions (784 homes);
- other sites with no formal planning status that have undergone site selection and capacity testing (2,618 homes).

14.2 Section 6 of the Housing Supply Topic Paper (EV_H_013) also demonstrates an expected windfall supply of 5,000 homes over years 6-15 of the plan period, based on delivery of 500 homes per year. This estimated supply is based on a combination of historic windfall delivery rates and expected future trends, in accordance with NPPF Paragraph 70.

Question 15. What is the evidence to support this and are the estimates justified?

15.1 Section 5.9 of the Housing Supply Topic Paper (EV_H_013) sets out the sources of supply of developable sites. Data on stalled sites, applications awaiting formal decision and those under formal pre-application discussion has been compiled from our planning applications database.

15.2 The council has also identified a number of sites through its own Housing Investment Plan, most recently published in February 2020. This strategy identifies several sites considered developable for the provision of new homes. The sites identified in years 6-10 of the plan period are undergoing detailed design works and some are under formal pre-application discussions with the council's Town Planning team.

15.3 Other sites identified as developable have undergone a thorough site selection and capacity modelling exercise as set out in section 5.10 of the Housing Supply Topic Paper (EV_H_013). These sites came from a variety of sources, outlined in both section 5 of the Housing Supply Topic Paper and Appendix 1 of the submitted Housing Topic Paper (EV_H_001), and were assessed for suitability, availability and achievability in line with the PPG. Where no pre-application discussions had taken place, capacities were modelled to give an indicative number of housing units that could be delivered on each site, taking into account site constraints, planning policy and the need for mixed-use development on the majority of sites. Liaison with landowners and developers also took place to sense-check the capacity estimates and confirm the intention to develop the site over the plan period. This work will form the basis for more detailed discussions when formally allocating sites through the forthcoming Site Allocations DPD.

15.4 As per the response to question 8 above and as set out in section 6 of the Housing Supply Topic Paper (EV_H_013), the council's estimate of windfalls for years 6-10 and 11-15 of the plan period are based on a detailed analysis of data on historic trends and projected development, taking into account future trends resulting from changes to policies in the New London Plan and City Plan.

15.5 It is therefore considered that the estimates for developable sites are justified.

Question 16. Overall, would at least 10% of the housing requirement/target be met on sites no larger than one hectare?

16.1 Yes. We expect most of our housing need to be met on sites of less than one hectare. An analysis of residential permissions delivering over 50 residential units in our Opportunity Areas granted between 2010 and 2019 has shown that the average site size was 0.40ha in Paddington and 0.85ha in Victoria. Average site size outside these areas but within the Central Activities Zone (CAZ) was 0.63ha. Given that these

areas have experienced significant change over this period and will continue to do so over the plan period, and the CAZ represents around 70% of Westminster's land area, it is reasonable to conclude that sites smaller than one hectare will continue to deliver the majority of Westminster's housing.

Question 17. How would the housing trajectory need to be modified to reflect this updated information? What other modifications would be necessary?

17.1 Our Revised Schedule of Modifications (CORE_025_V3) sets out two proposed modifications to reflect our amended housing supply evidence. These will ensure the City Plan as a whole is justified and effective. Modification PS/H/05 updates Figure 14, showing the graphical housing trajectory, whilst modification PS/A1/01 replaces Appendix 1 of the City Plan with a comprehensive list of Westminster's deliverable and developable housing sites providing more than 50 net new homes. It also includes estimated total housing supply from smaller deliverable and developable sites and windfalls, and breaks down the supply into years 1-5, 6-10 and 11-15 of the plan period, in accordance with NPPF Paragraphs 67 and 73.

17.2 We do not consider further modifications are necessary to reflect the updated evidence base.

Other aspects of Policy 8

Question 18. What is the evidence base for the limit of 200sqm Gross Internal Area for new homes (Part B) and is the approach justified?

18.1 Section 3.1 of the Housing Topic Paper (EV_H_001) outlines evidence from the 2014 Ramidus report into the prime residential market in Westminster (EV_H_012) and evidence from the council's database of planning applications, showing that the average size of residential property in Westminster has increased over time in response to the demands of the prime residential market which operates in Westminster.

18.2 Whilst there is a need for family-sized homes in Westminster, there is also a high degree of competition for developable land. The provision of new housing over 200sqm would not be an efficient use of our scarce land resources and the policy is therefore justified in line with Paragraphs 122-123 of the NPPF in that it seeks efficient use of land and appropriate densities.

18.3 Nevertheless, a limit of 200sqm is justified on the basis that the majority of new-build homes in Westminster are already below this size and that the prime residential market generally operates on sales of existing housing stock. The limit itself is generous, allowing for considerably more floorspace than the minimum needed for a 3-storey 6-bed family home according to the Nationally Described Space Standards (NDSS). It also includes flexibility in the application of the policy when applied to conversions on designated heritage assets to balance achieving appropriate density with conserving the historic built environment.

Question 19. What is the evidence base for the approach on existing housing (Part C) and is the approach justified?

19.1 Part C of Policy 8 seeks to protect existing residential floorspace, whilst providing sufficient flexibility to meet housing needs. This is a continuation of our existing policy approach set out in Policy S14 of the adopted City Plan (CORE_020). The justification for this approach has been set out in proposed modifications M/H/02 and M/H/03 as per the Revised Schedule of Modifications (CORE_025_V3). These modifications to the reasoned justification for Policy 8 are designed to clarify the operation of the policy, justify the approach and improve the effectiveness of the policy. They are also designed to align to the New London Plan's approach to the protection of existing housing. Modification M/H/02 explains that Westminster's limited land availability and its high cost, together with the shortage of affordable housing and the continued need for family-sized homes mean that existing residential uses need to be protected. The exceptions to this approach are where the reconfiguration of floorspace will meet these needs. Modification M/H/03 explains where de-conversion will be considered acceptable, to address representations from the Mayor of London, as illustrated in the Statement of Common Ground (SCG_007_v2).

Question 20. What is the evidence base for the approach to short term sleeping accommodation (Part D) and is the approach justified? How will this be implemented and how does the approach relate to situations where planning permission is not required? Is the approach to purpose-built student accommodation justified?

