



**ANTHOLOGY
KENNINGTON STAGE**

Built from London

PROOF OF EVIDENCE of

Nick Ireland on Housing Mix Issues

October 2020





OCTOBER
2020

Proof of Evidence of Nick Ireland on Housing Mix Issues

Former Woodlands Nursing Home, 1 Dugard Way,
London. SE11 4TH

APP/N5660/W/20/3248960

October 2020

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Housing Mix Issues
FORMER WOODLANDS NURSING HOME, 1 DUGARD
WAY, LONDON. SE11 4TH

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1. SUMMARY

- 1.1 My name is Nick Ireland. I am a Chartered Town Planner and employed as a Director in the Strategic Planning Team at consultancy Icen Projects Limited. I specialise in providing advice to public and private sector clients on housing need and have been instructed by the Appellant to provide evidence on the need for different sizes of homes.

The Scope of My Evidence

- 1.2 The appeal scheme proposes the construction of two residential blocks providing 258 residential units, with 50% of the habitable rooms being affordable housing. The mix of units proposed in the scheme is set out below.

Table 1.1 Mix of Housing Proposed (Units)

	Studio	1 bed 2 person	2 bed 3 person	2 bed 4 person	3 bed 5 person	Total
Affordable Rented				15	9	24
Intermediate (London Shared Ownership)		66	23			89
Private (For Sale)	27	91	27			145
Total Units	27	157	50	15	9	258

- 1.3 The Council now agree that the Scheme provides the maximum reasonable amount of affordable housing and has thus withdrawn its 1st Reason for Refusal (RfR). The main parties agree that 2nd RfR related to the affordability of the shared ownership housing can be addressed through the inclusion of an income cap in the S106 Agreement (CD7/1 Para 7.3). My evidence thus focuses on the 3rd Reason for Refusal related to the size mix of units, in which the Council contend that the private residential market mix overprovides for smaller households with no family-sized accommodation; whilst the low cost rented element does not meet the full range of affordable housing need in the Borough as it does not include 1-bed units.

The Scheme's Important Contribution to Housing Delivery

- 1.4 The NPPF emphasises the need to significant boost housing supply, and it is clear that the greatest need to do so is in London where housing affordability pressures are the most significant, with the average home costing 12 times earnings, and there has been both a persistent and substantial under-delivery of housing relative to what is needed. The affordability position is even more severe

in Lambeth, which has a median house price-to-earnings ratio of 14.5, the deterioration of which over the last decade points to an acute supply/demand imbalance for market housing in the Borough.

- 1.5 Housing delivery across London is currently running at just half of the Capital's housing need, if assessed using the GLA's 2017 Strategic Housing Market Assessment, and just 36% of the area's overall housing need as assessed using the standard method. London's housing delivery performance has been described by the Secretary of State as "*deeply disappointing*" (CD1/20). There is a clear and urgent strategic need to increase housing delivery which can only be achieved by optimising the delivery of housing on suitable development sites and the granting of planning consents.
- 1.6 Lambeth's emerging Local Plan envisages not higher, but lower, housing delivery moving forwards, at a rate equivalent to the average nationally and across London in recent years. In both cases this is commonly recognised to have substantially under-delivered against housing need contributing to the deterioration in housing affordability. If affordability is to improve, higher housing delivery is needed.
- 1.7 The contribution which the scheme makes to addressing the overall need for housing – including for market housing to address affordability issues – is in my opinion a weighty benefit in favour of the development scheme.
- 1.8 It is also important to recognise that the scheme's contribution to affordable housing delivery is significant in absolute terms at 113 units. It is also significant in proportional terms, equating to 50% of the habitable rooms to be provided, a level which is significantly higher than the Council achieves on most development schemes. This strong contribution to affordable housing delivery is thus also a weighty benefit in favour of the scheme.

Low Cost Rented Housing Mix

- 1.9 The appeal scheme proposes delivery of 24 properties in Block A at London Affordable Rents which comprise 2 and 3-bed properties because this is what the Council indicated was required through pre-application discussions in order to meet the Borough's priority needs. It also accords with the priority afforded to affordable family housing in the London Plan.
- 1.10 My analysis shows that the intention behind Policy H4 in Lambeth's 2015 Local Plan was to prioritise delivery of 2- and 3-bed affordable properties in a context in which the total affordable housing is not likely to be met in full. The proposed revisions to Policy H4 in the Pre-Submission Revised Lambeth Local Plan prioritises the delivery of 2-bed rented affordable homes.

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- 1.11 This priority towards larger units is reflected the Council's own evidence base, which showed that households needing 1-bed properties had a lower priority need (and which I show in many cases could be met in the private rented sector); whereas larger households – made up mostly of families with children – had few other housing options. The Council's own Housing Strategy prioritises the delivery of larger family homes for rent. The scheme thus proposes a mix of rented affordable housing which focuses on those with more acute needs, whereas in my experience applicants tend to prefer delivery of smaller affordable units which are of a less expensive to deliver.
- 1.12 The more recent evidence – in both the 2017 London SHMA and 2017 Lambeth SHMA – assesses affordable housing needs; but in how this has been applied in RfR3, the Council has not adequately considered how supply of affordable housing should be prioritised to meet these needs, in a context in which the need is very unlikely to be met in full. My evidence suggests that at best 30% of the affordable housing need identified might be met. The reality of the structural imbalance between need and supply is that the needs of families should be prioritised in determining what mix of rented affordable housing should be delivered. This reflects a combination of factors:
- The lower priority to households requiring one-bed properties, and typically more acute needs of households who need larger properties, many of which are families with children;
 - The ability of Councils in many instances to more easily secure accommodation within the private rented sector for smaller households, set against the difficulties achieving this for larger households given the differences between rental cost and Local Housing Allowance levels (which influence what households can claim through Housing Benefit);
 - The impacts of the caps on Housing Benefit of £23,000 per annum for families, which restricts the ability of larger families in particular to access suitable housing in the Private Rented Sector;
 - The greater availability and turnover of 1-bed properties than other types, which means that households requiring this size of property will typically have to wait less long for a home.
- 1.13 If consideration is given to these factors the highest priority need for rented affordable accommodation is for 2-bed, followed by 3+ bed properties. This is clear from Table 30 in the Lambeth SHMA. Indeed the Council itself has also indicated to me, based on the latest evidence from its Housing Register, that the needs of higher priority applicants are mainly for 2-bed homes and larger and that this would be the Council's priority in terms of the size of properties required (see My Appendix A3). The development scheme directly responds to this. One-bed social rented units are also over-represented in Prince's Ward relative to wider benchmarks meaning that the lack of 1-bed units will not imbalance the mix of homes in the sector at a local level.
- 1.14 Furthermore, the delivery of 2- and 3-bed units provides the potential to support chains of lettings as the Council's SHMA itself suggests, as delivery of larger priorities allows the Council to accommodate
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overcrowded households, in turn releasing smaller properties such as 1-bed stock for other households. Given the extensive overcrowding in the social housing sector in the Borough, this is entirely realistic.

- 1.15 Taking account of these highly relevant considerations, I do not see the lack of one-bed rented affordable units within the scheme as causing harm. Indeed taking account of the accepted position on the scheme's viability and how this influences the affordable tenure mix, the focus of the rented affordable housing on 2- and 3-bed units I would regard as a benefit to be weighed in the planning balance.

Private Market Housing Mix

- 1.16 The Council contend that proposed development would provide a private market residential unit mix that disproportionately overprovides for studio and 1-bed units with no family-sized accommodation with 3+ bedrooms.
- 1.17 Whilst the policy framework is not specific on the mix of units required, the development plan seeks a balanced mix of units sizes including family-sized accommodation. I recognise that provision of family-sized accommodation is a strategic planning issue across London.
- 1.18 The Council's SHMA (CD1/18) is its principal evidence on need. Whilst this takes account of demographic dynamics, its assessment of the need for different sizes of homes is based essentially on this alone. There is no consideration of market dynamics, an understanding of what is selling, the significant level of under-occupancy in the market sector nor how the profile of demand varies across the Borough. These are major flaws of the Lambeth SHMA assessment.
- 1.19 My evidence shows that the site is in a highly accessible location in Central London where the emerging London Plan accepts that higher density schemes will be generally focused towards 1- and 2-bed units (and which is implicit within the 2016 London Plan's density policies). This is also the market reality of what sells; with the vibrant night-time economy and access to Central London attracting younger professionals, whilst the pool of households able to afford larger properties is more limited and larger family households typically seeking houses or maisonettes which have outdoor space and gardens, the importance of which has been heightened by the Covid-19 pandemic. The scheme responds to market demand, it does not over-provide for smaller households. Families seeking market housing will therefore tend to gravitate towards other parts of the Borough as the Council's Local Plan implicitly recognises and my socio-economic analysis shows. The lack of parking in the scheme would also detract from demand for larger units. This lower demand for 3 bed units is borne out in my analysis of sales rates for new-build flats.

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- 1.20 My evidence shows that as values per sq.ft for larger 3-bed units will be lower than for smaller units, as both my evidence and the Council's own Viability Review (CD5/7) indicate. It indicates that the value of 3-bed units being marketed at the current time is 29% lower per sq.ft than 1-bed units; with the analysis of units sold pointing to a price differential of up to 28%. The Council's Viability Review indicates that the appeal scheme as proposed offers an acceptable level of profit to incentive the developer to bring the scheme forward and to secure funding to do so. But an adjustment to the unit mix in favour of 3-bed units would reduce the Gross Development Value (GDV). Furthermore my analysis shows that shows that sales rates for 3-bed units are notably slower than for smaller units, as a function of weaker demand, and thus a shift in the size mix of market units could prolong the sales period increasing development finance costs. The evidence indicates that the combined effect of these two factors would be that an adjustment to the market housing mix would render the scheme unviable.
- 1.21 The Council's policy position seeks to deliver 3+ bed units to provide homes for larger families. Whilst I recognise limited harm is generated to mixed and balanced communities objectives by the lack of provision of larger units within the scheme, the harm is of a limited extent in particular given that the reality is that the nature of the development scheme, its location and the cost of units would likely mean that many larger units would be purchased by higher earnings singles/ couples or overseas investors – groups which have choice within the housing market - and would not contribute substantively to meeting the needs of larger families to which the Council's policies aspire.
- 1.22 Set against this there are clean benefits which will arise from the delivery of market housing in helping to address the trend in declining affordability, supporting turnover within a functioning housing market, and enabling labour mobility and workforce growth which will in turn support both Lambeth's and the wider London economy. The contribution which the scheme makes to addressing the need for market housing is therefore, in my opinion, a weighty benefit in favour of the development scheme.

2. INTRODUCTION

My Qualifications and Experience

- 2.1 My name is Nick Ireland. I am a Chartered Town Planner and employed as a Director in the Strategic Planning Team at consultancy Icen Projects Limited.
- 2.2 I hold a BA (Hons) degree in Geography from Durham University and a Masters in Town Planning (MTPI) from Manchester University. I have been a member of the Royal Town Planning Institute since 2005. I have 15 years' experience in planning, development and regeneration consultancy.
- 2.3 I joined Icen Projects in July 2018, having worked previously at GL Hearn in its Planning and Development Team (2008-18). Prior to this I was employed in the Planning, Development and Regeneration Team at GVA Grimley, in Manchester between 2003-06 and in London from 2006-08.
- 2.4 I particularly specialise in providing advice to public and private sector clients on housing need. This includes working with Councils across England to prepare housing needs studies and strategic housing market assessments which consider the overall need, what mix of homes are required and the housing needs of different groups within the population.
- 2.5 I have led the preparation of strategic housing market assessments and housing needs evidence for over 100 local authorities, near to a third of the total across England. This has included advising local authorities on affordable housing need and the need for different sizes of homes. My evidence has been tested at local plan examinations on many occasions and there are now over 50 local authorities who have adopted local plans which have been informed by it. I have directly supported 35 local authorities through the Examination process over the last 6 years. I have included details in **Appendix A1**.
- 2.6 I regularly provide expert witness evidence on housing needs issues, which has included advising on the need for different types of homes.
- 2.7 I have been instructed by the appellant, Anthology Kennington Stage Limited, to provide evidence at this inquiry on the need for different sizes of homes.
- 2.8 The evidence which I have prepared and provide for this Inquiry (APP/N5660/W/20/3248960) is true and has been prepared and is given in accordance with the guidance of the Royal Town Planning Institute and I confirm that the opinions expressed are my true and professional opinions.

