

City Management Plan workshop briefing notes

Affordable Housing

What are the issues?

Westminster is one of the most expensive places in the country in which to rent or purchase a home. There is, therefore, a high demand for housing at below market prices. In addition, Westminster's supply of social rented housing experiences very high demand – there is typically a waiting list of around 5,500 'households in priority need' for social housing. The Westminster Housing Strategy Priority 1 is to 'Increase the supply of new homes'. It is particularly focused on providing new social housing units to house homeless and overcrowded households, and new intermediate homes to house local people who cannot afford market housing.

The London Plan sets out a 70:30 split between social and intermediate housing, and the Mayor has indicated that he would like to see the proportion of intermediate housing increased. In Westminster, intermediate housing not only provides homes for working people unable to afford market housing; it could also be a valuable resource in balancing and regenerating neighbourhoods which have high levels of deprivation. However, intermediate housing presents problems in Westminster as high land values mean that provision is focused on one bed units for those on high intermediate income bands.

DTZ are producing an affordable housing viability report for the City Council which will test the viability of different affordable housing policy requirements to be applied in different circumstances and locations, taking into account alternative and existing

use values. It will also provide a new methodology for computing payments in lieu of affordable housing. This will be available at the meeting and if finalised before the workshop will be put on the council website.

What have you told us?

- All communities should have a mix of housing and tenures
- Affordable housing requirements should be calculated using floorspace
- Affordable housing requirements should be calculated using units, rather than floorspace or habitable rooms
- The affordable requirement in CAZ should remain at 30% of units
- The full affordable housing requirement should apply at 10 units
- The 'staircasing' approach in the UDP should be retained
- Affordable housing should not be sought in St James (public realm improvements should have priority in this area)
- There should be no further increases in the number of social housing units in the Church Street ward unless a development provides a major contribution to the regeneration of the neighbourhood.
- Policy should include reference to overall scheme viability



City of Westminster

PLANNING & CITY DEVELOPMENT

6pm to 9 pm, 9th July 2009

17th floor City Hall - Committee Rooms 3 & 4



- There should be more affordable housing in South Westminster
- There should be more provision for key workers and working families
- Tenure mix for affordable housing should be 50% social:50% intermediate
- Support 70:30 social: intermediate split provided intermediate provision is widened from key worker
- Would be keen for increased intermediate housing if it was truly affordable, and remains intermediate in the future (i.e. cannot be sold for a huge profit, or reverts to the council on sale)
- Should be no increase in proportion of Intermediate housing until products are made affordable in Westminster
- More social housing needed
- Like to discuss affordability criteria and housing grant
- Financial contributions should be sought in schemes below the threshold
- An affordable housing credit system would provide better affordable housing solutions (the issue of residential land use credits will be discussed at the Commercial Activities Workshop)
- There would be an increase in social housing in areas where there is already social housing

Current Unitary Development Plan Policy 2007

UDP policy H 4 protects affordable housing and seeks varying amounts of affordable housing in individual market-led schemes, depending upon location, existing use value, and the size of the scheme. A maximum of 30% is required in the Central Area and Paddington, and up to 50% of units outside this area, though in schemes with high existing use values the 50% proportion is only reached in schemes over 80 units. It uses a unit based calculation. Intermediate housing is not normally sought in schemes with less than 10 affordable units, and in schemes of 10 or more affordable units 17% are to be intermediate, and these should be for key workers (police, teachers, and NHS staff).

Payments in Lieu of affordable housing are based on Total Cost Indicator figures formerly published by the Housing Corporation, and are 33% higher in the 'high value areas' of Knightsbridge and Belgravia, and Mayfair and St James's.

Core Strategy Publication Draft 2009 (Subject to agreement)

CS 10 protects affordable housing floorspace and expects developments of either 10 or more additional units or over 1000 sq m additional floorspace to provide a proportion of the floorspace as affordable housing.

CS 10 states that affordable housing will need to be provided on-site unless this is not practical or viable, in which case it should be provided on a site in the vicinity. Off-site provision beyond the vicinity of the development will only be acceptable where the council considers that the affordable housing provision is greater and of a higher quality, and where it would not add to an existing localised concentration of social housing. In exceptional circumstances, or when it is not feasible for Registered Social Landlords to manage the units due to their small number, financial contributions to the Affordable Housing Fund in lieu of affordable housing will be considered.

The policies in full and reasons for them can be viewed at:
www.westminster.gov.uk/ldf/corestrategy.cfm

What should we do?

You may comment in writing on any housing issue that is not covered in the Core Strategy and the list of UDP housing policies above will provide a guide to the type of issues that will need to be addressed in the CMP. The discussions at the workshop will address the following matters:

1. The proportion of floorspace required for affordable housing in individual schemes

The percentage requirements will be informed by the DTZ viability study and need to be the maximum reasonable amount which takes into account viability, and the need to encourage rather than restrain housing development.

2. The approach to smaller schemes

Evidence suggests that Westminster's 'staircasing' approach for smaller schemes has worked well in encouraging those housing schemes which are only just above the threshold to come forward. Currently, the staircasing applies to schemes between 10 and 24 additional units. If a staircasing approach is to be retained, a floorspace staircasing such as 1000 – 2500 sq m gross external floorspace, would need to be introduced.

3. The approach to central parts of the city where commercial development is a viable alternative to residential development

All sites in the CAZ, CAZ frontages, and Paddington SPA have a very high existing use value, all can be profitably left as is, and the majority of sites can be redeveloped for commercial use. UDP policy therefore requires a maximum of 30% affordable homes in these central areas, so as not to discourage housing developments. If this approach were to be continued in the LDF, an appropriate floorspace proportion would need to be applied to Core CAZ, named frontages in CAZ, and the Paddington Opportunity Area. The viability study will be paramount in setting this proportion.