20.1 Since the Deregulation Act 2015, it has been possible for Londoners to rent out properties on a short-term basis for up to 90 nights per year without needing planning permission. Short-term letting is a particular problem in certain parts of Westminster due to the level of rents that can be commanded in highly sought-after locations leading to intense levels of this activity, which generates significant amenity issues for neighbouring permanent residents. This is indicated by data in our latest AMR (EV_GEN_013), showing that planning enforcement cases involving short-term letting have risen dramatically since the Act came into force. Unauthorised short-term letting will continue to be investigated and enforcement action taken where necessary and we continue to lobby government to reconsider local authority powers in relation to this or to implement a registration system giving local authorities more effective tools to monitor short-term letting.

20.2 The council's planning policy approach is to prevent the permanent change of use of residential properties to temporary sleeping accommodation where planning permission is required (i.e. beyond 90 days per year). This approach is necessary to ensure that sufficient accommodation remains available for permanent residents and to ensure that new homes delivered will meet housing needs rather than being used for tourism or other purposes, as well as protecting the amenity of existing residents.

20.3 Our approach to the letting of student accommodation is justified on a similar basis, with particular emphasis on protecting residential amenity as student accommodation is often located in primarily residential areas. There is some flexibility within this approach for temporary permissions to allow for letting of student accommodation in relation to out-of-term academic conferences or summer schools, etc. as explained in paragraph 8.11 of the reasoned justification.

Question 21. Are the proposed modifications necessary for soundness? Are any other modifications necessary?

21.1 Proposed modifications PS/H/01 – PS/H/08 and PS/H/18 as set out in the Revised Schedule of Modifications (CORE_025_V3) are considered necessary for soundness, to update the Plan in line with the revised housing target and evidence in relation to housing supply and thereby ensuring the policy is justified, effective and consistent with national policy.

21.2 Proposed modifications M/H/02 and M/H/03 in the Revised Schedule of Modifications (CORE_025_V3) are considered necessary for soundness, to justify the approach to existing housing and to align with the Mayor’s approach as per the Statement of Common Ground (SCG_007_V2), thus improving effectiveness.

21.3 No other modifications are considered necessary for soundness, although a number of minor modifications are proposed for clarity, as per the Revised Schedule of Modifications (CORE_025_V3).

Policy 9 Affordable Housing

Question 22. What is the evidence of the need for affordable housing in terms of numbers and tenure?

22.1 Our Housing Needs Analysis (EV_H_002) and Housing Needs Analysis – Technical Appendix (EV_H_003) set out the need for affordable housing in Westminster. This is summarised in section 2.2 of our Housing Topic Paper (EV_H_001). The Housing Needs Analysis found an overall need of 563 new affordable homes per year, giving a total need of 11,823 affordable homes if extrapolated over the plan period 2019-40. The analysis found that there is a need for 247 new social homes and 316 new intermediate homes per year. If extrapolated over the plan period this equates to 5,187 new social homes and 6,636 new intermediate homes.

Question 23. What is the basis for the target of 35% and the approach to site size thresholds?

23.1 Policy H4 of the New London Plan sets a strategic target of 50% of all new housing across London being affordable. Major developments triggering affordable housing contributions are obliged to meet the requirements of London Plan Policy H5 which sets out a threshold approach requiring a minimum of 35% affordable housing. Where this cannot be achieved, individual schemes must submit detailed viability information which will be subject to regular review through the planning and development stages, in order to maximise the amount of affordable housing delivered. Policy 9 has been developed to align with this approach.

23.2 Policy S16 of the adopted City Plan (CORE_020) seeks to exceed 30% affordable housing. The requirements of the New London Plan and the council’s Housing Needs Analysis (EV_H_002) show that there is a need to increase this requirement. The council therefore tested a 35% requirement through its City Plan Viability Report (EV_GEN_001), which it concluded would not compromise overall development viability across the city.

23.3 At Regulation 19 stage it was argued that the council should explore the possibility of requiring higher than 35% from developments in order to help meet the Mayor's strategic target of 50% affordable housing across London. The council undertook additional viability testing as per Viability Addendum 1 (50% AH) (EV_GEN_002), which showed that requiring over 35% would begin to reduce the number of viable schemes. Therefore 35% remains the most appropriate policy requirement.

23.4 The approach to site size thresholds is derived from NPPF Paragraph 63, which states that affordable housing should only be sought from major developments. Major development is defined in the NPPF Glossary. Furthermore, a threshold of 1,000sqm additional residential floorspace is continued from the adopted City Plan (CORE_020) to capture sites delivering larger units.

Question 24. Is the reference to 1,000sqm appropriate and consistent with national policy?

24.1 The reference to 1,000sqm of additional residential floorspace is already an established threshold for the application of affordable housing requirements in Westminster, as per Policy S16 of the adopted City Plan (CORE_020). The reasoned justification to that policy explains that a 1,000sqm threshold reflects a site's capacity to deliver more than 10 units. Table 5 in section 3.1.3 of the Housing Topic Paper (EV_H_001) shows that the average size of a new home in Westminster is now 159sqm, and table 6 shows that permissions have been granted for very large residential units which are not necessarily optimising the use of sites. It is therefore considered that this threshold remains appropriate.

24.2 This threshold, together with the cap of 200sqm on the size of new homes in Policy 8, is designed to encourage the optimisation of development sites to deliver more homes whilst retaining sufficient flexibility for developers to continue to provide larger family-sized homes. The 1,000sqm threshold was tested as part of the council's City Plan viability report (EV_GEN_001) and found to be a reasonable threshold at which to trigger affordable housing contributions.

Question 25. How has viability been taken into account in formulating the policy and how would the viability of schemes be taken into account?

25.1 The council appointed BNP Paribas to carry out a whole plan viability assessment (EV_GEN_001) based on the 35% requirement for affordable housing alongside other policy requirements in the draft City Plan. Subsequently in response to representations at Regulation 19 stage regarding the Mayor's 50% strategic target, further viability testing was carried out to consider whether the 35% requirement could be raised further (EV_GEN_002). This additional testing found that raising the requirement over 35% would begin to affect individual scheme viability and that 35% remained an appropriate requirement.

25.2 Nevertheless, the approach to individual scheme viability in the City Plan required some modification to clarify its relationship with the Mayor's Threshold Approach to viability as set out in Policy H5 of the New London Plan. Policy 9's approach to the viability of affordable housing is designed to be in conformity with the New London Plan, as set out in the Statement of Common Ground (SCG_007_V2).

Modification PS/H/09 makes clear that 35% is a minimum requirement, in line with Policy H5 of the New London Plan. Modification M/H/06 clarifies this approach and explains that, where individual schemes fall short of the 35% requirement, individual viability assessments will be needed. Modification M/H/08 clarifies that where viable, schemes on public land will seek to meet the 50% requirement set out in Policy H5 of the New London Plan.

