

## **Interim Statement of our new approach to Housing Delivery: Application of Adopted City Plan<sup>1</sup> Policies**

Westminster needs more homes. Over recent years we have not delivered housing in pace with our population growth; this growth is on track to continue and we will need more homes to house these new residents, while also making up the backlog.

There is a particular need for more affordable housing in Westminster. There are continuing pressures to help those in acute housing need; with 4,800 households on our social housing list. But our housing needs range far wider than this; homes here are increasingly beyond the reach of even those on above average incomes. Our intermediate housing sector is currently far too small, representing about 1.5% of our building stock compared to just over 25% for social rent and 30% owner occupation. We want to provide more homes for those that support the central London economy and for those who want to stay in the city and raise families – contributing to their local neighbourhoods and communities.

We are well underway in the drafting of a new Westminster City Plan which will set out a strong ambition for more housing growth in the city – both market and affordable. While changing our Plan will take time, there are things we can do in the meantime to start rolling out this new approach. This interim statement explains how, from 13<sup>th</sup> June 2017, we will be implementing a new approach based on existing adopted City Plan policy to deal with applications seeking to deliver housing. Our new approach is based on the central presumption that developments should meet the full viable affordable housing requirements set in the City Plan.

### **Affordable Housing Cascade**

- Aim: To see more actual delivery of affordable homes, rather than payments in lieu.
- Adopted Policy: S16
- We will emphasise more strongly the importance of on-site and, where justified, off-site delivery in the application of the priorities for affordable housing delivery.
- We will expect developers to fully evidence their justification for moving each step down the cascade from on-site delivery.
- Payment in lieu will be a last resort; just as the policy says.
- Changes to future policy: we intend to strengthen the policy cascade in Policy S16 to make our priority for actual delivery absolutely clear and to set the standard of evidence required to move through the list of priorities.

### **Use of Section 106 Funds**

- Aim: To be clear that affordable housing will be the strategic priority for the use of section 106 contributions from residential developments and the residential elements of mixed use schemes.
- Adopted Policies: S16, S33
- Offsetting contributions for purposes like public realm improvements or social and community contributions will only be considered acceptable in the most exceptional cases.
- Changes to future policy: We will apply this principle as a matter of practice and will enshrine it in policy and guidance in revising the City Plan.
- Changes to future policy: The Council will be more transparent about how affordable housing funds are used.

---

<sup>1</sup> Revision to Westminster's City Plan, November 2016

## Viability Assessments

- Aim: We want to be clear that our starting point is that to be acceptable to the council, developments should make provision for policy-compliant levels of affordable housing provision.
- Adopted Policy: S16
- There will be a presumption that developments will meet the full viable affordable housing requirements. Where a developer questions this and submits viability evidence to justify providing less we will commission our own independent advice and we will expect the delivery of the quantity of affordable housing suggested by the *Council's* consultants as being viable.
- Changes to future policy: The expectations on viability reports will be made clearer in policy S16.

## Cost of land

- Aim: We will be more rigorous in applying the principle that, if developers willingly pay too much in acquiring a site, we will not allow a reduction in the policy compliant affordable housing contribution to be reduced.
- Adopted Policy: S16
- All parties concerned should be fully aware of the levels of affordable housing required by Westminster's adopted planning policy when land transactions are negotiated and agreed. Going forward we expect that decisions about the amounts paid will take this into account. Equally, landowners need to reset their expectations about the price they will receive.
- If developers decide to take the risk of bidding for land on the basis of delivering *less* affordable housing than our policy requires and using viability as a way of negotiating the requirement down, they should not be surprised if they are unsuccessful.
- Changes to future policy: The City Plan will make it clear that developers have a duty to think about viability in this context from the start and should price this in when deciding how much to pay for land.
- We recognise that there will be applications in the pipeline based on transactions concluded before this statement and will exercise an appropriate level of flexibility for an interim period of three months from the date of this statement.

