

CHANGES TO THE PLANNING SYSTEM: VIEWS OF THE KENSINGTON SOCIETY

I am writing on behalf of the Kensington Society, the civic society that covers the former Royal Borough of Kensington and makes up two-thirds of the Royal Borough of Kensington and Chelsea. We were founded in 1953 and our membership of 700 includes 31 residents' associations and amenity societies. We have a long history of active engagement, including successive development plans since the 1970s, supplementary planning documents, conservation area appraisals, as well as with major planning applications and appeals. We have also responded to Government proposals, especially those associated with extending permitted development rights.

The Planning for the Future White Paper claims that planning changes will "lay the foundations for a brighter future". We strongly disagree. It is, in fact, impossible to achieve the "housing requirement" number, especially in Kensington and Chelsea, but also in many other boroughs in London. Indeed, the document only mentions London three times, and two are the address for the consultation. Nowhere in the document is there detailed information on how these massive increases are going to be achieved in London.

There is the additional aspect that the world has changed considerably and most recently this year. Businesses found savings through not having large offices without the loss of efficiency. Staff have found that working from home is both doable as well as time saving. The Government must consider the reason large cities such as London exist. London, Manchester, Birmingham, Glasgow, and other larger cities have grown because people needed to go to work. If as it appears you do not "need" to be in the office and can work from home, home can be miles away and even affordable.

There is no justification for the massive increase other than voodoo mathematics. It is our position that this paper is flawed in many ways. The numbers are not only unachievable and unrealistic, the "need" is not there. It will not promote economic growth in London, will without a doubt damage Kensington and Chelsea, and will not provide the housing at the proposed, promised affordable price.

Our Response

The Society is responding to the current consultation on changes to the planning system and is particularly concerned that:

- **the proposals in this document (and the White Paper: Planning for the Future) are largely inappropriate to London**, particularly Central/Inner London, but especially Kensington and Chelsea – this applies to the "housing requirement" figures and First Homes.
- **the algorithm designed to distribute the national "housing requirement" of 300,000pa for the next 4-10 years, is fundamentally flawed** when it comes to allocating growth to areas with high house prices where there is a shortage of sites such as in many parts of London, but especially Central/Inner London boroughs such

as Kensington and Chelsea. Top-down imposition of housing numbers represents a major policy U-turn and has no logical reasoning.

- **we strongly prefer current housing targets process jointly agreed between the Council and the GLA** which closely reflect local capacity with London's "objectively-assessed need" redistributed to boroughs which have the capacity.
- **we are strongly opposed to the quantity of the "housing requirement" that is produced by the housing requirement algorithm.** Kensington and Chelsea is the second densest borough in the country. Other London borough have similar density.
- **we strongly support the current system of reconciling "need" and capacity and setting housing targets through the London Plan:** We consider that a system based on "objectively-assessed need", as in the Strategic Housing Market Assessment, with housing targets agreed after assessing capacity through the Strategic Housing Land Availability Assessment, is the best approach to accommodating growth. Through the London Plan any shortfall due to capacity constraints is reallocated to boroughs with the capacity to take the proposed level of growth. We consider that this should continue to be the most appropriate approach, considering the existing built density, and the shortage of sites for London as a whole and for Kensington and Chelsea in particular.
- **The proposed methodology does not yet take into account the particular context:** Kensington and Chelsea was fully built-up before 1900. Redevelopment of poor housing to provide social housing happened in the 1970s. Over 70% of Kensington and Chelsea is covered by conservation areas. There are few opportunities for large-scale, or even medium-scale redevelopment sufficient to deliver the proposed "housing requirement" of 3,285 units a year.

Most of our response relates to the New Method and we would like the next section below recorded as a preface to our answers to Questions 1 to 7.

Kensington and Chelsea: Targets and site availability

The London Plan has given Kensington and Chelsea housing targets expressed as net additional housing completions, as 733pa in the 2011/2016 plans. Following the Grenfell tragedy and estate renewal being placed on hold in 2017, the target was reduced after agreement with the GLA to 488pa in the new Local Plan (2019). This was confirmed in the draft London Plan, but following the EiP Panel report. This has been reduced further to 448 net additional units per year.

Kensington and Chelsea has been fully developed for more than a century. It has:

- one of the very highest built densities of development in the country,
- the third lowest area of open space in London after the City and Islington,
- 75% of its area is covered by conservation areas,
- one of the largest number of Listed Buildings and,
- most importantly, few major sites available for redevelopment.