Question 26. Is the policy justified in terms of the approach to on site and off-site provision and payments in lieu? Is there sufficient flexibility? Is there sufficient clarity as to how the policy will be implemented in practice, particularly in terms of the calculation of payments in lieu?

26.1 Yes, the policy is justified in terms of the approach to on site and off-site provision and there is sufficient flexibility. Policy 9 is designed to provide a clear expectation of on-site delivery of affordable housing. Off-site provision is to be treated as only applicable in exceptional circumstances due to site-specific constraints. Payments in lieu are to be treated as a last resort where it is shown that neither on-site or off-site provision is achievable. This approach is needed in Westminster due to the inability to secure sufficient affordable housing from developments in recent years. Our latest AMR (EV_GEN_013) shows that, over the last 5 years, whilst the council has collected £181.277m in payments in lieu of affordable housing provision, only 537 affordable homes have been delivered, representing less than 11% of the total homes delivered over that period. Furthermore, for schemes currently under construction, only 17% of homes will be affordable, contrasting with financial commitments on these schemes of £266.379m. Whilst these funds will be used to deliver affordable homes across Westminster, in practice this will be largely limited to the council's own land holdings. This does not deliver the policy objectives of mixed and inclusive communities (in line with Paragraphs 62 and 91 of the NPPF) to the extent that on-site provision would do and therefore a much stronger emphasis on on-site provision is needed in policy, whilst continuing to recognise that there are some circumstances where this may not be possible.

26.2 The policy's approach to payments in lieu is sufficiently clear, i.e. that they are to be treated as a last resort where on-site and off-site options have been exhausted. However, in light of representations and Inspectors' correspondence regarding the scope of SPDs (INSP2 and INSP3), we recognise that the approach to calculating payments in lieu may not be sufficiently clear and propose a further modification (PS/H/19) to paragraph 9.14 of the reasoned justification to explain and clarify this approach. The paragraph will now read:

*Where payments in lieu are accepted, they will be at a level of broadly equivalent value to actual provision so there is no financial benefit from providing a payment rather than delivery of actual units. **Payments will be based on a fixed rate per sqm of floorspace that would have been provided as affordable housing. They will be equivalent to the uplift in value resulting from the floorspace that would have been provided as affordable housing being delivered as private housing. This approach will ensure a cost neutral impact on the developer.** The value of the payment in lieu, **including indexation**, is set out in the Planning Obligations and Affordable Housing Supplementary Planning Document.*

26.3 The exact calculation of payments in lieu will form part of the Planning Obligations and Affordable Housing SPD and will be based on the WCC Payments in Lieu Approach (EV_GEN_004) prepared by BNP Paribas.

Question 27. What is the basis for the approach to tenure split and the type and size of affordable housing sought?

27.1 The Housing Needs Analysis (EV_H_002) assessed the type and size of homes needed in Westminster. The need for different tenures was assessed according to the definitions provided by the London Housing Strategy 2018 and was split into social and intermediate affordable housing. The need for each tenure was assessed in accordance with NPPF Paragraph 61 and PPG on Housing needs of different groups, and was based on various data sources. The analysis found that there is a need for 247 new social homes per year and 316 new intermediate homes per year (see section 2). This means there is a split of 56% intermediate homes and 44% social homes required. Following this, additional factors were considered in finalising the policy requirement of 60% intermediate and 40% social housing, as summarised in section 2.2.2 of the Housing Topic Paper (EV_H_001). These factors included the very low existing stock of intermediate housing in Westminster (less than 2%), the overall aim of providing families with a wider range of housing options, the need to create more mixed and inclusive communities and the need to support the local economy and public services.

27.2 The size of new homes required was also assessed in section 5 of the Housing Needs Analysis (EV_H_002). This showed that there remains a need for larger family-sized affordable properties in Westminster, with an acute need for larger social homes. The need for family-sized homes across all tenures is addressed in Policy 11. Meeting the specific needs for larger homes of those in need of affordable housing is best addressed through a flexible approach that can adapt to changing needs over time. The council will therefore produce an annual statement reflecting the size requirements of those on our affordable housing lists. 2019's statement has been submitted as part of the City Plan examination (EV_H_005), which sets out the number of bedrooms required for both social and intermediate housing.

Question 28. In overall terms is the policy in general conformity with the London Plan? How would the London Plan and City Plan interrelate on this issue in terms of dealing with specific proposals?

28.1 Yes, with the proposed modifications set out in the Revised Schedule of Modifications (CORE_025_V3) the policy is in general conformity with the London Plan, as agreed through the Statement of Common Ground (SCG_007_V2). Modifications M/H/05 – M/H/08 and PS/H/09 – PS/H/11 have been proposed to clarify the interrelationship between the City Plan and London Plan policies on affordable housing.

28.2 Where affordable housing contributions are required under Policy 9, a minimum of 35% of the gross residential development will be provided as affordable housing in accordance with the threshold approach set out in New London Plan Policy H5. Proposals providing 35% or more affordable housing (or 50% on public land) can follow the fast-track route, where no viability information is required. Where this is not met, applicants will be expected to follow the viability tested route, again as set

out in Policy H5 of the New London Plan. Proposals involving the redevelopment of affordable housing will be required to follow the viability tested route as per policies H8 and H5 of the New London Plan.

Question 29. Are the proposed modifications necessary for soundness? Are any other modifications necessary?

29.1 Yes, the proposed modifications identified as main modifications in the Revised Schedule of Modification (CORE_025_V3) are required to ensure that the council's approach is in conformity with the New London Plan. They are therefore required to ensure the policy is justified, effective and consistent with national policy. No further modifications are considered necessary for soundness, although some of those not identified as "main" in the Schedule provide helpful clarifications.

Policy 10

Question 30. What is the basis for seeking affordable housing contributions from office and hotel developments in principle? Is the approach justified, consistent with national policy and in general conformity with the London Plan?

30.1 As set out in the reasoned justification to Policy 10 (as modified by proposed modification M/H/10), Westminster has had a mixed-use policy in its local plan since 1997. This policy has always contained provision for commercial development to make some form of contribution to affordable housing through a requirement to provide residential alongside commercial floorspace. An element of this residential floorspace was to be affordable housing if the amount provided triggered the plan's affordable housing policy. The most recent iteration of the policy is S1 in the adopted City Plan (CORE_020).