The Development Scheme

- 2.9 This appeal relates to non-determination of a planning application made by Anthology Kennington Stage Limited ('the appellant') for:

"Redevelopment of the former Woodlands and Masters House site retaining the Masters House and associated ancillary buildings; demolition of the former care home; the erection of 29 storeys building and peripheral lower development of 3/4 storeys, to provide 258 residential units, together with servicing, disabled parking, cycle parking, landscaping, new public realm, a new vehicular and pedestrian access, and associated works."

- 2.10 The planning application was submitted to LB Lambeth ("the Council") on 24th July 2019 (Ref. 19/02696/FUL). The Appellant lodged an appeal against non-determination on 13th March 2020.

The Location of the Scheme

- 2.11 The scheme is in a highly accessible location which is located close to Elephant and Castle Town Centre. It has a Public Transport Accessibility Level (PTAL) rating of 6A (and part 6b) which is excellent, with both Elephant and Castle and Kennington Underground Stations within walking distance; as well as Thameslink services from the Elephant and Castle overland station. I have enclosed details at **Appendix A2**. These rail/ tube links provide easy access to much of Central London.
- 2.12 The surrounding area includes a range of different forms of housing, including a significant representation of social housing developments from inter-war mansions to post-war low, medium and high-rise blocks and estates. A significant proportion of housing is of flats, reflecting the Central London location. The area includes some Victorian terraced housing both, such as along Brook Drive. There is significant modern development in the immediate area, from the Bellway development on George Mathers Road to the 45-storey 'Uncle' tower at Churchyard Row which accommodates 279 units for private rental.
- 2.13 The scheme is located close to the boundary between Lambeth and Southwark, and functionally looks more towards Elephant and Castle which is the closest Town Centre. I have therefore had regard to the characteristics of a 15 minute walking catchment area of the site, which broadly captures the area shown in Figure 2.1 below.

Figure 2.1: 15 Minute Walking Catchment Area of the Site



Mix of Housing Proposed

- 2.14 The appeal scheme proposes the construction of two residential blocks providing 258 residential units.
- 2.15 Block A comprises 24 units (90 habitable rooms) which will be let as rented affordable housing at London Affordable Rent levels. It comprises 15 2-bed 4 person units, and 9 3-bed 5 person units.
- 2.16 Block B comprises a part 24 and part 29 storey building which will accommodate the intermediate and market housing proposed. It contains 234 residential units (491 habitable rooms) of which 89 units (containing 201 habitable rooms) are for intermediate housing which are to be delivered as London Shared Ownership; together with 145 units of market housing which comprises a mix of studio, one and two-bed properties.
- 2.17 The development scheme proposes delivery of 50% affordable housing (291 rooms on a habitable room basis from a total of 581 habitable rooms). Of these 90 habitable rooms across 24 units are to be delivered as London Affordable Rent and 201 habitable rooms across 89 units as London Shared Ownership, an intermediate tenure. 145 private units would be delivered.

- 2.18 The mix of housing of different sizes proposed is set out in Table 2.1 below.

Table 2.1 Mix of Housing Proposed (Units)

	Studio	1 bed 2 person	2 bed 3 person	2 bed 4 person	3 bed 5 person	Total
Affordable Rented				15	9	24
Intermediate (London Shared Ownership)		66	23			89
Private (For Sale)	27	91	27			145
Total Units	27	157	50	15	9	258

The Housing Reasons for Refusal

- 2.19 The Council has set out in its Statement of Case (CD5/1, Section 6) that that had it been empowered to determine the application, it would have refused it for 13 reasons.
- 2.20 The Council's 1st putative Reason for Refusal alleged that that evidence of the scheme's viability did not adequately justify the development's inability to provide a policy compliant 70/30 split between social/affordable rented and intermediate housing. It set out:

RfR1: Inadequate Affordable Housing Tenure Mix

"The proposed affordable housing split at 31%/69% (by habitable room) and 21%/79% (by unit) in favour of intermediate tenure does not comply with council's policy which requires a 70:30 split in favour of social and affordable rented tenure in order to meet the housing needs of the borough. The applicant's supporting viability information does not adequately justify the development's inability to support the maximum reasonable amount of affordable housing in respect to a policy compliant tenure mix. As such the proposal would not be in accordance with the National Planning Policy Framework (NPPF) (2019) Chapter 5, and development plan policies including London Plan Policy 3.11 (MALP 2016); Policy H5(C) and H6(A2) of the Intend to Publish London Plan (December 2019); Lambeth Local Plan Policy H2(a)(iii) (2015) and Draft Revised Lambeth Local Plan Policy H2(v) (Submission Version January 2020)."

- 2.21 Since the preparation of the Officer's Report, discussions between the main parties regarding the viability of the development scheme have progressed. The Council now accepts that it is not viable for the scheme to provide a policy-compliant affordable housing mix of 70% social or affordable rented and 30% intermediate housing. The 1st Reason for Refusal has thus been withdrawn, as set out in the Statement of Common Ground (CD7/1, Para 7.1). It is agreed between the Council and the Appellant that the scheme provides the maximum reasonable amount of affordable housing.

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- 2.22 The Council's 2nd putative Reason for Refusal relates to the affordability of the intermediate shared ownership units. It states:

RfR2: Affordability of Intermediate Shared Ownership

"The proposed development has failed to demonstrate that the provision of intermediate shared ownership in this location would be genuinely affordable to future tenant occupiers in accordance with the income thresholds in Lambeth's Tenancy Strategy (2020). Accordingly, it would be contrary to Policy 3.10 of the London Plan (MALP 2016); Policies H4 and H6 of the Intend to Publish London Plan (December 2019); Policy H2 of the Lambeth Local Plan (2015) and Draft Revised Lambeth Local Plan Policy H2 (Submission Version January 2020)."

- 2.23 The position in respect of this RfR is that the main parties expect that it can be overcome through the inclusion of an income cap for the shared ownership units within the S106 Agreement (CD7/1 Para 7.3). I do not therefore address this issue in detail in my evidence.

- 2.24 The 3rd putative Reason for Refusal relates to the Council's concerns regarding the mix of units of different sizes within the development scheme. It states:

RfR3: Inadequate Unit Size Mix

"The proposed development would provide a private market residential unit mix that disproportionately overprovides for smaller households with no family sized accommodation. In addition, the lack of one bed sized units in the social rented element does not provide for the full range of affordable housing needs in the borough. This is inadequately justified and therefore does not comply with the objectives of ensuring mixed and balanced communities through a range of dwelling sizes to meet housing need, including family sized housing. The proposals would therefore be contrary to Chapter 2 of the National Planning Policy Framework (NPPF) (2019); Policy 3.8 of the London Plan (MALP 2016); Policy H10 of the Intend to Publish London Plan (December 2019); Policy H4 of the Lambeth Local Plan (2015) and Draft Revised Lambeth Local Plan Policy H4 (Submission Version January 2020)."

- 2.25 My evidence focuses on this 3rd Reason for Refusal. Having regard to the wording of RfR3 and the Delegated Officer's Report (CD5/2) Para 10.3.14, the Council alleges that:

- a) the scheme does not meet the preferred borough-wide housing mix for the social/ affordable rented or intermediate housing as set out in the adopted Local Plan;
- b) relative to the emerging Lambeth Local Plan, there is an over-provision of 2 and 3 bed units and a lack of 1-bed units in the rented affordable (low cost rented) element;

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- c) it does not provide a balanced mix of unit sizes within the intermediate and market element, in particular a lack of family-sized accommodation with 3+ bedrooms;
 - d) in particular the private market unit mix over-provides for smaller households and does not provide family-sized accommodation;
 - e) The mix proposed does not comply with the objectives of ensuring mixed and balanced communities through a range of dwelling sizes to meet housing need, including family sized housing.

2.26 I have sought to consider these issues within my evidence. I note upfront the comments in the Delegated Officer's Report (CD5/2) at Para 10.3.15 where the Case Officer indicated that the constrained nature of the site and financial viability of the scheme had influenced the housing mix, but that this did not housing mix proposed. In my view, these factors have been given insufficient consideration by the Council.

Structure of my Proof

2.27 The remainder of my proof is structured as follows:

- Section 3 appraises overall housing need and housing delivery performance;
- Section 4 addresses the mix of low cost rented housing; and
- Section 5 addresses the private market housing mix.

3. OVERALL HOUSING NEED AND DELIVERY PERFORMANCE

- 3.1 As the Prime Minister, Boris Johnson MP, said on 30th June this year, for decade after decade we have failed to build enough homes; we are slow at building homes in comparison with our European neighbours, and addressing this – and building more – is a central part of the Government's plans for economic recovery from the Coronavirus pandemic.¹
- 3.2 The Government has reaffirmed its commitment to delivering 300,000 homes a year across England through the Planning for the Future White Paper (CD7/15 Para 1.4). But housing delivery nationally has consistently fallen well short of this. This is reflected in the NPPF's emphasis on significantly boosting housing supply (NPPF Para 59) and the treatment of housing requirement figures as minima (NPPF Paras 60 and 11b).
- 3.3 It is clear that the greatest increase in housing delivery is needed in areas where housing affordability is worst. The Government's Planning for the Future White Paper states that it sees a need in particular to increase housing delivery in areas with the greatest affordability pressures (CD7/15, Page 23) reaffirming the importance which the Government has placed for a number of years on 'market signals' in informing what level of housing delivery is needed.

Housing Deliverability and Affordability in London

- 3.4 Of English regions, London has the most severe affordability issues. The average home costs 12 times earnings, based on the latest data for 2019. This compares to a ratio of 7.8 across England. London has also seen a very significant deterioration in affordability over the last decade, with the median house price-to-earnings ratio rising from 7.4 to 12.0. London is recognised as a single housing market area, as the London SHMA sets out (CD1/19, Para 1.11).
- 3.5 The affordability position is even more severe in Lambeth, which has a median house price-to-earnings ratio of 14.5 – well above the London average. Lambeth has seen this ratio rise by 6.6 points (83%) over the last decade: a significantly higher deterioration than has been seen across London (+ 4.63 / 62%). This points to a particularly acute supply/demand imbalance in the provision of market housing in the Borough and of a strong need to increase housing delivery.

¹ See NI Appendix A10

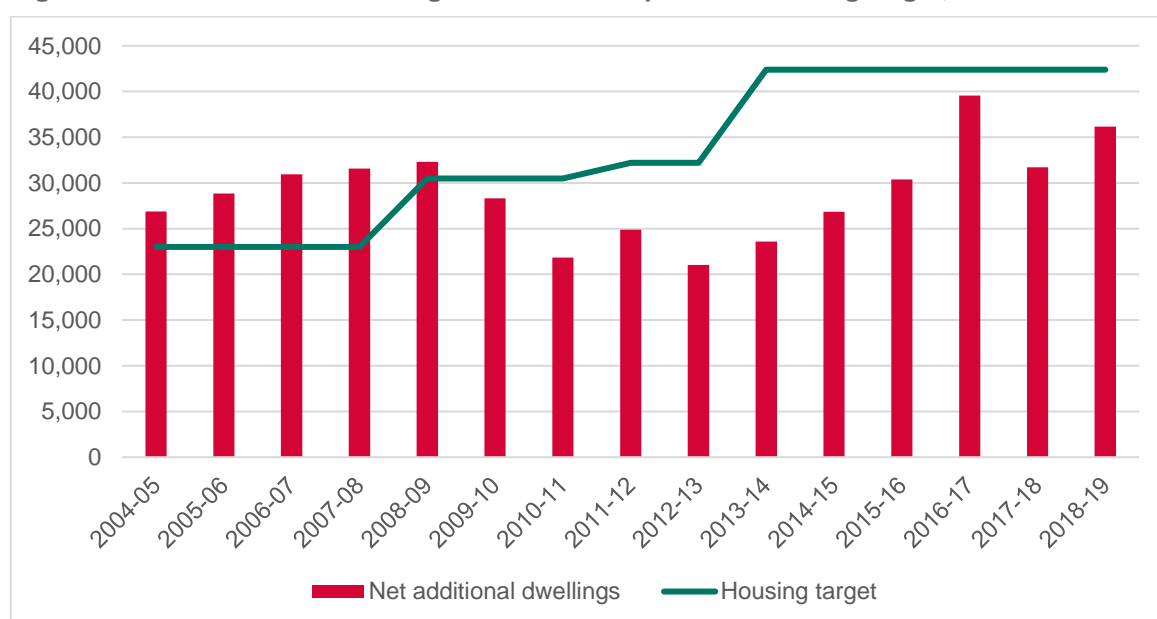
Table 3.1 Trends in Median (Workplace-based) House Price to Earnings Ratio

	1999	2004	2009	2014	2019
Lambeth	4.97	8.00	7.93	11.80	14.53
London	4.94	7.55	7.42	10.08	12.05
England	3.96	6.60	6.39	7.09	7.83

Source: ONS House Price-to-Earnings Ratio Table 5c

- 3.6 Set against this context, I have sought to examine housing delivery performance. Housing delivery performance across London over the last 5 years, using available data, has averaged just under 33,000 homes a year. This falls well below both the housing targets and the assessed housing need.
- 3.7 Indeed as my analysis in Figure 3.1 shows, housing delivery has fallen below the London Plan housing target in each and every year for a decade.

