

*Build to Rent*

M29. Would Policy H13 provide a justified and effective approach to build to rent housing to meet housing need? In particular:

Interested parties seem to have gone to great lengths to persuade the GLA that BtR has 'distinctive economics' from familiar build-to-sell, and on that basis they have secured a rather complex set of privileges in the draft Plan. The assertion is that BtR produces lower immediate profits than outright sale and this merits a more favourable policy regime (especially on affordable housing requirements). However it is also asserted that market-sector BtR will lead to faster build-out, which should surely work the other way, increasing profitability. The Mayor should have explored – and should now explore – the much simpler alternative of applying the same obligations regime to all private development, irrespective of the developer's intention to rent, sell or do both. The same affordable/social housing requirements would thus apply in all cases and a lot of monitoring and long-term enforcement problems avoided.

We are also concerned about the long-term ownership of these developments. The Mayor is clearly keen to line up 'patient' investors and 'good' landlords. But these buildings can and will change hands and could well appeal to private equity and 'vulture' funds which later try to milk the developments aggressively at the expense of tenants. Stronger safeguards are required to protect future Londoners and the provision for clawback only protects public funds.

- . a) Would the criteria to define build for rent set out in Policy H13B be justified and would they be effective in supporting delivery?

The policy states that Discounted Market Rent /London Living Rent tenancies will be all or part of the 'affordable' housing and that this should be secured in perpetuity. This appears to contradict (i) the 15-year covenant envisaged and (ii) the feature of LLR that it is seen as a temporary tenure for those expecting (and expected) to move to part-rent-part-buy. The wording needs changing to ensure that the affordable units cannot cease to be affordable either when the 15 year covenant ends or when a tenant switches to part-buy, either in situ or by moving.

***“H13 B 7) the scheme offers rent certainty for the period of the tenancy, the basis of which should be made clear to the tenant before a tenancy agreement is signed, including any annual increases which should always be formula-linked.”***  
**Add at the end: “...and never exceeding CPI.”**

We consider this essential since a 'formula' could say anything. (We have in mind the formula –now exposed and discredited– in some residential leaseholds whereby ground rents were set to double every ten years.)

**H13 C** dealing with the Fast Track / Threshold approach would need to be amended in conformity with our suggested revisions to H6.

We are wholly opposed to public funds being used to support this type of housing, except for the social rent element in the affordable component of schemes.

- . b) Would the approach to affordable housing requirements be justified and effective? Would it be effective in meeting local needs? Would the approach to discounted market rent homes be effective? Should the discount level be defined locally to take account of local circumstances?

Part A says that all units may be DMR (Discounted Market Rents), preferably London Living Rents. These rent levels are, however, NOT affordable to most of those in need in most parts of London and the policy must be amended to require a proportion of low-rent tenancies (as for other schemes) at LAR or Target rent levels. "preferably" is a very weak term to use in a policy which should instead say "...no higher than London Living Rents."

- . c) Are there specific design requirements of this type of housing and would the policy be effective in delivering them?
- . d) Overall, would it meet the objective of Policy GG4 to delivering the homes Londoners need?

No. We strongly support the careful and detailed analysis and proposals on BtR made by the Elephant Amenity Network - 35percent Campaign (3176) in their submission in March 2018