30.2 As paragraph 10.4 of the reasoned justification to Policy 10 makes clear, the current approach is neither incentivising office growth nor sufficiently contributing to the delivery of affordable housing in the CAZ. This is supported by data from our AMR (EV_GEN_013), showing that, alongside losses in B1 office space, over the previous 5 years 4,247 housing units were completed in the CAZ. Of these, only 468 (11%) were affordable. These affordable homes haven't only been secured through mixed use schemes but are from any residential scheme triggering the City Plan's affordable housing requirements, including via Policy S1. In contrast, the council secured total payment in lieu contributions of over £163m from CAZ developments in the same period. Given the exceptionally high land values in much of the CAZ, the bulk of the contributions secured will be invested in provision of affordable housing through regeneration of existing council-owned land, much of which lies outside the CAZ.

30.3 There remains a high level of need for affordable housing in Westminster. As the country's economic centre, the CAZ needs to retain a local workforce in order to function effectively creating a justifiable link between the need for affordable housing alongside these land uses. Many of those in need of affordable housing in Westminster work in the CAZ in key worker functions, often having to travel to work at highly unsociable hours. It is desirable to deliver a mix of housing tenures in the CAZ in order to retain these key workers and allow them accessible and safe travel options close to their place of work.

30.4 To deliver more affordable housing in the CAZ and correct the imbalance in favour of delivery of market housing, Policy 10 has been developed to require only the provision of affordable housing alongside commercial floorspace. Policy 9 has also been developed to strengthen the approach to on-site provision of affordable housing in residential and mixed-use schemes to complement the aims of Policy 10.

30.5 Policy 10 has taken a threshold approach in relation to on-site delivery, only requiring this where a sufficient quantum of floorspace would viably deliver at least 10 housing units, making it easier for a Registered Provider to manage these, as set out in paragraph 10.8 of the reasoned justification. Below this threshold a stepped approach to contributions has been devised based on viability testing (EV_GEN_001 and EV_GEN_003). These contributions would be required as a payment in lieu.

30.6 Policy 10 is considered consistent with national policy and in general conformity with the London Plan for the reasons set out above. The policy approach was specifically welcomed by the Mayor of London in the Statement of Common Ground (SCG_007_V2).

Question 31. How would the policy affect commercial growth?

31.1 The existing policy approach in Westminster's adopted City Plan (CORE_020) requires the provision of residential floorspace alongside commercial floorspace above certain thresholds. The current approach is only applicable to growth in B1 office floorspace; however, previous adopted iterations of the policy required a residential element from multiple types of commercial use including hotels.

31.2 Policy S1 in the adopted City Plan (CORE_020) was designed to incentivise office growth by relaxing the requirement for residential floorspace, raising the threshold at which it would apply. Simultaneously, the requirement for other commercial floorspace to provide a residential element was removed. Whilst office growth has not been sufficiently incentivised by this relaxation of policy, hotel development has seen significant growth. As set out in section 3 of the Commercial Growth Evidence Topic Paper (EV_E_001), over 439,000sqm of hotel floorspace is either under construction or has a live planning permission, whereas the latest AMR (EV_GEN_013) indicates a loss of 212,000sqm of office floorspace since 2016. This is not to say that no office development is occurring, as gains of almost 148,000sqm of B1 office space have been recorded since 2016, resulting in a net loss overall of 64,000 sqm. The AMR analysis indicates that recent loss of office space has been to hotel and residential use⁴.

31.3 To correct this imbalance, under Policy 10 hotels will be required to contribute to the delivery of affordable housing in the CAZ. The differing threshold levels set out in Policy 10 reflect the differing viability of hotel and office developments in the CAZ; however, both typologies have been tested through Viability Addendum 2 (EV_GEN_003) and the stepped approach to thresholds in Policy 10 have been set to ensure a range of possible schemes remain viable. The policy has therefore been designed to ensure a balanced approach is taken to the growth of commercial uses in the CAZ, against the competing priority for affordable housing and the justifiable need

⁴ Note – Since 1st May 2019 Westminster's CAZ has been covered by an Article 4 Direction preventing the permitted development right to change office use to residential, prior to that the area was subject to a temporary exemption since the permitted development right was introduced in 2013.

for a greater contribution to affordable housing in this part of Westminster than the current and previous policies have delivered.

31.4 The impact of this policy on the delivery of office and hotel development will also be monitored through the AMR via KPIs 5 and 7 of our proposed implementation framework in the City Plan.

Question 32. What is the basis for the percentage contributions and floorspace thresholds?

32.1 The percentage contributions and floorspace thresholds have been set through viability testing (EV_GEN_001 and EV_GEN_003), consultation with stakeholders and in order to comply with national policy requirements. They represent an appropriate balance between ensuring viability, the practicalities of delivering affordable housing on-site and the need for a well-defined and simple framework to ensure clear and consistent decision-making.

32.2 The initial threshold of 1,000sqm of net additional floorspace is set to accord with the NPPF definition of major development and the requirement in Paragraph 63 that non-major development should not require provision of affordable housing.

32.3 The upper threshold from which on-site provision is required (2,750sqm for offices and 6,500sqm for hotels) was set in response to representations made at informal consultation and Regulation 19 (see CORE_011, in particular page 35) that Registered Providers are less likely to manage small clusters of affordable homes due to the associated management and maintenance costs. The threshold therefore envisages suitable floorspace for at least 10 units to be provided on-site (35% of floorspace above 2,500sqm for offices and 15% of floorspace above 6,500sqm for hotels). This would provide for a range of unit sizes and associated access and communal space requirements.

32.4 The stepped approach set out in which a payment in lieu is required (between 1,000sqm and 2,749sqm for offices and 2,500sqm and 6,499sqm for hotels) is based on viability testing carried out in Viability Addendum 2 (EV_GEN_003), and in response to representations made at informal and Regulation 19 (see CORE_011, page 34-39 in particular) consultation that a stepped approach was preferable to a 'cliff edge' scenario that would only serve to discourage development above a certain size threshold where contributions would apply. The policy therefore sets a series of thresholds that trigger higher contributions for office development, reflecting the viability evidence. Similarly, the Plan viability report evidence (EV_GEN_001) showed that anything above a 15% requirement for hotels would begin to affect viability, and that requiring this contribution below 2,500sqm of additional floorspace would also be unviable.

Question 33. How has viability been taken into account in formulating the policy and is the evidence on viability sufficiently comprehensive and robust?