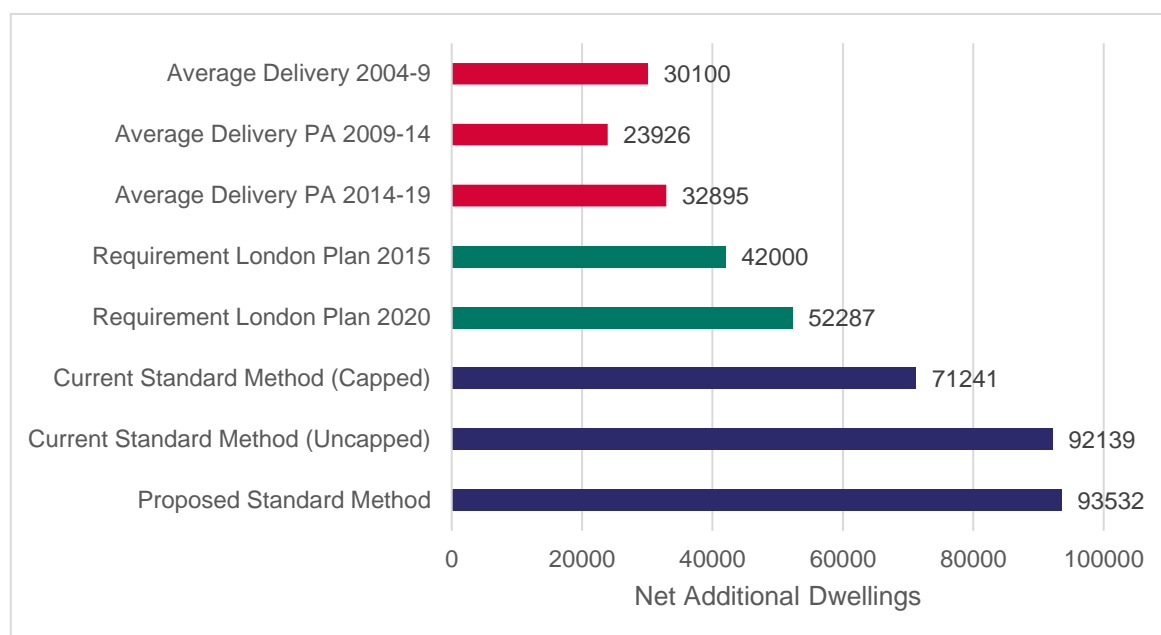
Figure 3.1: Net additional dwellings delivered compared to housing target, London



Source; Icen, MHCLG Live Table 122

- 3.8 The GLA's 2017 London SHMA assessed London's housing need as 65,900 homes a year (CD1/19, Para 0.20). Housing delivery at recent years at 33,000 homes pa, has therefore been meeting just half of the assessed housing need. Very substantial under-delivery is plainly evident. If the housing delivery test was measured at this (regional) level, the presumption in favour of sustainable development as set out in NPPF Para 215 would be engaged.

Figure 3.2: Housing Delivery and Plan Targets for London relative to Housing Need



- 3.9 The London SHMA was however prepared before the introduction of the standard method. The current standard method figures, using 2014-based Household Projections, show a minimum housing need for 71,200 dwellings a year; and an uncapped housing need for 92,500 dwellings a year. Housing delivery performance over the 2014-19 period has thus fallen 56% below the minimum need as assessed on this basis with housing delivery meeting less than half the need. The evidence shows that just 36% of the full, uncapped, housing need is being met.
- 3.10 The Government's proposed revisions to the standard method are set out in Figure 3.2 for comparative purposes and point to a higher level of housing need still across London.
- 3.11 There is thus a clear and urgent strategic need to increase housing delivery across London. This is necessary as under-delivery has significant adverse economic and social consequences, including:
- A lack of available housing which households can afford constraints the ability of households to form;
 - Housing affordability issues have created recruitment and retention issues affecting economic performance and productivity, as well as creating challenges for key public services;
 - Affordability issues contribute to social and inter-generational inequalities, as households priced out of the market have no access to an important opportunity to accumulate housing wealth;
 - Growth in the numbers of people living in overcrowded households or with insecure tenancies, with associated negative consequences.

Overall Housing Need and Delivery in Lambeth

- 3.12 Lambeth has exceeded the minimum housing targets set out in the London Plan by around 19% over the last decade, as shown in Table 3.2 below. However in context this should not be regarded as a stellar performance.

Table 3.2 Lambeth Housing Delivery Performance, 2009-19

	Net additional dwellings	London Plan Target	Delivery Performance against Target
2009/10	1489	1100	135%
2010/11	1602	1100	146%
2011/12	912	1195	76%
2012/13	725	1195	61%
2013/14	1431	1195	120%
2014/15	1788	1195	150%
2015/16	2505	1559	161%
2016/17	1445	1559	93%
2017/18	1574	1559	101%
2018/19	2288	1559	147%
Total	15759	13216	119%

Source: Lambeth Annual Position Statement: Housing Supply and Delivery, Sept 2019. CD1/22 Table 2

- 3.13 The housing target represents a supply-constrained position. The Borough's housing requirement falls below projected household growth which averages 1,725 per year over the next 10 years using the MHCLG 2014-based Household Projections; and the Borough's housing need as assessed using the standard method. Applying the standard method calculation set out in Section 2a in the PPG, generates a minimum Local Housing Need for 2,415 dpa and an uncapped need figure of 2,860 dpa (see Table 3.3 below).
- 3.14 For the avoidance of doubt, I am not suggesting that the housing target in the current or emerging plan is wrong. Housing targets across London are set through the London Plan process. However it is important to recognise that a) in both cases, these are minimum figures; b) they fall below the Borough's housing need; and c) it is appropriate in this context to plan to exceed them. Indeed the London Plan positively encourages this and sets out that boroughs should optimise the potential for housing delivery on all suitable and available brownfield sites (London Plan 2020, Policy H1 p169).

Table 3.3 Standard Method Figures for Lambeth

	Lambeth
Setting the Baseline:	
Household Growth pa over next 10 years, 2020-30 (2014-based)	1725
Affordability Adjustment:	
Median workplace-based affordability ratio, 2019	14.53
Adjustment factor	66%
Step 2 housing need figure	2860
Cap:	
Date of plan adoption (data as at 1st April 2019)	23/09/2015
Plan more than 5 years old	Yes
Housing requirement in last adopted plan	1195
Cap @ 40% above Step 2 LHN	2415
Cap @ 40% above Last Adopted Plan	1673
Higher Figure	2415
Cap figure to be applied	2415
Minimum Local Housing Need:	2415

- 3.15 I would further note that in a context where the Borough's housing need is evidently increasing – as shown by the deterioration in affordability which has been seen – the Borough Revised Local Plan proposes a reduction in the housing target to 13,350 dwellings, equivalent to 1335 dpa. In a context in which historical housing delivery has resulted in a deterioration in housing affordability in the Borough (as set out in Table 3.1 above), a proposed housing target which is lower than historical delivery (when the need is evidently increasing) cannot be expected to improve the situation – indeed I would expect this to further exacerbate affordability issues in the Borough.
- 3.16 Delivery of housing at this rate would support growth in the Borough's housing stock of 0.9% per annum. This is broadly consistent with the London average over the last 5 years, a period in which affordability has deteriorated significantly. It is equal to the rate of housing growth which has been seen nationally (which it is commonly recognised has fallen below demand). This is not consistent with Lambeth or London's relative demand profile, or affordability. It is reasonable to expect that housing delivery at this rate would see affordability continue to worsen – contrary to Government policy objectives.

Table 3.4 Historical Rate of Growth in Housing Stock

	2009-2019 (%)	2014-2019 (%)
Outer London	0.7%	0.8%
Inner London	1.1%	1.1%
London	0.8%	0.9%
England	0.7%	0.9%

Source: My analysis of MHCLG Live Table 125

- 3.17 It is against this context that the Secretary of State, Rt Hon Robert Jenrick MP, has taken the unprecedented step of intervening in the preparation of the London Plan, exercising his powers under Section 337 of the Greater London Authority Act. His letter to the Mayor of 13th March 2020 (CD1/20) describes housing delivery in London as “deeply disappointing” stating that:

“Leaving tens of thousands of homes a year needed but unplanned for will exacerbate the affordability challenges within and around the capital; making renting more expensive and setting back the aspirations of Londoners to get on the housing ladder, make tackling homelessness and rough sleeping more challenging and harm the economic success of London.”

- 3.18 There is thus clear evidence of the need to significantly boost housing delivery across London, and in Lambeth, with the Secretary of State himself recognising the need to optimise density and maximise site capacity (CD1/120 3rd Page). The contribution which the scheme makes to addressing the overall need for housing – including for market housing to address affordability issues – is in my opinion a weighty material consideration in favour of the development scheme.

The Level of Affordable Housing Proposed

- 3.19 It is important to recognise that the level of affordable housing proposed within the scheme is significant.
- 3.20 The data in Lambeth’s latest Housing Supply and Delivery Position Statement (CD1/22) shows that levels of affordable housing delivery in the Borough have averaged just 24% of housing completions over the period since 2011, and have been lower in the past 5 years (2014-19) than the previous 5 year period (see Table 3.5 below).
- 3.21 The scheme’s contribution to affordable housing delivery is significant in absolute terms at 113 units. It is also significant in proportional terms, equating to 50% of the habitable rooms to be provided, a level which is significantly higher than the Council achieves on most development schemes. This strong contribution to affordable housing delivery of material weight in favour of the scheme.

Table 3.5 Affordable Housing Delivery in Lambeth, 2009-19

	Residential units completed	Affordable units completed	% Affordable Housing
2009/10	1152	420	36.5%
2010/11	1289	694	53.8%
2011/12	850	348	40.9%
2012/13	623	269	43.2%
2013/14	853	99	11.6%
2014/15	1406	354	25.2%
2015/16	1353	141	10.4%
2016/17	1455	439	30.2%
2017/18	1544	294	19.0%
2018/19	1219	309	25.3%
Total - 10 Years	11744	3367	28.7%
Total - 5 Years	6977	1537	22.0%

Source: Derived from Lambeth Annual Position Statement CD1/22 Table 6

- 3.22 The tenure mix of affordable housing proposed is now accepted by the Council to provide the maximum reasonable quantum of affordable housing (CD7/1 Para 7.2) and an appropriate affordable tenure mix. The weight to be given to this should not be diminished having regard to the tenure profile proposed, not least given that the Council's evidence, as set out in the 2017 Lambeth Strategic Housing Market Assessment (CD1/18) pre-dates revisions to the NPPF and Planning Practice Guidance in 2019. These have widened the definition of affordable housing need to include households who aspire to own a home but require support to do so, through a subsidised route to home ownership. In practical terms this includes households who might be able to rent privately without financial support but cannot afford to buy a home on the open market. Such households are included as having an affordable housing need within the PPG, but are excluded through the narrower definition of need adopted in the Council's evidence which thus underplays demand for affordable home ownership products such as shared ownership homes.