## Post-permission viability reviews

- Aim: To secure more appropriate levels of affordable housing from schemes where the market changes *after* permission is granted in ways that weren't anticipated and which result in the delivery of more affordable housing becoming viable for that scheme.
- Adopted Policies: S16, London Plan policy 3.12 (B)
- Large and phased schemes will be subject to post-permission viability review mechanisms to see whether changes in the market after permission is granted, before implementation of the scheme, or individual phases within it, have improved the viability of the schemes and if they can support the delivery of more affordable homes.
- We have already made a start, reassessing all the major schemes currently in the planning system to see whether it is possible to agree more affordable housing.
- Changes to future policy: We will extend the principle to later stages in the development process through revision of the City Plan and we will look to adopt the approach to post-permission viability set out in the Mayor's Draft Affordable Housing and Viability SPG when published.

### **Affordable Housing Credits**

- Aim: To ensure that planning policies for the delivery of affordable housing do not become over complicated.
- Adopted Policy: S16
- Having consulted on introducing an 'affordable housing credits' system we are not convinced that the suggested benefits of delivering more affordable housing, faster would be realised - at least to the extent sufficient to justify the additional complexity involved and the risk that credits become an end in themselves. We have, therefore, decided not to pursue this policy approach going forward.
- We will not accept residential schemes which have already been permitted to be treated as a "credit" against the affordable housing requirement for future schemes.
- Credits used to satisfy the mixed use policy which we have accepted must result in additional housing above what is already in the pipeline.
- Changes to future policy: Affordable housing delivered by the council or using public subsidy may be a material consideration to meet the affordable housing requirements when future housing proposals are submitted by the same developer..

### **Unallocated Residential Parking**

- Parking – unallocated parking spaces will no longer be required – residential developments which are expected to deliver parking spaces should provide allocated parking spaces for the occupants of that development.

### **Westminster City Plan review**

We have started a fast-track revision of the Westminster City Plan, which will provide a single, comprehensive statement of planning policy and our 'Regulation 18' consultation on the new plan will begin shortly. In advance of that and aside from the new approach and proposed changes to policies stated above we will be reviewing the following areas:

- Mixed use policy – the flexibilities introduced by the mixed use revision to the City Plan will be tightened up to result in the delivery of more housing. The mixed use credits policy will also be deleted.
- Supporting delivery of more intermediate housing to enable us to meet a wider range of housing need by changing the strategic targets for delivery of affordable housing to 60% intermediate and 40% social rented.
- The methodology for calculating the payment in lieu figure – will be reviewed to ensure the sum more accurately reflects the true cost of delivering affordable housing in Westminster now and to align approaches based on differences in land values with those taken in setting Westminster's Community Infrastructure Levy – based on most recent evidence of differences in viability essentials across the City.
- Policies to restrict "super-sized" homes that do not make the most efficient use of scarce sites.
- Reconsidering our approach to the Government's vacant building credit for calculation of affordable housing requirements from developments.
- Private rented sector – more support for this tenure.
- Sensitively maximising land use and ensuring we make the most efficient use of land – this may include allowed higher buildings in some locations where appropriate.
- Working across the public sector to ensure we make the best use of our land assets.

Finally, we are open to new, innovative ideas to deliver more affordable housing and we would urge landowners, developers and their agents to engage with the council and to put forward ideas to deliver more genuinely affordable housing. We will champion those ideas and proposals when

lobbying the Mayor and Government. We also welcome information from developers about delivery bottlenecks and what we as a council can do to address them. We invite all developers and registered providers who operate within Westminster to work with us as part of a housing delivery task force to discuss policy, innovation and delivery issues.

**Councillor Nickie Aiken**  
**Leader of Westminster City Council**

**Councillor Daniel Astaire**  
**Cabinet Member for Planning and  
Public Realm**

**13<sup>th</sup> June 2017**