33.1 Viability considerations have been integral to the formulation of Policy 10. The council commissioned BNP Paribas to prepare the viability assessment for the City Plan (EV_GEN_001), which has been revisited on several occasions as policies have developed, and in response to representations regarding the nature of the proxy

developments used in the appraisals. All viability assessments have been carried out using a typology approach in accordance with the PPG (Paragraph 004⁵). Typologies were adjusted in response to representations from stakeholders, and costs associated with planning obligations have been fully incorporated into the appraisals. We consider that the points raised by representors have been adequately addressed in the final version of the City Plan Viability Report (EV_GEN_001) and the two addendums (EV_GEN_002 and EV_GEN_003) and that the viability assessments therein are both comprehensive and robust.

33.2 The previous version of the policy, drafted at informal consultation stage (CORE_018), was found to significantly affect smaller office developments and hotels. As a result, the policy was revised to only apply above 1,000sqm of net additional floorspace for offices and above 2,500sqm for hotels, and a stepped approach devised for office developments to account for this evidence. This approach was then viability tested again via Viability Addendum 2 (EV_GEN_003), which enabled the council to set appropriate thresholds with an increasing percentage requirement (as suggested by representors at informal consultation in 2018) to ensure consistent residual land values being achieved across a range of schemes.

33.3 This testing also showed that anything above a 15% requirement for hotel developments would be unviable. As stated in the answer to question 32 above, the threshold for on-site provision of affordable housing rather than a payment in lieu was devised primarily to take into account the practicalities of on-site delivery, although the differences in viability between on-site and payment in lieu have been fully assessed as part of the suite of viability studies prepared for the council by BNP Paribas.

Question 34. How would the viability of particular schemes be taken into account?

34.1 NPPF Paragraph 57 makes clear that where policies set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Nevertheless, we acknowledge that in a highly complex urban environment such as Westminster, the viability of development scenarios will differ, and the viability of particular schemes will need to be taken into account. It will not be unusual therefore for viability assessments to be presented alongside proposals for major developments in the CAZ.

34.2 Policy 10 is intended to align with the principles of the Mayor's threshold approach to viability on individual schemes as set out in the New London Plan. Policy 10 should also be read alongside Policy 9, where modifications have been proposed to more closely match the threshold approach (Revised Schedule of Modifications (CORE_025_V3)). Modification M/H/11 was proposed to Policy 10 to ensure the policy was sufficiently flexible and the approach to individual scheme viability made clear.

34.3 Given the complexities of the policy, of the threshold approach, and given the continuing uncertainties among stakeholders as to its operation, it appears that the proposed modifications to Policy 10 may have complicated matters (see in particular

⁵ Reference ID: 10-004-20190509

OTH_001). We are therefore now revising our proposed modifications to clarify the approach.

34.4 Proposed modification M/H/11 is amended to remove the reference to changes of use and clarify that this policy is only to apply to proposals generating net increases in floorspace. It will now read:

*To simplify what has become a very complicated policy approach, to encourage a balance between competing uses and to ensure that affordable housing is delivered in the CAZ, the policy now requires office and hotel developments **involving net additional floorspace** above certain size thresholds to contribute to the delivery of affordable housing, either through payments in lieu or on-site delivery. Off-site provision of affordable housing is ~~therefore only to be considered in exceptional circumstances~~ **where issues of viability or the practicality of on-site delivery cannot be overcome**, to ensure that affordable housing is delivered on-site as much as possible where it is **practicable and** viable to do so, and thereby achieve mixed communities.*

34.5 A new paragraph 10.8A (PS/H/14) to the reasoned justification is proposed to clarify the approach to individual scheme viability:

Individual Scheme Viability

Where individual development proposals do not meet the requirements of this policy, they will be required to submit detailed supporting viability evidence in a standardised and accessible format, in line with the Mayor’s Viability Tested Route as part of the Threshold Approach to planning applications set out in the London Plan. Developments will be subject to viability review in line with this approach.

Question 35. Is the policy justified in terms of the approach to on site and off-site provision and payments in lieu? Is there sufficient flexibility? Is there sufficient clarity as to how the policy will be implemented in practice?

35.1 Yes, the policy’s approach to on-site and off-site provision and payments in lieu is balanced and proportionate. As set out in this statement, there is a strong desire on the part of the council to deliver affordable housing on-site as far as possible. This is especially pressing given the failure to deliver sufficient affordable housing in recent years, as set out in our AMRs (EV_GEN_005, EV_GEN_006 and EV_GEN_013). The approach in both policies 9 and 10 is designed to clarify that affordable housing should be delivered on-site in the first instance (unless a payment in lieu is explicitly specified by the policy given the size or location of the development).

35.2 We acknowledge that it may not always be possible to deliver on-site for viability or practicability reasons, particularly where the predominant use of the site is commercial. To clarify this and introduce sufficient flexibility to the policy, modifications M/H/11 and M/H/12 are proposed. They allow for additional flexibility where on-site provision is impracticable or unviable, and for consideration of land use swaps to allow for off-site provision.

35.3 Furthermore, to clarify the operation of the policy and show the clear preference for on-site provision of affordable housing where this is required, proposed modification M/H/09 is amended to remove reference to the international centres. It will now read:

*Where affordable housing units are required **rather than a payment in lieu**, these should be delivered on-site, unless it is demonstrably impracticable or unviable to do so.*

35.4 To clarify that the on-site requirement does not apply to the international centres, aligning with the principles of Policy 15, the following additional wording is proposed for Clauses C2 and D2 of Policy 10 (PS/H/12 and PS/H/13):

This requirement does not extend to the international centres, where a payment in lieu will be required only.

35.5 In light of representations and Inspectors' correspondence regarding the scope of SPDs (INSP2 and INSP3), a further modification to paragraph 10.10 of the reasoned justification is required to clarify the methodology used to calculate payments in lieu. As there are differences in the values associated with office and hotel developments compared with those of market housing (which is the basis for the proposed approach under Policy 9 set out in the WCC Payments in Lieu Approach (EV_GEN_004)), the council will prepare a new approach to payments in lieu for office and hotel developments required under this policy. This will be presented by the council at the hearings stage.

Question 36. Are the proposed modifications necessary for soundness? Are any other modifications necessary?

36.1 Yes, as set out above, modifications are required to the policy so that it is sufficiently flexible, and the approach to on-site and off-site provision and payments in lieu is clear, thereby ensuring the policy's effectiveness. The proposed modifications to this policy have been further revised and are set out in the Revised Schedule of Modifications (CORE_025_V3).