4. LOW COST RENTED HOUSING MIX

- 4.1 RfR3 states that the lack of one-bed sized units in the social rented element [of the scheme] does not provide for the full range of affordable housing in the borough; is adequately justified; and therefore does not comply with the objectives of ensuring mixed and balanced communities through a range of dwelling sizes to meet housing need. The Council's Statement of Case (CD5/1) sets out in Para 6.1.17b that the Council will seek to demonstrate that the scheme does not provide the full range of unit size types in the social rented element.

The Mix of Low Cost Rented Homes Proposed

- 4.2 I have set out the mix of rented affordable housing proposed within the development in Table 4.1 below. I have termed this 'low cost rented' or 'rented affordable' housing, these terms capturing both social rented and affordable rented homes.
- 4.3 The absolute number of rented affordable properties (at 24 homes) is influenced by the scheme viability; and both of the main parties recognise that the scheme cannot viably deliver a policy compliant affordable housing tenure split (CD7/1 Para 7.1). RfR1 has thus fallen away.
- 4.4 The mix of rented affordable housing proposed, which in this scheme comprises properties at London Affordable Rents, is focused on larger units which can accommodate 4-5 persons, such as a family with two or three children, as this is what the Council requested through pre-application discussions in order to meet the Borough's priority needs.

Table 4.1 Profile of Affordable Rented Homes in the Scheme

Unit Size	No of Units @ London Affordable Rent	% Total Units	% Affordable Rented Units	Habitable Rooms
Studio	0	0	0	0
1 bed 2 person	0	0	0	0
2 bed 3 person	0	0	0	0
2 bed 4 person	15	5.8%	63%	45
3 bed 5 person	9	3.5%	38%	45
Total	24	0.093	100%	90

- 4.5 I will explain in this section why I regard the mix proposed as entirely reasonable taking account of current and emerging planning policy; and of the housing needs evidence.

Understanding the Policy Framework

- 4.6 As set out in Para 6.2 in the SOCG (CD7/2), the statutory development plan comprises the London Borough of Lambeth Local Plan (2015) and London Plan (2016).
- 4.7 In accordance with NPPF Para 48, decision-makers may also give weight to relevant policies in emerging plans according to their stage of preparation, the extent to which there are unresolved objections, and degree of consistency with relevant policies to the NPPF. There are relevant policies in the Intend to Publish London Plan published by the Mayor of London in December 2019 and in the Draft Revised Lambeth Local Plan, which was submitted for Examination in May 2020.

London Plan 2016 (CD1/1)

- 4.8 The Council state that the scheme would fail to achieve the objective of securing mixed and balanced communities as advocated in both the London Plan and the Lambeth Local Plan. The RfR makes specific reference to Policy 3.8 of the London Plan.
- 4.9 Policy 3.8 sets out a strategic objective that Londoners should have a genuine choice of homes that they can afford and which meet their requirements for different sizes and types of dwellings. It states that new developments should offer a range of housing choices, in terms of the mix of housing sizes and types, taking account of the mix of different groups and changing role of different sectors in meeting these. In Part B(b) to the Policy it identifies provision of affordable family housing as a strategic priority; with the supporting text in Para 3.47 identifying a particular need for social/affordable rented family homes to address the growth that has been seen in overcrowded households. The strategic priority for provision of affordable family housing is reaffirmed in Policy 3.11(Limb A); whilst Policy 3.12 (Limb A h) affirms that this is relevant to planning decisions.
- 4.10 The Council has accepted that provision of a higher level of rented affordable housing (within the 50% affordable housing proposed) in the development scheme is not viable. The rented affordable provision in the scheme is focused on affordable family housing. This accords with the strategic priority afforded to this in the London Plan and therefore in my opinion there is not a policy conflict with the 2016 London Plan.

Lambeth Local Plan 2015 (CD1/3)

- 4.11 Policy H4 in the adopted Lambeth Local Plan states that the Council will support proposals which offer a range of dwelling sizes and types to meet current and future housing needs. It states that the affordable housing element [of schemes] should reflect the preferred borough-wide housing mix set out. As the table below shows, what this implies is a focus on 2-bed and 3+ bed properties, with the Policy seeking to restrict the number of 1-bed units through setting out a maximum figure.

Table 4.2 2015 Lambeth Local Plan – Affordable Housing Mix

Unit Size	Policy states ...	Implies ...
1-bed	Not more than 20%	10-20%
2-bed	20-50%	40-50%
3+ bed	40%	40%

- 4.12 The mix of affordable housing as a whole, including both rented affordable and shared ownership units, is focused towards one and two-bed properties; but within this the rented affordable housing is focused towards two- and three-bed properties – reflecting the priority need – whilst the shared ownership units are focused towards 1- and 2-bed properties, which is consistent with the demand profile for this type of housing which is focused towards younger households seeking to get on the housing ladder. Larger shared ownership properties are rare, and generally the market for these is very narrow.

Table 4.3 Mix of Total Affordable Units Proposed by Size

	1-bed	2-bed	3-bed	Total
Affordable Housing (Affordable Rented & Shared Ownership)	66	38	9	113
% Affordable by Unit Size	58%	34%	8%	100%

- 4.13 Within the reason for refusal, the Council's focus is on the lack of 1-bed affordable rented units.
- 4.14 The supporting text to the policy states in Para 5.21 that:

“whilst developments are expected to reflect the preferred dwelling mix set out above, rigid application of these requirements may not be appropriate in all cases. When considering the mix of dwelling sizes appropriate to a development, the council will have regard to individual site circumstances including location, site constraints, viability, and the achievement of mixed and balanced communities. In all cases proposal will be expected to demonstrate that the provision of family-sized units has been maximised.”

- 4.15 The Policy implies that the Council wishes to limit delivery of 1-bed rented affordable properties – it is the only unit size where a maximum figure on provision is set out. It indicates that the highest proportion of housing should be for 2-bed units. Read with the supporting text in Para 5.21 which sets an expectation that family-sized units, which are defined as having 3 or more bedrooms, are maximised it is clear that the policy affords a lower priority to the delivery of 1-bed units.

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- 4.16 This interpretation is consistent with the Council's evidence, which as set out in Para 5.19 in the Plan comprises the Lambeth 2012 Housing Needs Study (CD1/16) and the 2011 South West London Strategic Housing Market Assessment (CD1/17).
- 4.17 The 2012 Housing Needs Survey identified that it was unlikely that the notional affordable housing need identified would be met in full (CD1/16, Para 2.22) and that Lambeth, along with many authorities, prioritise the allocation of housing based on relative need (Para 2.49) setting out that whilst there is a shortfall of affordable homes of all sizes, in terms of meeting the housing needs of priority groups, the shortage in supply is likely to be greatest for larger (3 bedroom+) family homes. It then summarises four reasons for this, which were:
- Most households who require a 1-bed property are in a relatively low level of need and are generally adequately housed. Those who require family-sized accommodation are not modestly adequately housed, often living in very overcrowded conditions.
 - Some of the need identified for 1-bed properties will be met through the private rented sector (with housing benefit support) and for many single people, house shares will provide an adequate alternative to 1-bed accommodation.
 - The introduction of a benefit cap from April 2013 was expected to further impact on affordability of accommodation in the private rented sector, with larger households (mostly families with children) predicted to face the most serious difficulties in paying their rent.
 - The modelling assumes that all new affordable housing required will be built and is informed by the projected growth in smaller households over the long-term, but the reality is that affordable housing delivery is unlikely to meet all of the identified need.
- 4.18 The Study recommended on this basis (Para 2.50) that the Council should consider prioritising future affordable housing provision towards larger family accommodation to ensure those in the most acute need can be housed. The mix of rented affordable housing proposed in the scheme is entirely consistent with this analysis and prioritises delivery of affordable housing to meet those with the most acute needs, which in my experience (and as set out in the Study itself) is focused towards families, many of which are living in overcrowded or poor quality housing.
- 4.19 Having reviewed the 2011 South West London Strategic Housing Market Assessment, I find that this draws very similar points. Whilst its modelling defined the greatest quantitative shortfall of affordable housing as for 1-bed dwellings (CD1/17, p81) it found that "*prioritising the provision of new dwellings to address need where it is most acute is a sensible policy response*" in a context whereby the total affordable housing need was not likely to be met in full. The Council's consultants stated that the high quantitative need for 1-bed affordable units should not be taken at face value as:

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- There tends to be greater churn of 1-beds than for other property types. Thus whilst there may be more crude demand for them, they are relatively more easily available.
 - A substantial element of one-bed need will be from an ageing population and especially a very elderly sub-sector. They are likely to increasingly need 2-bedroom accommodation, rather than one, to house carers and helpers.
 - It is generally more worthwhile for developers to build smaller units than larger homes than larger ones.
 - There will be increased pressure to convert larger family homes into bedsits and HMOs as these will in essence generate greater profits for investors in the buy-to-let sector.

4.20 Policy H4 needs to be understood in these terms. It sought to promote the delivery of 2- and 3+ bed rented affordable units as this is what the more acute need for affordable housing was for. This is what, in my opinion, likely informed the Council's requested mix through pre-application discussions on this scheme; and in these terms the proposed mix is consistent with the policy intentions.

4.21 Indeed in a context in which it is more expensive for a developer to deliver larger units at affordable rent than smaller units, I consider that the mix proposed should be considered a benefit of the scheme.

London Plan (Intent to Publish) 2019

4.22 The Intend to Publish London Plan (December 2019) (CD1/2) needs to be read alongside the Secretary of State's response to this dated March 2020 (CD1/20).

4.23 Policy H10 states that schemes should generally consistent of a range of unit sizes, and that to determine the appropriate mix (by bed size) applicants and decision makers should have regard to various factors which include 1) robust local evidence of need; 2) the requirement to deliver mixed and inclusive communities; 6) the nature and location of the site; 7) the aim to optimise site potential; 8) the ability of new development to reduce the pressure on conversion, sub-division and amalgamation of stock; and 9) the need for additional family housing and role of one and two bed units in freeing up family housing.

4.24 For low-cost rent, which is of particular relevance here, Part B of the Policy states that borough should provide *guidance* on the size of units required to ensure affordable housing meets identified needs. This guidance should take account of: 1) evidence of local housing needs; 2) other criteria set out in Part A including the strategic and local requirement for affordable family accommodation; 3) the impact of welfare reform; and 4) the cost of delivering larger units and availability of grant. Again, this is a policy which seeks to promote the delivery of affordable family housing to which the size mix of the affordable rented units in the appeal scheme responds.

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- 4.25 In my opinion, the Policy is advising Boroughs to set out clear guidance for applicants on the mix of affordable low cost rented housing sought. The supporting text in Para 4.10.5 is clear that this is expected to take account of the local housing needs evidence, such as in the Borough SHMA, alongside the considerations in Part A of the Policy. The wording of Lambeth Policy H4 is more restrictive and thus, in my opinion, inconsistent with the Policy in the strategic plan.
- 4.26 Limb A of the London Plan Policy H10 essentially makes a distinction between the ‘guidance mix’ and how it should be applied to individual schemes which include 2) the requirement to deliver mixed and inclusive neighbourhoods; 5) the range of tenures in the scheme; and 9) the need for additional family housing and the role of one and two beds in freeing up family housing.
- 4.27 The strategic requirement for affordable family accommodation is retained; and I note that the Secretary of State has sought to reaffirm the need for additional family housing through modifications to H10.9. The scheme affords with the strategic focus on affordable family housing and I consider is consistent with the local needs evidence, once consideration is given to the relative priority need for different sizes of units in a context whereby the affordable need will not be met in full.