4. New methodology for Payments in Lieu

The Council is keen that the LDF has a Westminster tailored, robust and fair approach to calculating payments in lieu of affordable housing, which reflect a true cost of providing housing land in different locations in the city; whilst not providing a more favourable option for developers than on-site provision. A new methodology has been proposed by DTZ.

5. Social / Intermediate split

Londonwide a balance of 70:30 Social/Intermediate housing is prescribed in the London Plan and the Mayor has indicated that he would like to raise this to a 60:40 split. Criteria need to be drawn up as to how this proportion will be applied to different sites, including small schemes where UDP approach is to request only social housing where there are less than 10 affordable units being provided. Our policy must take into account local need and the objective of achieving mixed and balanced communities, for example this might mean limiting numbers of new social housing units in areas which already have high proportions of social housing.

6. Ensuring Intermediate Housing is affordable to a range of eligible households

It is important that we provide intermediate homes for a range of working people with a connection to Westminster. Currently, the high cost of land means

that we generally cater for those on the higher income levels (£40,000 - £60,000 pa. household income) but not those on lower incomes. The council is keen to offer intermediate homes to all eligible households.

7. Addressing high service charges and car parking costs

The Mayor's Housing SPG states that service charges should not be so great as to make a tenancy unaffordable for a household with an income of less than £18,100 on the basis of rents and service charges not exceeding 30% of net household income. Market housing in Westminster is generally built to very high specifications, but this can cause problems in terms of high service and car parking charges being passed on to RSLs, effectively making the affordable housing 'unaffordable'.

The Housing Workshop will cover the above topics related to affordable housing after issues related to housing provision more generally, the background to which can be found in the Housing Provision briefing note.

Further Information

The London Plan – Consolidated with Alterations Since 2004 (February 2008)

Adopted Unitary Development Plan (Jan 2007)

Core Strategy Publication Draft (February 2009)

Affordable Housing Viability Study 2009 (due for completion late June 2009)

Housing Needs Study

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The agenda for the Housing workshop is as follows:

Welcome and introduction

Cllr Roe – Cabinet Member for Housing

1. Efficient use of housing land

1a. How should we optimise the number of new dwellings in residential schemes without compromising design and amenity, and open space and other community needs?

1b. Should 850hr/ha remain the upper density limit in Westminster or could the upper limit of 1100 hr/ha in the London Plan be applied to the Paddington Opportunity Area?

1c. Given the market trend for very large homes with large room sizes and ancillary space, should we calculate density by using dwellings per hectare rather than habitable rooms?

1d. The Core Strategy protects the number of residential units in schemes. Is it acceptable to lose one (or more) residential unit in the case of a house de-conversion or redevelopment of sub-standard residential units?

1e. Where a de-conversion is allowed in the market sector, should there be the possibility to request a payment to the Council's Affordable Housing Fund per each unit lost?

15 mins

2. Unit size mix

2a. The SHMA will set out the dwelling sizes re. bedrooms and bed spaces, required for market and affordable housing, which will then be translated into policy. Should we use different sizes for affordable housing and market housing, or should the sizes be tenure neutral?

2b. Should we allow intermediate housing providers to provide solely studio and one bedroom intermediate homes for outright sale to those eligible for intermediate housing on small sites?

10 mins

3. Accommodating families

3a. Do you consider it important to safeguard existing houses in the market sector from conversion to smaller units in parts of Westminster considered to be particularly suitable for families,?

3b. Do you think that in the Westminster context 'family homes' should include 2 bedroom 4 person dwellings?

3c. Should we be asking for family sized homes in new developments in busy central areas?

15 mins

4. Residential Amenity

4a. How should we balance protecting residential amenity with the need for growth?

4b. How can we ensure that new housing developments are attractive places where people want to live?

10 mins

5. HMOs and Hostels

Are there any exceptional circumstances that would justify the loss and change of use of HMOs and hostels to other forms of residential accommodation?

5 mins

6. Student Housing:

6a. How can we ensure that student housing is of high quality and meets the needs of students studying in Westminster; rather than being a market response to the stalling in the housing market, and a means of bypassing affordable housing requirements?

6b. Should normal policy requirements such as affordable housing, housing mix and parking be required in student housing schemes?

10 mins

BREAK – 15 mins

7. Affordable Housing

7a. Should the proportions of affordable housing required take into account existing use value as is the case in current UDP policy? 10 mins

7b. Do you support the continued use of 'staircasing' the affordable housing requirement for smaller schemes (say between 10 and 24 units or 1000 – 2500 sq m gross external floorspace)? 10 mins

7c. Should a lower proportion of affordable housing be required inside Core CAZ, named CAZ streets, and Paddington Opportunity Area, as is the case in current UDP policy, to reflect the fact that most sites in these locations can be developed for commercial use? 10 mins

7d. Do you think the Social/Intermediate split should be applied flexibly to individual schemes within an overall aim of achieving a 60:40 ratio citywide (or 70:30 as set out in the London Plan)? 10 mins

7e. If we were to adopt a flexible approach to individual schemes, what factors should be taken into consideration, for example should new social housing units be limited in areas which already have say more than 50% of households living in social housing? 10 mins

7f. How can we ensure Intermediate Housing is affordable to a range of eligible households, not just those in the highest income range? 10 mins

7g. How can we ensure the affordability of service charges and car parking. 10 mins

7h. Do you support a land value area approach to payments in lieu? 5 mins

1 hour 15 mins

Other Issues

Any other issue that the chair agreed needed to be discussed at this workshop.

Are there issues that the Council should be aware of in its lobbying process?

10 mins



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