36.2 A further modification to paragraph 10.10 of the reasoned justification is required to clarify the approach to payments in lieu under this policy. Further proposed wording will be presented by the council at the hearings stage.

Policy 11

Question 37. What is the basis for the approach towards family sized homes and is this justified?

37.1 Our Housing Needs Analysis (EV_H_002) assessed the need for the size of new homes, particularly for families, in line with NPPF Paragraph 61 and the PPG on the Housing needs of different groups. The approach is summarised in section 3.2 of the Housing Topic Paper (EV_H_001). The analysis found an ongoing need for family-sized accommodation across all tenures, and a higher proportion of 1- and 2-bedroom properties in Westminster than in other London Boroughs. This ongoing need together with recent evidence of completions in Westminster (see section 3.2.3 of the Housing

Topic Paper (EV_H_001) and 2018-19 AMR (EV_GEN_013)) means that there is an ongoing strategic requirement for developers to deliver family-sized accommodation.

Question 38. Is the figure of 25% intended to be a strategic target and if so, how will it be achieved in practice?

38.1 Yes, the figure of 25% is intended to be a strategic target across Westminster. This is clarified by proposed modification M/H/13 in the Revised Schedule of Modifications (CORE_025_V3). When this policy was originally drafted, Policy H10 of the then draft New London Plan contained a specific clause that stated, “boroughs should not set prescriptive area-wide dwelling size mix requirements (in terms of number of bedrooms) for market and intermediate homes”. This text has now been deleted from the ‘intend to publish’ version. Given the evidence of a city-wide need for family sized homes from our Housing Needs Analysis (EV_H_002), and our continued reliance on windfall as a source of housing supply it was felt necessary to retain a strategic target, albeit with sufficient flexibility to allow site-by-site exceptions. This will ensure that innovative forms of housing delivery such as those described in Policy 12 can come forward without being overtly restricted to providing a set percentage of homes as family-sized where this is not suitable for viability or practicality reasons.

38.2 Nevertheless, the requirements of Policy 11 and of Policy H10 of the New London Plan mean that a suitable proportion of family-sized homes will be delivered. Policy H10 of the New London Plan requires decision-makers to use evidence of local need or the 2017 London SHMA to determine the appropriate mix of unit sizes, alongside other factors such as site location, mix of uses and the need to optimise site potential. For all tenures, our Housing Needs Analysis can be used to guide decisions. For affordable housing, the council’s annual Affordable Housing Statement (see EV_H_005) will set out the need for different sized homes. This is based on the need/demand for social and intermediate housing and the turnover of existing stock. Our forthcoming Site Allocations DPD will also set policy on individual sites where it may be appropriate to deliver a higher amount of family-sized accommodation to contribute to the strategic target, although decisions can be made through the combination of Policy 11 and New London Plan Policy H10. The strategic target of 25% will also be monitored through KPI1 in the City Plan’s monitoring framework and reported annually in the AMR.

Question 39. Is the approach towards specialist housing justified?

39.1 Yes, the approach to specialist housing is justified, subject to proposed modification M/H/15 in the Revised Schedule of Modifications (CORE_025_V3). Overall, clause D of Policy 11 provides support for the development of new specialist accommodation that meets a specific identified need. It also provides protection for existing specialist accommodation subject to criteria 1-4, which focus on the quality of the accommodation, its impacts on surrounding residents and adaptations. Modification M/H/15 alters clause D of the policy, in response to representations at Regulation 19 stage, to ensure that specialist housing that is surplus to requirements can be redeveloped for a range of housing types.

39.2 Our overall approach to older people’s housing is summarised in section 2.3 of the Housing Topic Paper (EV_H_001). Section 3 of the council’s Housing Needs Analysis (EV_H_002) sets out the need for older persons’ accommodation for

sheltered and extra care housing and for nursing or residential care homes. Clauses E and F of Policy 11 provide a supportive framework for the development of older people's housing that meets these needs.

Question 40. Is the approach towards purpose-built student accommodation justified?

40.1 Yes, subject to proposed modifications M/H/16 and M/H/19 in our Revised Schedule of Modifications (CORE_025_V3). Due to the high demand for conventional housing and other competing land uses in Westminster, Clause G of the policy supports the development of purpose-built student accommodation for students studying at Westminster-based institutions, provided it does not result in the loss of other types of housing. Clause H requires a proportion of student accommodation to be delivered as affordable and a proportion adaptable to meet specialist needs, in accordance with the approach in New London Plan Policy H15. Given the continuing need for Westminster institutions to supply student housing, Clause I protects existing student accommodation from loss other than where its loss forms a published strategy by an institution. Our proposed modification (M/H/16) to this policy fully aligns the approach to that of the New London Plan regarding the proportion of affordable student accommodation that must be provided.

40.2 Our approach is explained in section 2.3 of the Housing Topic Paper (EV_H_001) and the need for student accommodation has been assessed via our Housing Needs Analysis (EV_H_002).

40.3 Regulation 19 consultation representations from the Mayor of London and Unite Students asked the council to consider also planning for student accommodation needs for institutions that have their main hub outside Westminster. This is reflected in the Statement of Common Ground with the Mayor (SCG_007_V2). Our Housing Needs Analysis (EV_H_002) showed that Westminster's student profile differs from elsewhere in London due to its higher proportion of post-graduates, higher numbers of students living at home, and student accommodation needs being met by the private rented sector. Recent years have also seen losses of student accommodation to other uses such as conventional housing (as per AMR 2018-19 (EV_GEN_013)). There is therefore no evidence of further strategic need in Westminster, and strategic student accommodation needs are in any case better met in other areas of London with less competition for land use and more favourable market conditions for the development industry.

Question 41. What is the relationship with the London Plan in terms of identifying accommodation needs for Gypsies and Travellers and setting out a policy approach?

41.1 Paragraph 183 of the Inspectors Report on the New London Plan⁶ published in October 2019, makes a clear recommendation to the Mayor that he should instigate and lead a London-wide accommodation assessment for gypsies and travellers. Policy H14 of the New London Plan states that until this information is available, boroughs should undertake a needs assessment as part of the development plan review

⁶ www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/inspectors-report

process, using the need figure provided in the New London Plan in the interim. This policy is subject to directives issued by the Secretary of State in March 2020, so the parameters of any borough assessment are still unclear. Nevertheless, the council undertook to consider secondary data sources to establish whether a need for gypsy and traveller accommodation had arisen in Westminster. This is summarised in section 2.4 of the Housing Topic Paper (EV_H_001, see also EV_H_011). The need figure in the New London Plan for Westminster is zero. Other data such as the bi-annual caravan count and from our own planning applications database does not indicate any need for gypsy and traveller pitches in Westminster.