Revised Draft Lambeth Local Plan (Proposed Submission Version) (CD1/4)

- 4.28 The Council has proposed revisions to Policy H4 in the Revised Lambeth Local Plan as submitted in March 2020. The wording of part a) of the Policy has been amended to set out the mix of unit sizes expected as part of the *low cost rented* element of residential developments (rather than both this and intermediate housing). The percentages of different sizes of units sought have also been amended to state as follows:

Table 4.4 2020 Draft Revised Lambeth Local Plan – Low Cost Rented Housing Mix

Unit Size	Policy states ...	Implies ...
1-bed	Not more than 25%	10-25%
2-bed	25-60%	45-60%
3+ bed	Up to 30%	25-30%

- 4.29 This increases the percentage of 1-bed units sought (from no more than 20 to 25%) as well as 2-bed units (from 20-50% to 25-60%), with a corresponding reduction in the proportion of larger units sought (from 40% to up to 30%). The effect is to place a greater emphasis on provision of 2-bed properties. The figures for both 1-bed and 3+ bed properties are expressed as maxima. The construction of the policy thus prioritises the delivery of 2-bed rented affordable homes.
- 4.30 The supporting text in Para 5.43 continues to explain that the rigid application of these requirements may not be suitable in all cases; and the requirement to demonstrate that the provision of family-sized units ‘had been maximised’ is proposed to be downgraded to a requirement for this to be

‘considered.’ The percentages however continue to emphasise provision of 3+ bed properties over 1-bed units.

- 4.31 These changes are likely to particularly reflect the updated evidence base within the 2017 Lambeth Strategic Housing Market Assessment which I consider further below. My analysis of the SHMA is that it shows a consistent position to previous studies in Lambeth. Whilst the greatest absolute quantitative need on paper is for 1-bed properties, reflecting the sizes of households, once account is taken of the existing stock and turnover of this plus the availability of other housing options for households in need, the priority need for rented affordable housing is greater for 2- and 3-bed properties which are capable of accommodating family households with dependent children.
- 4.32 The proposed amendments to Policy H2 which remove the emphasis in Part e) of the Policy to meeting the needs of low income and workless households in the Borough requiring family accommodation in my opinion should be afforded limited weight given the emphasis placed in the Secretary of State’s Direction regarding the Intent to Publish London Plan on supporting delivery of family housing.

Lambeth Housing Strategy 2017-20 (CD1/21)

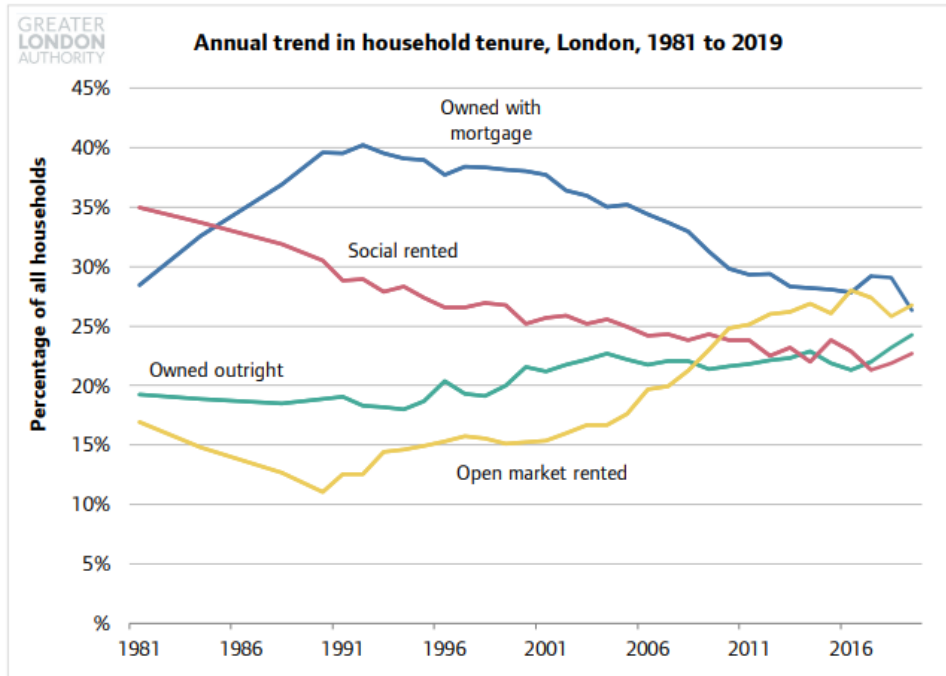
- 4.33 Lambeth’s Housing Strategy sets out that delivering new homes is a fundamental part of the Council’s jobs and growth agenda defined in its Borough Plan and is an essential element of delivering economic growth (CD1/21, p6 1st Para). It is clear that there are not enough homes to meet the needs of people in Lambeth – “particularly ones which families can afford” (3rd Para).
- 4.34 To address this the Strategy sets out on Page 7 that the Council will prioritise the delivery of larger family homes on lower rents; and where it is not possible to find affordable homes, the Council will help residents to access homes in the private rented sector. The mix of low cost rented housing in the development scheme is consistent with this strategic focus on delivering family housing.

2017 London Strategic Housing Market Assessment (CD1/19)

- 4.35 The London SHMA, prepared by the GLA, is intended to provide a strategic assessment of housing requirements across London. It does not provided conclusions relating to individual boroughs.
- 4.36 The SHMA’s analysis identifies that high housing costs in London are underpinned by a persistent under-supply of housing (Para 5.1). It shows a shifting tenure profile (Figure 57, p66) whereby since the late 1990s, the proportion of households living in the Private Rented Sector has seen rapid growth, rising from accommodating 15% to 27% of households; whilst the proportion of households who own their home with a mortgage has fallen from 40% to 29% and those in the social rented sector have seen a more modest fall from 25% to 21%.

- 4.37 I have replicated a more up-to-date picture from the GLA's Housing in London 2020 Report in Figure 4.1 below.

Figure 4.1: Tenure Trends across London, 1981-2019



Source: GLA, Housing in London 2020, p27

- 4.38 The rising costs of house purchase and renting relative to incomes has led to a growth in the numbers of households accepted as homeless since 2010, as shown in Figure 64 in the SHMA. The SHMA describes in Para 5.24 that as affordable housing completions have fallen, this has led to growth in households housed in temporary accommodation. It shows relatively high levels of overcrowded households, with 7.6% of households in London being overcrowded in 2014/15 compared to 3.0% across England as a whole (Para 6.14) and shows that overcrowding was particularly acute in the social rented sector where around 13% households across London are overcrowded (Figure 66, p73).
- 4.39 The London SHMA analysis then works through a modelling exercise where it essentially considers two components: an assessment of the 'backlog need' which captures concealed and homeless households, those in temporary accommodation, those living in inadequate housing (such as lacking basic facilities or who need to move due to a disability) and overcrowded households; together with an assessment of the annual newly-arising need to 2041 based on considering a) what tenures of housing different types of households, and b) can afford and the sizes of homes needed based on household characteristics. The result is a profile of need as set out in Table 1 therein. I have replicated the findings for low cost rent in Table 4.5 below.

Table 4.5 Net Annual Requirement for Low Cost Rented Homes across London, 2016-41

	1-bed	2-bed	3-bed	4+ bed	Total
Low cost rent	21318	5311	2462	1881	30972
%	69%	17%	8%	6%	100%

Source: Derived from London SHMA CD1/19 Table 1

- 4.40 A need for almost 31,000 affordable homes a year is identified. The reality however is that annual delivery does not get anywhere near to this level. Taking official data on gross affordable housing delivery, over the last decade an average of just over 7,000 affordable homes have been delivered (see Table 4.6 below) which would equate to around 23% of the need for low cost rented homes shown in the SHMA. The actual net change, taking account of demolitions and losses through right-to-buy sales, would be lower still. Consideration in determining the appropriate mix of housing in new development schemes therefore clearly has to be given to the relative priority needs.

Table 4.6 Delivery of Low Cost Rented Housing across London, 2009-19

	Social Rent	London Affordable Rent	Affordable Rent	Total
2009-10	7364			7364
2010-11	9500			9500
2011-12	11374		349	11723
2012-13	5064		484	5548
2013-14	3591		2416	6007
2014-15	3155		9621	12776
2015-16	1062		2808	3870
2016-17	1149		3164	4313
2017-18	986	103	3191	4280
2018-19	534	1002	3446	4982
5 Year Average	1377	553	4446	6044
10 Year Average	4378	553	3185	7036

Source: MHCLG Live Table 1011

- 4.41 However whilst the delivery of low cost rented housing falls substantively short of the total need, the London SHMA does not consider what implications this might have on the mix of affordable housing sought in development schemes – in notable contrast to previous studies undertaken by consultants for Lambeth Council.
- 4.42 The reality of the structural imbalance between need and supply is that the most acute needs should be prioritised, and in many instances this relates to families requiring two or more bedrooms. This reflects a combination of factors:
- The lower priority to households requiring one-bed properties, and typically more acute needs of households who need larger properties, many of which are families with children;

- The ability of Councils in many instances to more easily secure accommodation within the private rented sector for smaller households, set against the difficulties achieving this for larger households given the differences between rental cost and Local Housing Allowance levels (which influence what households can claim through Housing Benefit);
- The impacts of the caps on Housing Benefit of £23,000 per annum for families, which restricts the ability of larger families in particular to access suitable housing in the Private Rented Sector;
- The greater availability and turnover of 1-bed properties than other types, which means that households requiring this size of property will typically have to wait less long for a home.

4.43 These detailed issues which affect the ability of actual households to secure adequate housing are not considered in the London SHMA's analysis of the relative need for different types of affordable homes, but are very relevant for Councils within London in seeking to manage their Housing Registers and discharge homelessness duties. They are thus, in my opinion, very relevant considerations in considering new-build supply of different sizes.

2017 Lambeth Strategic Housing Market Assessment (C1/19)

4.44 The evidence base is clearly material to the appropriate size mix of affordable housing to be delivered. Lambeth's latest evidence is set out in the 2017 Strategic Housing Market Assessment ("SHMA") which appears to have been prepared in-house by the Council.

4.45 The size mix for affordable housing identified by the evidence is set out in the Executive Summary below the 4th paragraph (CD1/19, p7). I have replicated this below and shown how this compares to the policy position in the Revised Draft Lambeth Local Plan.

Table 4.7 Indicative Size Mix for Affordable Housing

	1-bed	2-bed	3-bed	4-bed
@ 30%	35%	42%	19%	4%
@ 40%	23%	47%	24%	6%
Policy Range	Up to 25%	25-60%	Up to 30%	

4.46 The SHMA Executive Summary that the size mix is 'indicative' (p7, 4th paragraph) and secondly that *"these figures are in absolute terms and do not take account of Lambeth's local priorities, or any other factors, such as relative need"* (p7, 5th paragraph). This is an important caveat which clearly points to further factors influencing the mix of what should be delivered.

4.47 The detailed SHMA evidence on the need for different sizes of affordable housing are set out in Section 4 of the SHMA. The conclusions in the Executive Summary are derived from Tables 32 and 33 in the SHMA (CD1/19, p61). It is notable however that the conclusions on the proportions of

different sizes of properties needed have not been translated directly into policy, as the table below shows. Indeed, relative to the conclusions of the evidence it is clear that:

- a) The Council has sought to prioritise the delivery of 2-bed accommodation within the Revised Local Plan. The proposed mix of rented affordable housing in the development scheme is consistent with this; and
- b) The Council has sought to limit and restrict the provision of 1-bed rented affordable properties. This is no doubt a reflection of the profile of existing stock, and evidence of a lower relative need for 1-bed properties when account is taken of households with higher priority housing needs (as shown in the Council's own evidence) and the availability of other housing options.