In a high-density area like Kensington and Chelsea, any redevelopment that would significantly increase housing delivery would require wholesale redevelopment of high-value private properties in conservation areas. This would need the kind of powers used for post-war slum clearance. This would be totally impracticable and publicly unacceptable. The proposal is impractical, would require massive clearance of properties in private ownership. It would be setting a basis which is unachievable.

Although a few large sites have come forward over the last 15 years, as the speed of delivery is in the hands of developer, few of these have been completed, and what has been built has not optimised the use of the site, nor produced enough affordable housing. Often these sites have been brought forward through SPDs, such as:

- the Warwick Road sites (SPD 2008 – still not complete);
- Earl's Court's Opportunity Area SPD 2008 with planning permission in 2013, which is now being totally reconsidered by a new developer; and
- Kensal Opportunity, with a target of 3,000 homes

Other major developments have come forward through appeals, such as:

- Lots Road Power Station (2006, but will not be completed before 2023);
- Odeon (on appeal) has begun but not completed; and
- Newcombe House (recently approved by the Secretary of State), has not yet started.

In 2020, sites totalling 815 units (gross) have received planning consent, including 292 affordable housing units.

To put these numbers into perspective, a “housing requirement” of 3,285pa would mean delivering the equivalent of the Kensal Opportunity Area every year. Kensal will take at least ten years to deliver the proposed 3,000 homes. There are no other big sites like Kensal.

Achieving further major sites beyond the long-standing consents, often more than 10 years old, and recent consents, given the rate of delivery means that producing more than 500 net additional units a year over the next ten years, without any controls on delivery, has no certainty of projects being implemented.

The “housing requirement” figure for Kensington and Chelsea

The algorithm that has been developed to deliver the Government's manifesto target of 300,000pa for the next 4 years, with the possibility to be extended to ten years, would apportion this target directly imposed on to local planning authorities. The implications, according Lichfields' Report seem to be:

- Greater London would need to provide 93,500 housing units per year; and
- each London borough would have its own “housing requirement” figure set by Government through an algorithm which directs large increases in housing to areas of high property values.

The thinking behind the allocations appears to be that if more housing is directed to areas with high property values, this would reduce the cost of housing in those areas, so enabling more housing to be affordable.

The situation in Kensington and Chelsea, perhaps the most extreme case in the country, demonstrates that this assumption is a major flaw in the algorithm. It targets areas of high land values, mostly within private Kensington and Chelsea has over 70% of its area in conservation areas, which would constrain wholesale demolition. ownership. In the case of Inner/Central London, the sites do not exist of the required scale. The idea that large quantities of land could be found which could provide a sizeable amount of net additional units, thus reducing house prices, is a simplistic assumption. It has no basis of fact and is unrelated to the real world, especially in the constrained circumstances of Inner London.

There is not only a lack of sites. The development industry has targeted the top end of the housing market, large luxury units. The result is that the development of these sites has been sub-optimised by building large luxury units and developments have proceeded slowly with very little affordable housing. High land values plus valuable planning consents means that development/housing delivery has proceeded slowly.

The current proposal for “housing requirements” for each London borough to meet a London-wide total of 93,500 net additional housing units per year, according to Lichfields’ calculations, produces a figure of 3,285 units per year, more than seven times Kensington and Chelsea’s proposed London Plan housing target of 448 net additional units per year. It is obvious that this is a totally impossible figure to meet, even with wholesale redevelopment of large areas of the borough. These figures for Kensington and Chelsea, Westminster and many other boroughs, discredit not only the algorithm but the fundamental lack of understanding of housing markets that underly it.

We strongly support the current arrangements whereby the “objectively-assessed need”, as established through the Strategic Housing Market Assessment. It is reconciled with London’s capacity, through the Strategic Housing Land Availability Assessment, and is then redistributed by the GLA based on the capacity of the boroughs as borough-level housing targets.

We are **strongly opposed** to the current proposals, both in terms of the overall “housing requirement” figure for London (93,500 per year) and, in particular, the figure that would be assigned to Kensington and Chelsea. It would be impossible to meet. We are in effect questioning the content of the algorithm not just the outputs.