41.2 Despite the evidence of a lack of need in Westminster, the City Plan still requires a policy approach to assess potential applications for gypsy and traveller accommodation. Clause J of Policy 11 sets out the council's approach.

Question 42. Does Part J of the policy provide a sufficiently clear and effective approach towards Gypsy and Traveller sites in terms of the criteria?

42.1 Yes, with the proposed modification M/H/17 in the Revised Schedule of Modifications (CORE_025_V3) the policy provides a clear and effective approach to assessing applications for gypsy and traveller accommodation. This modification encompasses a wider range of considerations including design and impacts and is effective when read alongside other policies in the plan.

Question 43. Is it justified and consistent with national policy?

43.1 Yes, given the lack of evidence that there is any need for gypsy and traveller accommodation within Westminster and with proposed modification M/H/17, clause J of Policy 11 is justified and is consistent with the requirements of Policy B of the government's planning policy for traveller sites⁷.

Question 44. Are the proposed modifications necessary for soundness? Are any other modifications necessary?

44.1 Yes. Proposed modifications M/H/13 and M/H/15 – M/H/19 have been identified as main modifications in the Revised Schedule of Modifications (CORE_025_V3). They are needed to ensure the policy is justified, effective and consistent with national policy. Proposed modification M/H/14 has been suggested to improve clarity. We do not believe that further modifications to the policy are necessary for soundness.

Policy 12

Question 45. Is the policy justified?

45.1 Yes, policy 12 is justified as it contributes to the achievement of sustainable development as set out in the NPPF and to the New London Plan and City Plan

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/457420/Final_planning_and_travellers_policy.pdf

objectives. In a context of high housing need and demand, this policy encourages housing development by supporting different types of housing that can contribute to meeting Westminster's housing needs and also address the high cost of traditional self-contained market housing. Policy 12 will help meet growing and diversifying housing needs by providing Westminster's residents with a range of housing options. The use of modern methods of construction can contribute to a quicker and/or greener (more sustainable) delivery of new homes.

45.2 Policy 12 welcomes innovative models of housing and as submitted the policy particularly supports new innovative homes are rented at levels equivalent to or below Westminster's intermediate rents. This is not a requirement but an encouragement. However, we acknowledge that different types of housing schemes will contribute to affordable housing in different ways. Although we will expect some innovative housing schemes to contribute to meeting Westminster's intermediate housing needs, this will not always be the case and as drafted it was not clear what the requirements were. To address this and in order to align Policy 12 with City Plan Policy 9 and New London Plan policies on affordable housing contributions from innovative housing models (see specially policies H11 and H16), the council proposes three modifications to Policy 12 that it considers are necessary for soundness. Modifications PS/H/15 and PS/H/16 ensure Policy 12 objectives are clear and that the policy is justified and effective by explaining how different types of schemes will contribute to affordable housing in line with the City Plan and the New London Plan.

45.3 Modification PS/H/15:

*A. The council welcomes applications for innovative models of high-quality housing **that contribute to providing a range of housing options to Westminster's residents.** ~~particularly where the new homes are provided at rental levels equal to or less than Westminster's intermediate rents, or enable access to more affordable homes than market housing.~~*

45.4 Modification PS/H/16 (new clause B)⁸:

B. Qualifying Build to rent and Large-scale purpose-built shared living proposals will be required to provide a proportion of the accommodation as affordable housing in accordance with the London Plan.

45.5 The council has previously proposed a modification M/H/20⁹ to the reasoned justification to Policy 12. It now proposes to further amend the text in recognition of the above policy changes.

45.6 Modification M/H/20:

*... ~~This requirement may be waived if the rents charged are at a level comparable to Westminster's intermediate rent and these rental levels are secured by legal agreement in perpetuity.~~ We will expect **qualifying** Build to*

⁸ Clause B in Policy 12 is now Clause C (see Revised Schedule of Modifications, CORE_025_V3)

⁹ See Revised Schedule of Modifications, CORE_025_V2

*rent and large-scale purpose-built shared living schemes to follow the affordable housing requirements set out in the forthcoming Planning Obligations and Affordable Housing SPD. Until the SPD is adopted, the London Plan (**(see Policy H11 Build to Rent and Policy H16 Large-scale Purpose-built shared living)**) requirements will be followed. ...*

Question 46. How would it be implemented in practice?

46.1 Policy 12 should be read alongside other policies in the City Plan and the New London Plan. The New London Plan contains specific policies on some of the housing models referenced in Policy 12 including Build to Rent (Policy H11) and Large-scale purpose-built shared living (Policy H16). Policy 12 will give applicants and the council a framework to support applications for new types of housing developments and those that use modern methods of construction.

46.2 The council will grant planning permission for innovative housing schemes or schemes built using modern methods of construction that meet all relevant policies in Westminster's Development Plan. The objectives of Policy 12 will be secured via S106 agreements and planning conditions.

Question 47. Are the proposed modifications necessary for soundness? Are any other modifications necessary?

47.1 Yes, the proposed modifications are necessary for soundness as explained in the answer to question 45 and the Revised Schedule of Modifications, (CORE_025_V3).

47.2 Following representations at Regulation 19 stage, the council considered that minor modifications were necessary to improve the clarity and effectiveness of the policy. These modifications were not considered necessary for soundness.

Policy 13

Question 48. What is the basis for each of the specific standards referred to in the policy?

- 48.1 All the specific standards referred to in Policy 13 are referenced in either the NPPF or other national guidance and / or in the adopted London Plan (CORE_021), the Mayor's Housing SPG¹⁰ or the New London Plan:
- Accessibility standards (clause B): They relate to Building Regulations M4 (2) and M4 (3). Its adoption in Local Plans is encouraged by the NPPF (see footnote 46, page 39) and the Guidance on Housing: optional technical standards¹¹. The standards are also referenced in the adopted London Plan (see Policy 3.8, CORE_021), the Mayor's Housing SPG (see paragraph 2.1.12) and the New London Plan (see Policy D7).