Table 4.8 How Evidence on Rented Affordable Mix has been translated into Policy

	Evidence States ...	Draft Policy states ...	Implies ...
1-bed	23-35%	Not more than 25%	10-25%
2-bed	42-47%	20-60%	45-60%
3+ bed	23-29%	Up to 30%	25-30%

4.48 To understand this further, I have sought to interrogate the detailed modelling undertaken within the SHMA. When I drill into the modelling assumptions used in the SHMA, I find that:

- a) The modelling undertaken assumes that the needs of those with an affordable housing need now – those on the Council's Housing Register at the time of the assessment – are assumed to be met over a considerable 20 year period (see CD1/19 Para 3.8).
- b) Similarly the needs of households living in the social rented sector who are overcrowded are assumed to be met over a 20 year period (see CD1/19 Tables 32 and 33, p61).
- c) The modelling assumes that affordable homes in the development pipeline, on sites under construction or with planning consent, will equally be built out over a 20 year period.
- d) There is a numerical error in the application of the overcrowding adjustment, with the number of homes required by overcrowded households not equalling the properties freed up by a move.

4.49 Whilst arguably an approach which models the backlog need being met over the long-term is justified approach when considering the overall need for housing, as it is unlikely that the backlog will be reduced to zero in the short-term, it does have an impact on the size profile of affordable housing needed.

- 4.50 I have run a sensitivity analysis which considers the implications of assuming that that current housing needs are met over a 5 year period, transfers to address overcrowding are achieved in these timescales as well, and the pipeline is build out over this period. I have also included adjustments to ensure that the overcrowding numbers match.
- 4.51 The results, as shown in Table 4.9 below, show a needs profile which is particularly focused on two-bed, and to a lesser extent 3-bed properties. This accords with the mix of rented affordable housing proposed in the scheme which focuses in particular on two- and three-bedroom stock.

Table 4.9 Addressing Affordable Housing Needs in Lambeth over 5 Years

	1-bed	2-bed	3-bed	4+ bed	Total
Current Gross Unmet Need	1161	3697	1308	252	6418
Transfers to Address Overcrowding	-580	-127	572	135	0
Pipeline Supply	799	1068	523	89	2479
Total Net Current Need	-218	2502	1357	298	3939
Annual Flow to Meet Net Current Need	-44	500	271	60	788
Newly-Arising Need	762	716	361	79	1918
Relet Supply	510	345	177	36	1068
Net Newly-Arising Need	252	371	184	43	850
Total Net Need	208	872	455	102	1638
% Need by Bedsize	13%	53%	28%	6%	100%

- 4.52 Furthermore there is wider evidence within the SHMA itself which confirms that the priority need is for larger properties, and the weakest need is for 1-bed homes.
- 4.53 The Council's Housing Allocations Scheme (June 2020) sets out that the Council operates a choice-based lettings scheme, whereby properties are typically advertised, applicants can bid for them, and properties are then allocated to the bidder whose need falls within the highest priority band. The Council has four Bands²:
- Band A: Emergencies and Strategic Priorities
 - Band B: High Priority
 - Band C: Medium Priority
 - Band D: Low Priority

² I have included a summary of what these bands constitute in My Appendix A4

4.54 Table 30 in the SHMA (CD1/18, p60) compares the needs of those which the Council defines as in “priority groups,” which are Bands A – C1 as identified in its Allocations Policy, to provide what the Council itself describes as “an alternative assessment of demand for different sized properties.”

4.55 In Table 4.10 below I reproduce these figures related to households in ‘priority groups’ but go on to calculate the notional number of years that it would take to meet these needs based on relets within the existing affordable stock. It would take the longest to meet the needs of those requiring 2-bed properties. This clearly shows that the greatest need is for 2-bed properties, and weakest for 1-bed.

Table 4.10 Affordable Housing Supply compared to High Priority Demand

	1-bed	2-bed	3-bed	4+ bed
Priority need	768	2183	659	201
Supply non transfers	469	292	171	36
Years to meet need	1.6	7.5	3.9	5.6

Source: Derived from SHMA Table 30, p60

4.56 As set out in SHMA Para 4.3, this analysis however excludes transfer cases and under-occupiers. If this was included, I would expect the needs profile to focus even more strongly on two- and three-bed properties. I explore this further in the next sub-section having regard to the latest evidence.

4.57 It is clear that there is a greater relative need for 2 and 3+ bed properties than 1-bed units in Lambeth. My conclusions are consistent to those drawn by Lambeth Council's Social Housing Liaison Manager in October 2020, who based on the latest Housing Register data has indicated (as set out in My **Appendix A3**) that *“the demand from higher priority applicants is mainly for 2-bed and larger [properties], so this would be our [the Council's] priority in terms of the size of properties required.”*

4.58 A further important consideration is the effect of chains of lettings in the social rented sector. It is clear that there are a significant number of overcrowded households in the social rented sector in Lambeth. SHMA Table 31 identifies 1,396 such households.³ This is likely to be a significant underestimate as it relates only to local authority tenants within the Council's own stock, and excludes overcrowded households in properties managed by registered providers. The Regulator of Social Housing's Statistical Data Return indicates that there were 21,242 general needs properties owned by Registered Providers in Lambeth in March 2019.

³ This is the number generated by adding together the figures for individual unit sizes in the 2nd column. The total in the table appears to be wrong.

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- 4.59 Indeed SHMA Para 4.5 (CD1/18, p60) makes specific reference to the influence of chains of lettings, stating:

“Analysis of the housing register in April 2017 shows that a total of 580 one bedroom homes and 178 two bedroom homes within the existing housing stock could be freed up for reletting if overcrowded households were able to move into the additional 615 three bedroom homes and 143 four+ bedroom homes which are required. This has the effect of reducing the proportion of smaller properties, particularly one beds, which are required.”

- 4.60 The delivery of larger rented affordable homes will provide an opportunity to address the needs of these overcrowded households by facilitating ‘transfers’ of households from smaller properties. This will in turn release smaller properties, such as 1-bed properties, for other households on the Council’s Housing Register. The development scheme provides the potential in this way to help meet the needs of households requiring a range of different sizes of properties.
- 4.61 A recognition of the role which larger properties can play in facilitating movement within the social housing sector, and releasing smaller properties for other households, together with the relative priority need for larger properties is presumably what underlay the Council’s original request to the applicant to focus provision of rented affordable housing on larger units. It seems that this important point has been overlooked by the Council in its drafting of RfR3.
- 4.62 I would also note that – in contrast to previous housing studies in Lambeth – the 2017 SHMA has not considered the implications of what affordable housing is likely to be delivered, and how it might target delivery of different sizes of affordable housing in response. This is an important omission and in my opinion significantly affects the conclusions which can be drawn from it.
- 4.63 The SHMA’s headline finding is of a need for between 1,047 – 1,573 affordable homes per year (CD1/18, p7 3rd Paragraph). The range is influenced by whether households spend 30% or 40% of gross income on housing costs. This is set against a minimum housing requirement of 1335 dpa in the emerging Local Plan and against an average delivery of 1576 homes per annum over the last 10 years (see CD1/22 Table 2). The affordable housing need thus equates to between 78% - 118% of the housing requirement, and between 66% - 100% of historical average housing delivery (across all tenures).
- 4.64 As set out in Table 3.6 herein, using the Council’s 2019 Housing Supply and Delivery Annual Position Statement (CD1/22) on average over the last 10 years (2009-19), 326 affordable homes have been delivered per year equating to 28% of net completions. Over a five year period (2014-19) a lower 154 affordable homes have been completed each year equating to 22% of net completions. Based on historical performance and the housing requirement in the emerging Plan, it is very clear that the

Council will get nowhere near delivering the affordable housing need in full. At best, I consider that it might meet 30% of the affordable housing need.

- 4.65 This emphasises the importance of schemes such as this which will deliver affordable housing. The scheme would deliver 169 units of affordable housing which would represent a significant boost to affordable housing delivery. But the broader point is that as the Council is likely to get nowhere near meeting its affordable housing need in full; and it is entirely appropriate to therefore consider how affordable housing provision is prioritised and doing so justifies focusing on the delivery of larger housing which the evidence shows is the priority need.

The Priority Need Position shown by the Latest Evidence

- 4.66 To ensure these findings regarding the priority need for rented affordable housing are consistent with the latest evidence, I requested data from Lambeth Council's Housing Register. The information supplied to me by the Council in October 2020 is set out in my **Appendix A3**.
- 4.67 The data shows that over there were 12,000 applicants on Lambeth's Housing Register who have bid for social housing over the last 12 months (to the end of Sept 2020). 47% of these households needed 1-bed properties. However if I look at those defined in the SHMA as is the priority bands, this being Bands A-C1, the need is focused on those requiring 2- and 3-bed properties. This remains the focus when looking at the highest priority bands A and B, Band A describing 'emergencies and strategic priorities' and Band B those whose need is assessed as 'high priority.' I have included a Summary of the Bands, drawn from the Council's Allocations Scheme, in my **Appendix A4**.
- 4.68 The data which I have used includes both existing tenants in social housing in the Borough, who are requesting transfers to alternative sizes of properties, and housing register applicants. This provides a full profile of the need in contrast to the analysis in Lambeth's SHMA (C1/19 Table 30) which looks only at new applicants and excludes transfers.

Table 4.11 Housing Register & Transfer Applicants in Lambeth, 30th Sept 2020

	1-bed	2-bed	3-bed	4+ bed	Total
Total Households Bidding	5787	4029	2153	268	12,237
% by Dwelling Size	47%	33%	18%	2%	100%
Priority Need (Bands A-C1)	642	2288	1027	195	4,152
% by Dwelling Size	15%	55%	25%	5%	100%
Highest Priority Bands (A and B)	500	1691	682	162	3,035
% by Dwelling Size	16%	56%	22%	5%	100%

Source: Lambeth Council Housing Register Data

- 4.69 This gross need can be compared to the profile of lettings. I have used CoRe data⁴ on social housing lettings to analyse the size profile of general needs lettings over the last 3 years (2016/17 – 2018/19). This includes lettings in the Borough of general needs properties owned by Registered Providers and Lambeth Council, providing details of these for 1-bed, 2-bed and 3+ bed properties. In Table 4.12 below, I have compared this to the profile of lettings of those assessed as in priority need (Bands A-C1). Data on the profile of lettings of supported housing by size is not publicly available through CoRE.
- 4.70 My analysis in Table 4.12 shows that taking account of the relative acuteness of the need for different sizes of properties and the supply of properties which become available to let, there is a significantly stronger relative need for 2- and 3+ bedrooms in the Borough than there is for 1-bed properties. Taking account of supply, it would take 2.3 years to address the 1-bed priority need but 11 years to address the priority need for larger properties. The highest absolute numbers of households in priority need require 2-bed properties.

Table 4.12 Relative Priority Need for Different Unit Sizes of Rented Affordable Housing

	1-bed	2-bed	3+ bed	Total
Priority Need (Bands A-C1)	642	2288	1222	4152
Annual Lettings of General Needs Properties	284	209	108	601
Years to meet need	2.3	10.9	11.3	6.9

Source: Derived from Lambeth Housing Register and Transfers Data and CoRe

- 4.71 As set out by the Council's Social Housing Liaison Manager in My Appendix A3, *"the demand from higher priority applicants is mainly for 2-bed and larger [properties], so this would be our [the Council's] priority in terms of the size of properties required."* It is clear that the rented affordable housing in the development scheme thus responds directly to the greatest priority need.

Role of the Private Rented Sector in Meeting Need

- 4.72 In a context whereby affordable housing supply falls well short of the need, as is the case in Lambeth, some households are able to live within the Private Rented Sector (PRS) and claim Housing Benefit to help them cover housing costs. The Lambeth SHMA recognises that the PRS is playing a significant role in meeting, indicating in Para 2.50 that 18.4% of housing-related benefit claimants were living in the Sector (equivalent to over 7,000 claimants) as at March 2016. The SHMA does not however consider how this affects different types of households.

⁴ CoRe stands for Continuous Online Recording of Social Housing Lettings

- 4.73 To address this, I have used DWP benefits data to appraise the profile of households claiming housing-related benefits (either Housing Benefit or the housing entitlement as part of Universal Credit). As shown below, this indicates that there are now over 11,800 households claiming housing related benefit in the PRS indicating that the sector is playing an important role in addressing the shortfall of genuine affordable housing. Of these, 69% of households were single or couple households without dependent children, who would typically be eligible for a 1-bed property, with just 31% comprising families with dependent children. The PRS is thus playing an important role in particular in providing accommodation for singles and couples who require assistance in meeting their housing needs (and would thus be eligible for affordable housing).