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is *whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?*

This assumes that the methodology adopted in the algorithm will produce results that relate to the needs and capacity of each London borough and Greater London as a whole. Based on the likely output for Kensington and Chelsea and neighbouring boroughs, we consider

that minor adjustments to the inputs will not rectify matters. The methodology, at the very least for London, is fundamentally flawed by the assumptions chosen. It needs to be reviewed – both the 93,500pa for London and the 3,285pa for Kensington and Chelsea, especially if no one else is going to take up the excess.

Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.

No – the “housing requirement” needs to be directly related to the “objectively-assessed need” mitigated by the capacity to provide this level of growth, with any “excess” to be redistributed within London through the London Plan.

Kensington & Chelsea cannot realise these numbers, but in any case, there is no mechanism in place that could force the developer to implement their planning permission.

Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method’s baseline is appropriate? If not, please explain why.

No – we fundamentally disagree with the methodology, underlying assumptions and the algorithm chosen, which is based on an unproven assumption that building more housing in areas of high housing prices will reduce house prices or rents. If nothing else, this does not reflect the real-world experience that we rely on developers to deliver housing of a type, price point and quantity of their choosing.

In Kensington and Chelsea, the sheer physical density, the lack of sites, the high land values and the policy constraints on redevelopment. The result is that developers focus on the top end of the market, producing fewer, larger and more expensive units, failing to optimise the use of these sites and fail to deliver affordable housing.

It is not clear, when the model is so flawed when applied to London, that minor adjustments to model will produce a better outcome for housing delivery in London or, in particular, in Kensington and Chelsea. The model needs to be delivery based and adjusted to what can be delivered.

In terms of affordability, almost anything built in Kensington and Chelsea will be “unaffordable”. Most attempts to encourage home-ownership could only benefit households with household incomes of £90,000 or more or homes costing up to £500,000. There are no longer any units in that price range in this borough.

More affordable housing in London is only likely to materialise by focusing support on building more affordable housing. The present initiatives do not produce more affordable housing, but just bid up the price of housing.

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

In London, but particularly in Kensington and Chelsea, affordability is not going to change much in the next ten years. The quantity and type of market housing will not influence the affordability, and, in any case, there is no evidence that trickle down works in the London housing market.

Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.

See answer to Q4 – it is not useful in much of London

Transition:

Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:

Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?

Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?

If not, please explain why. Are there particular circumstances which need to be catered for?

We consider that the New Method is inappropriate for most London boroughs, but particularly in Kensington and Chelsea, so Q6 and Q7 could be academic. Even an approach built on forecast household growth is only a starting point as we consider that there will need to be redistribution toward boroughs that have the capacity.

Delivering First Homes

Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):

- i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.**
- ii) Negotiation between a local authority and developer.**
- iii) Other (please specify)**

Starter Homes were a non-starter in Kensington and Chelsea. Insisting that 25% of both onsite and off-site affordable housing be reserved for First Homes may result in the reduction of the total number of affordable housing units. Prioritising affordable home ownership tenures may work elsewhere but it is unlikely to work in such high-value market.

With regards to current exemptions from delivery of affordable home ownership products:

Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to this First Homes requirement?

No – in Kensington and Chelsea the overwhelming need is for genuinely affordable housing.

Dear Sir/Madam

Further to the answer to Question 4, I wish to add:

“All market housing developments in Kensington and Chelsea have focused on the upper end of the private housing market and these have been bought by high-income/wealthy buyers, and there is no evidence that these have improved affordability, rather the evidence is to the contrary. The simplistic economic theory underlying the driver of the algorithm that more houses will improve affordability do not work in the Central/Inner London housing market, yet the blind application of this theory does not work in the very places that have been targeted by the “housing requirement” calculations. It is not just that one-size fits all is an inappropriate approach, but also demonstrates a fundamental lack of understanding of the London Prime housing market. There is a desperate need for an urgent reality check.”

Please could you confirm receipt of this additional submission.

From: Michael Bach <michaelbach@madasafish.com>

Date: Thursday, 1 October 2020 at 13:58

To: TechnicalPlanningConsultation <TechnicalPlanningConsultation@communities.gov.uk>

Subject: Changes to the Current Planning System: Response of the Kensington Society

Dear Sir/Madam,

I attach the comments of the Kensington Society on the MHCLG Consultation “Changes to the Planning System. I will try to use the online facility, but this only allows answers to the questions, but not to provide a full response. I will attempt to complete the online form, but this is the version that we would want to have considered.

Michael Bach

Chairman: Planning Committee