¹⁰ www.london.gov.uk/what-we-do/planning/implementing-london-plan/planning-guidance/housing-supplementary

¹¹ <https://www.gov.uk/guidance/housing-optional-technical-standards>

- Nationally Described Space Standards (NDSS) (clause C): The NDSS were published by the Government in 2015 as technical guidance and are optional minimum standards. Their adoption in Local Plans is encouraged by the NPPF (see NPPF footnote 46, page 39). The standards are also referenced in the adopted London Plan (see Policy 3.5, CORE_021), the Mayor’s Housing SPG (see Standard 24) and the New London Plan (see Policy D6). Further background information can be found in Section 3.3 in the Housing Topic Paper (EV_H_001).
- Amenity space standards (clause D): They relate to the standards referenced in the Mayor’s Housing SPG (see Standard 26) and in the New London Plan (see Policy D6).

Question 49. How has the impact on viability been taken into account?

49.1 All the specific standards have been set out by either the Government or the Mayor of London. All the above-mentioned standards can be found in the New London Plan and have been tested through public examination and their viability assessed¹². Moreover, the Panel of Inspector’s report¹³ to the New London Plan explains how all these standards were either in the adopted London Plan (CORE_021) or the Housing SPG and had therefore been assessed in the past and considered to be appropriate (see paragraphs 263 and 270).

49.2 The council has also considered them in the City Plan viability assessment (EV_GEN_001). Paragraph 1.32 explains how a series of standards including amenity space and internal space standards have been considered. Paragraph 3.15 further explains how the accessibility standards have also been considered.

Question 50. How would the policy relate to policies in the London Plan?

50.1 As explained in the responses to questions 48 and 49, the general and specific standards mentioned in Policy 13 generally align with the standards in the New London Plan. The Mayor has not raised any general conformity issues with Policy 13 (see SCG_007_V2).

50.2 The New London Plan contains a number of policies that relate to housing design and quality. In some instances, the New London Plan policies provide more detail than the City Plan on how the policies should be applied. We have not considered it necessary to repeat them in the City Plan as the New London Plan is part of Westminster’s Development Plan. The New London Plan policies that directly relate to Policy 13 in the City Plan are:

- Policy D5 Inclusive design
- Policy D6 Housing quality and standards
- Policy D7 Accessible housing

¹² www.london.gov.uk/sites/default/files/london_plan_viability_study_dec_2017.pdf

¹³ www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/inspectors-report

50.3 The council notes that the internal space standards, as adopted in the New London Plan, generally align with the NDSS, however the Panel of Inspector's report¹⁴ to the New London Plan sets out that the required ceiling heights in the New London Plan deviate from the NDSS. The council therefore now proposes a further modification to reasoned justification paragraph 13.6 M/H/23¹⁵ so Policy 13 is clear and effective by explaining how the standards will be applied in Westminster in line with the New London Plan. Modification M/H/23:

*... The Nationally Described Space Standards (NDSS), are therefore adopted in Westminster **in accordance with the London Plan (see Policy D6 Housing quality and standards)** and will ensure residents have access to a suitable amount of space in their new **self-contained** homes. **It is recognised that it is often sometimes impracticable to meet them within heritage assets. However, we expect the standards to be met when converting or extending homes where possible.***

Question 51. In overall terms, is the policy justified and consistent with national policy? Is it in general conformity with the London Plan?

51.1 Yes, Policy 13 is justified and, as explained in the response to questions 48, 49 and 50, the policy is consistent with national policy and the New London Plan.

51.2 Both the NPPF and the New London Plan support a design-led approach and require local planning authorities to plan safe, accessible, inclusive environments and buildings. The council is doing so by adopting all the specific standards recommended by national policy and the New London Plan:

- Accessibility standards (clause B): Westminster has an ageing population and adopting the accessibility standards will ensure all new-build homes are adaptable or adapted so new homes are future-proofed for a population that is living longer and develop changing accessibility needs. They will also support a diverse population and inclusive city in line with Objective 1 of the City Plan.
- NDSS (clause C): The NDSS will ensure that in a place like Westminster with high demand for housing and other competing land uses, all new homes are of a minimum quality and have adequate-size rooms. This will also contribute to the prevention of overcrowding.
- Amenity space standards (clause D): The standards are minimum standards. Its adoption will ensure that all new homes have, if practicable and appropriate, outdoor amenity space with the health benefits that brings.

51.3 As explained in the response to question 49, the policy standards have been tested at the examination of the adopted London Plan (CORE_021) and/or New London Plan. The Panel of Inspector's report on the New London Plan explains how all these standards were either in the adopted London Plan (CORE_021) or the Housing SPG and had therefore been assessed in the past and considered to be appropriate, evidence-based and effective (see paragraphs 263 and 270).

¹⁴ www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/inspectors-report

¹⁵ Modification M/H/23 includes proposed modification M/H/23 to the reasoned justification to Policy 13 as set out in the Revised Schedule of Modifications, CORE_025_V2.

51.4 When read alongside other policies in the New London Plan and the City Plan, Policy 13 (including modification M/H/23 set out in the response to question 50) will be effective and will ensure good housing design and quality that meet Westminster's needs.

51.5 As set out in the Statement of Common Ground with the Mayor of London (SCG_007_V2), the Mayor has not raised any issues of general conformity.

Question 52. Are the proposed modifications necessary for soundness? Are any other modifications necessary?

52.1 Yes, as set out in the Revised Schedule of Modifications (CORE_025_V3), two modifications proposed to Policy 13 are necessary for soundness: M/H/22 and M/H/23 will ensure Policy 13 is effective.

52.2 M/H/22 clarifies that only the general principles set out in clause A apply to all new homes as all the requirements in Policy 13 cannot apply to "all new homes, residential extensions, when flats are being merged, or when a change of use results in new homes" as initially drafted (see City Plan paragraph 13.4) . When the specific standards referenced in clauses B, C or D apply is explained in the policy or its reasoned justification (including modifications as set out in the Revised Schedule of Modifications (CORE_025_V3)).

52.3 In response to objections received at Regulation 19 stage about heritage assets, modification M/H/23 clarifies that the NDSS should be applied to only new self-contained homes (i.e. not conversions) given the high proportion of historic buildings that make up Westminster's built environment and the difficulties of meeting these standards within listed buildings while balancing conservation. However, it also recognises that the council will expect them to always be met if possible, including if the proposal involves a heritage asset.

52.4 In addition, the council also now proposes a further modification to Policy 13 that it considers is necessary for soundness (see amendments to modification M/H/23 as set out in response to question 50 above). The revised modification M/H/23 ensures Policy 13 is effective by explaining how the standards will be applied in Westminster in line with the New London Plan.