Table 4.13 Profile of PRS Households claiming Housing-related Benefits, May 2020

	Households, May 2020	% Households
Single, no child dependant	7412	62%
Single with child dependant(s)	2449	21%
Couple, no child dependant	798	7%
Couple with child dependant(s)	1199	10%
Total	11862	100%

Source: DWP StatExplore data

- 4.74 This can be considered alongside appraising the differences between housing costs and what level of Local Housing Allowance households could claim to help meet housing costs. My analysis of this, as shown below, indicates that there are much greater cost differentials for 3- and 4-bed properties. Coupled with the impacts of the benefits cap⁵, this indicates that it is much more difficult for family households to access housing within the Private Rented Sector even with benefit support.
- 4.75 This provides a clear reason as to why in the context of a constrained supply of affordable housing, the delivery of larger properties should be prioritised; and why the mix of low cost rented homes proposed in the scheme is therefore appropriate.

Table 4.14 LQ Private Rental Costs compared to LHA Rates, Lambeth

	LQ Rent PCM	LHA Rate	Differential
Room	£600	£515	-£85
1-bed	£1,300	£1,147	-£153
2-bed	£1,500	£1,346	-£154
3-bed	£1,900	£1,670	-£230
4+ bed	£2,595	£2,194	-£401

Source: ONS Private Rental Market Statistics (Year to March 2020); Valuation Office Agency (Oct 2020) Inner South East London Broad Rental Market Area

⁵ The benefits cap for couples and families in London is £23,000 per year

- 4.76 My conclusions in this respect are consistent with those drawn by consultants previously in Lambeth's own housing needs evidence (CD1/16 and CD1/17).

The Existing Stock Profile in the Local Area

- 4.77 The application site falls within Prince's Ward which has a high existing concentration of social housing. The GLA's Ward Profile data indicates that in 2011, 47.1% of households in the ward lived in social housing. In my experience this is a very high concentration of social housing.
- 4.78 If the profile of stock by bedsize is analysed, this shows over 1,100 1-bed social rented properties in Prince's Ward in 2011. The profile of stock by bedsize within the ward is shown in Table 4.13 below. It shows that 1-bed social rented stock was over-represented in the ward compared to both the Borough and London more widely. I infer from this that there is not a specific local justification for focusing supply on 1 bed properties.

Table 4.15 Profile of Social Rented Stock by Bedsize, 2011

	Princes Ward	Lambeth	London
1 bedroom	35.7%	33.8%	35.2%
2 bedrooms	37.6%	35.7%	35.6%
3 bedrooms	21.1%	23.6%	23.9%
4 or more bedrooms	5.6%	6.9%	5.3%

Source: Census Table LC4405EW

- 4.79 I have modelled the existing profile of homes within a 15 minute walking catchment area of the development scheme using 2011 Census data. This similarly shows a high concentration of social rented housing (accommodating 48% of households) and a stock profile which is focused towards one- and two-bed properties. The stock profile in the immediate area is not imbalanced towards particular types of properties.

Table 4.16 2011 Stock Profile – 15 Minute Catchment

	1-bed	2-bed	3-bed	4+ bed	Total
Owned or Shared Ownership	6.9%	10.5%	6.4%	2.8%	26.6%
Social Rented	16.8%	17.6%	10.1%	3.2%	47.6%
Private Rented or Rent Free	8.7%	9.8%	4.9%	2.5%	25.8%
All Households	32.4%	37.9%	21.4%	8.4%	100.0%

Source: 2011 Census

Drawing the Evidence Together

- 4.80 For rented affordable housing (low cost rented homes), the adopted Local Plan seeks to prioritise the delivery of 2- and 3-bed properties; whilst the emerging plan in particular prioritises 2-bed units. My evidence shows that households seeking 1-bed homes generally have lower priority needs, and

that the Council is more able to discharge their housing needs through both the existing rented affordable stock and the offer of suitable properties in the Private Rented Sector.

- 4.81 The evidence clearly shows that Lambeth will not meet its affordable housing need in full. This means that prioritisation of what is a limited resource is essential. Both the Council's evidence in the SHMA and my analysis of the Housing Register data indicate that the priority need is for properties with 2 or more bedrooms. This has been confirmed by the Council's Social Housing Liaison Manager. The scheme responds directly to these priority needs.
- 4.82 In doing so it delivers unit sizes which are more expensive for the developer to deliver; and delivers units which can help to support chains of lettings through meeting the needs of overcrowded households who will then release smaller properties for others.
- 4.83 The quantity of rented affordable properties proposed – 24 properties – is also a relevant consideration. A policy compliant tenure profile within the quantum of rented affordable homes proposed might require 10% or 15% 1-bed properties would deliver between two and four properties of this size. This is not of a scale which would impact substantively on either the management of the overall affordable housing stock, or the existence of mixed and balanced communities. This is particularly the case given that 1-bed social rented properties are over-represented in Prince's ward relative to wider benchmarks.
- 4.84 Taking account of these highly relevant considerations, I do not see the lack of one-bed rented affordable units within the scheme as causing harm. Indeed taking account of the accepted position on the scheme's viability which influences the quantum of rented affordable housing which can be delivered, the focus of the rented affordable housing on 2- and 3-bed units (which are more costly to deliver) I would regard as a benefit to be weighed in the planning balance.

5. PRIVATE MARKET HOUSING MIX

- 5.1 The Council's 3rd Reason for Refusal states that the proposed development would provide a private market residential unit mix that disproportionately overprovides for smaller households with no family-sized accommodation; stating that this is inadequately justified and does therefore not comply with the objectives of ensuring mixed and balanced communities through [providing] a range of dwelling sizes to meet housing need, including family housing. Family sized housing is defined in the development plan as having three or more bedrooms.
- 5.2 The Council's Officer's Report (CD5/2) sets out that Council's view that the scheme significantly overprovides for 1-beds and underprovides for family-sized accommodation (CD5/2 Para 10.3.13) and does not provide a balanced mix of unit sizes for the market housing, particularly given the lack of family-sized accommodation (3+ bed); and over-provision of studio and 1-beds within the intermediate and market elements of the scheme (Para 10.3.14).
- 5.3 It goes on to state that whilst site constraints can impact on the housing size mix, in this instance the Council does not consider these an overriding reason why there is a significant imbalance in the housing mix; rather *"it would appear that the combination of the constrained nature of the site and financial viability has resulted in a scheme that realistically would be unable to meet evidenced housing need. Whilst officers recognise the need to optimise development on all sites, this approach should not be at the cost of achieving a housing size mix that responds to the borough's identified needs and the objective of achieving mixed and balanced communities."*
- 5.4 In this section of my Proof, I consider these issues having regard to the policy framework and the Council's evidence base; as well as commercial considerations which impact on the viability of the scheme.

Preliminary Points

- 5.5 Before I get into the detail of the housing needs evidence, I consider that there are a number of preliminary points to be made:
- 1). There are evident viability challenges with this development scheme. It is accepted by the Council that this affects the mix of affordable housing which can be achieved. As values per sq.ft for larger family-sized units will be lower than for the smaller units (as my evidence and the Council's own Viability Review (CD5/6) demonstrates), provision of larger 3+ bed units within the scheme will have a negative effect on viability. The Council's position of accepting that there are viability challenges, but maintaining RfR3 is thus illogical.

2). The site is an accessible location located at 0.4 mile from Elephant and Castle Station and Town Centre. Policy H10 in the emerging London Plan sets out that such a higher proportion of one and two bed units is generally more appropriate in such locations. This is consistent with Policy 3.4 in the extant London Plan where high density development is directed to the most accessible locations.

3). We are dealing with a high-density flatted scheme. Whilst this does not preclude the provision of some family-sized units, such schemes in my experience tend to be focused towards provision of 1- and 2-bed properties.

4). Demand for larger units is more likely to be for houses rather than flats. Within the market sector, families with children are more likely to seek houses for a number of reasons including the ease of access (such as for those with buggies) and the availability of outdoor space and gardens. The importance of access to outdoor space and gardens for family households is likely to have been enhanced by the current Covid-19 pandemic.

6). The site is in a Central London location. This influences the cost of market housing on the scheme; and clearly for larger family sized properties, market values are higher than in other parts of the Borough, and indeed other parts of London. This influences affordability and the demand profile. Put simply the cost dynamics within the Borough are likely to see demand for family-sized housing focused more towards other areas.

- 5.6 From a simple walk around the area immediately surrounding the development site, it is clear that this is an area where the housing demand profile is likely to be focused more towards younger professional households, couples and students. Again this suggests that families seeking market housing will tend, in my experience, to gravitate towards other parts of the Borough.

Understanding the Policy Framework

London Plan 2016 (CD1/1)

- 5.7 Policy 3.8: Housing Choice emphasises providing a choice of homes of different sizes and types, taking account of various factors including the strategic priority afforded to affordable family housing (for social/ affordable rent)⁶ and the changing age structure of London's population. This however needs to be understood within the wider context of the Plan's housing policies.
- 5.8 The overarching context to housing policies in the London Plan is of pressing need to increase supply. London Plan Policy 3.3 sets out a pressing need for more homes in London to promote opportunity and provide a real choice for Londoners, seeking to deliver at least 42,000 homes a year

⁶ As set out in Para 3.47

across London. This minimum requirement fell below the assessed need for 46,000 homes a year. Housing delivery however continues to fall substantially below this with delivery over the last three years averaging around 36,000 a year.

- 5.9 It is in this context that Policy 3.4 seeks to optimise housing potential, taking account of local context and character and public transport accessibility, having regard to the density matrix set out in Table 3.2. I would note in particular that expectation of a relationship between development density and unit size, with the supporting text at Para 3.29 stating that “*higher density provision for smaller households should be focused on areas with good public transport accessibility (measured by Public Transport Accessibility Levels), and lower density development generally more appropriate for family housing.*” The development site’s highly accessible location – indeed one of the most accessible locations in the Borough - with a PTAL rating at the top of the range (6a and 6b) is thus supportive of higher density development; and the Plan recognises that this may result in a housing mix focused towards smaller households. An approach which sought to rigidly apply a dwelling mix to all sites would be inconsistent with this; and in my opinion this relationship between public transport accessibility, density and unit mix is underplayed in the Council’s consideration of the scheme.

Lambeth Local Plan 2015 (CD1/3)

- 5.10 Policy H1 in Lambeth’s Local Plan sets out that the Council will seek to maximise the supply of additional homes in the Borough to meet and exceed the housing target set out in the London Plan, taking full advantage of opportunities to deliver sustainable new housing, and in particular to maximise the delivery of affordable housing (my emphasis) and supporting development proposals that provide a mix of housing types and tenures to meet current and future housing needs (my emphasis). It seeks levels of density consistent with London Plan guidelines having regard to various considerations including public transport accessibility.
- 5.11 The supporting text in Para 5.2 states that the Council will expect schemes to optimise the housing potential of suitable under-used or vacant sites (of which this site would be one), and this means ensuring “*the best balance of numbers, quality, mix of tenure and different types of home, whilst respecting local context.*” The wording here recognises that there may be trade-offs between numbers of homes and housing mix.
- 5.12 The proposed scheme is evidently maximising the delivery of affordable housing, and will deliver 113 affordable housing units representing 50% of habitable rooms, making a substantial contribution to meeting the identified need for affordable housing. In optimising site potential, there is invariable an inter-relationship with unit size mix as the London Plan indicates.
- 5.13 It is then Policy H4 which specifically addresses Housing mix in new developments and is identified in RfR3. This states that the Council will support proposals which offer a range of dwelling sizes and types to meet current and future housing need. I have set out in Table 3.6 the preferred borough-

wide mix of affordable housing sought. In contrast for market housing, the Plan does not specify a preferred mix and instead states “*a balanced mix of unit sizes including family-sized accommodation should be provided.*” The supporting text at Para 5.20 clarifies that family-sized accommodation has 3- or more bedrooms.

- 5.14 The Policy needs to be read with the supporting text which in Para 5.21 states that “*while developments are expected to reflect the preferred dwelling mix set out above, rigid application of these requirements may not be appropriate in all instances. When considering the mix of dwelling sizes appropriate to a development, the council will have regard to individual site circumstances including location, site constraints, viability, and the achievement of mixed and balanced communities. In all cases proposals will be expected to demonstrate that the provision of family sized units has been maximised.*”
- 5.15 These are evidently appropriate considerations, particularly in the Council’s stated ambition to maximise the supply of additional homes; and the Government’s ambitions to significantly boost housing supply (NPPF Para 59). Indeed the NPPF states in Para 122 that planning policies and decisions should support development which makes efficient use of land taking into account various factors which include the identified need for different types of housing, land availability, local market conditions and viability, and infrastructure capacity. NPPF Para 123 emphasises optimising the use of land where there is a shortage of land to meet housing need, which is clearly the case in Lambeth.
- 5.16 If the Local Plan is considered more widely, I would note that it does recognise the role which high-density development can play in meeting housing need (CD1/3 Para 2.105); but also that different parts of the Borough have a different character which influences housing mix. Para 11.66 for instance on p195 describes West Norwood as having a “*strongly suburban character, with lower density housing and more community focus.*” Streatham Vale is described as “*an area which contains small and relatively affordable family homes*” (CD1/3 Para 11.46). In contrast, Kennington is described in Para 11.81 as having a younger resident population; low home ownership; and accommodation which is “*overwhelmingly in flats.*” It is clear from the Plan itself that different areas within Lambeth thus have different socio-economic and demographic characteristics and essentially a different demand profile.

London Plan (Intent to Publish) 2019

- 5.17 The Intent to Publish London Plan (December 2019) (C1/2) needs to be read alongside the Secretary of State’s response to this dated March 2020 (CD1/20).
- 5.18 Policy H1 refers to the ten-year housing targets set out in the Plan. For Lambeth this is 13,350 dwellings 2019/20 – 2028/29 as set out in Table 4.1 on Page 175. To achieve these targets, the Plan emphasises optimising the potential for housing delivery of all suitable and available brownfield sites and the development of surplus publicly-owned sites such as this.

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- 5.19 The Secretary of State's response to the Intend to Publish London Plan (CD1/20) however describes housing delivery in London as "deeply disappointing" stating:

"Leaving tens of thousands of homes a year needed but unplanned for will exacerbate the affordability challenges within and around the capital; making renting more expensive and setting back the aspirations of Londoners to get on the housing ladder, make tackling homelessness and rough sleeping more challenging and harm the economic success of London."

- 5.20 There is clearly potential that the minimum housing targets in Policy H1 could thus rise through amendments to the Plan before it is published. This clearly diminishes the weight which can be given to the housing requirement figures; and emphasises the need to optimise housing supply on sites.
- 5.21 Policy H10 specifically addresses Housing Size Mix. It sets out that schemes should generally consist of a range of unit sizes, having regard to a range of considerations which include: 1) robust local evidence of need, or where this is not available, the 2017 London SHMA; 2) the requirement to deliver mixed and inclusive neighbourhoods; b) the need to deliver unit types at different price points across London; 6) the nature and location of the site, with a higher proportion of one and two-bed units generally more appropriate in locations which are closer to a town centre or station or with higher public transport access and connectivity; 7) the aim to optimise housing potential on sites; and 9) the need for additional family housing and role of one and two bed units in freeing up family housing.
- 5.22 I recognise the clear need to increase the delivery of family housing across London as a whole; and the concerns expressed by the Secretary of State's Letter that the London Plan makes inadequate provision for family housing resulting in families moving out of the Capital to meet their housing needs. But in how this strategic requirement is applied, the Plan wording specifically recognises a higher proportion of one- and two-bed units can be expected in essentially higher density schemes in areas of strong public transport accessibility, such as this site.

Revised Draft Lambeth Local Plan (Proposed Submission Version) (CD1/4)

- 5.23 The proposed amendments to Policy H1 within the PSV Lambeth Local Plan emphasise both optimising housing delivery on suitable and available brownfield sites; and seeking to optimise residential density having regard to site context, connectivity and accessibility by sustainable travel modes, and infrastructure capacity. The development scheme responds to this.
- 5.24 Given the potential for increase in the London Plan housing requirement, I consider that limited weight can be given to the housing requirement figure in Policy H1 at the current time; and to any claims by the Council of a strong housing supply pipeline against this given a) the potential for the housing requirement to increase; and b) the significant extent to which the requirement undershoots

Lambeth's housing need (as I explored in Section 3). I note that the Inspector examining the Council's Revised Local Plan has asked whether is cautious in its housing delivery?

The Evidence Base

2017 London Strategic Housing Market Assessment (CD1/19)

- 5.25 The GLA's 2017 London SHMA identifies housing requirements at a regional, London level, only (Para 1.11). London's population has been growing driven by both natural change (a function of its age structure) and net migration (Figure 11, p23). But there is a net migration out of London to other parts of the UK (Figure 15, p27) of which those aged 25-39 account for around a third (Para 3.28) in particular pointing to a consistent trend of families moving out of London – what the SHMA describes as “*a tendency for people to move out to the suburbs or surrounding counties to raise families*” (Para 3.33). Indeed out-migration from London to other parts of the UK of most age groups over 30 is evident (Fig 19, p31).
- 5.26 The SHMA's modelling of housing need is based on the GLA's 2016-based 'Central Trend' population and household projections. This takes account of the projected growth in different types of households (as shown in SHMA Figure 38, p45). It then takes account of backlog housing need, including from households who lack self-contained housing, and those who require a different tenure or size of home (Para 6.11); and assessed what different types of households can afford to disaggregate need by tenure (Table 8, p88). A small allowance of 1.8% is then included for vacant homes. This process is used to derive a proposed mix of housing across tenures which is set out in SHMA Table 13 (CD1/19, p94). I have replicated the conclusions for market housing in Table 5.1 below.

Table 5.1 London SHMA – Strategic Mix for Market Housing

	1-bed	2-bed	3-bed	4+ bed	Total
Market Housing	10,682	2,043	4,101	6,210	23,037
% By Bedsize	46%	9%	18%	27%	100%

- 5.27 In my opinion, this strategic mix should only be used as a monitoring tool at a London-wide level. In applying it, it is important to understand that different areas and neighbourhoods within London have a different role and function; with some areas – particularly in Inner London - more focused on younger households and rented homes, whilst others are more family-focused areas/neighbourhoods. The nature of London's housing stock and the house price geography mean that younger households typically live more centrally; with household then moving outwards including Outer London Boroughs as they seek to buy a home, have families and need more space. This means that the demographic characteristics and growth profile vary between different boroughs, and indeed within boroughs, and these are important considerations in determining the housing need in a particular locality.

2017 Lambeth Strategic Housing Market Assessment (CD1/18)

- 5.28 The Lambeth SHMA used GLA 2016-based demographic projections to consider the mix of homes needed. The extent of the analysis undertaken to inform conclusions on the mix applied was to take the 2016-based household projections, calculate gross household formation (Table 14, p48), and then subtract those (by household type) needing affordable housing to derive a market housing mix.
- 5.29 The results of this limited exercise are shown in the SHMA in Tables 35 and 36. I have summarised the core figures below.

Table 5.2 SHMA's Assessment of Need for Market Housing by Bedsize

	1-bed	2-bed	3-bed	4+ bed
Size requirements @ 40% income	35.0%	42.5%	15.9%	6.7%
Size requirements @ 30%	29.6%	45.2%	17.3%	7.9%

- 5.30 The exercise undertaken, and thus the conclusions drawn from it, are fundamentally flawed on a range of levels. In particular:
- There is no evidence of market analysis having been undertaken to inform the SHMA, such as engagement with local estate and letting agents; or analysis of housing cost differentials;
 - No consideration is given to the occupancy of the market housing stock, including levels of under-occupancy or overcrowding, despite the SHMA identifying that there is significant under-occupancy in the market housing sector (CD1/18 Paras 2.33 and 5.21);
 - Nor was any consideration given to how the need or demand for market housing might vary within the Borough.
- 5.31 I consider the analysis to be so fundamentally flawed that it is of very limited use in considering the mix of market housing needed in Lambeth or specific sites within the Borough. I have move on in my evidence to undertake the necessary analysis to consider market demand for housing in the vicinity of the development site and the influence of the housing mix on development viability.

The Effect of the Private Unit Mix on Viability

- 5.32 My assessment of the viability evidence clearly indicates that adjusting the unit mix of private units towards larger family-sized units would negatively impact on viability and generate an unacceptably low profit margin which would not be sufficient for the scheme to be brought forward. This is clear both from the evidence provided by the Council's advisors, Avison Young, and my own analysis. I have structured the analysis in the remainder of this section to consider:

- The conclusions drawn by the Council's viability experts, Avison Young;
- Private sales values for different unit sizes in similar schemes in the area;
- Factors influencing the relative need and demand for larger units; and
- Evidence from sales rates of the relative demand for different property sizes.

5.33 This evidence clearly indicates that there is weaker market demand for 3-bed units, that the pace of sales is slower, and that the values for 3-bed properties relative to 1-beds are lower. The combination of lower sales values per sq.ft and weaker sales (which would impact of finance costs for a new-build scheme) mean a shift in the size mix of the private units would impact negatively on viability.

Avison Young Financial Viability Review, August 2020 (CD5/7)

- 5.34 Avison Young (AY) were appointed by LB Lambeth to review the financial viability of the Scheme, and produced their August Financial Viability Review report following discussions with the Appellant. The overall conclusions of this report are agreed, albeit that there remain differences between the main parties on a number of the inputs including the private residential values. The report nonetheless provides a useful starting point in setting out the Council's position on the Scheme's viability.
- 5.35 Avison Young's conclusions on viability are set out on Pages 32-33 of their Report. A Land Value Benchmark of £4,025,000 based on the 'Existing Use Value plus' (EUV+) methodology has been agreed by the main parties (CD5/7, p7). Avison Young assess total development costs including finance and land at c. £102,397,000. Their assumptions on sales values (which for the private units are higher than those of the Appellant) generate a Gross Development Value of £119,283,000. When the development costs are deducted from the GDV, this generates a profit of £16,886,000.

Table 5.3 Viability Performance Measures in Avison Young's Appraisal

	%
Profit on Cost	16.5%
Profit on GDV	14.3%
IRR	30.1%

- 5.36 This profit, AY set out, equates to an appropriate combination of 17.5% of the GDV on the private units and 6% on the affordable units; and thus the proposed scheme produces the optimum affordable housing tenure split available.
- 5.37 As the AY report sets out in the final paragraph on p5, the level of developer profit needs to take account of the risk of bringing a scheme forward as well as providing a suitable return. A realistic

profit margin is required both to justify the developer's investment and is a requirement of any bank looking to fund a scheme. Avison Young set out that an *"an acceptable margin on developer's profit should equate to a combined developer's profit margin of 17.5% of GDV on the private residential units and 6% of GDV for the affordable units."*

- 5.38 By implication any changes to the scheme which reduced sales values per sq.ft would have a negative impact on viability, resulting in a profit margin below that necessarily to sufficiently incentivise the Appellant to bring forwards the scheme and for it to secure funding to bring the development forward. Avison Young's analysis on p24 and 25 of their report indicates that *"smaller units typically achieve higher £ per sq.ft values."* By implication, adjustments to the unit mix towards larger units would reduce the GDV of the scheme impacting on its viability.
- 5.39 Equally sales rates influence the finance costs. Avison Young have assumed off-plan sales of 35% prior to practical completion with the remaining sales occurring within over a 9 month period thereafter (CD5/7 p32). A change in the unit mix within the scheme that reduced the rate of sales would thus increase finance costs associated with the development, negatively impacting on viability. My further evidence below indicates that this would likely be the case.
- 5.40 A scheme which is not viable and therefore not delivered does not achieve the Government's objectives of significantly boosting housing supply.

Sales Values for Different Unit Sizes

- 5.41 In preparing my evidence, I have worked with viability specialists to assess the sales values for different sizes of properties in the local area. Avison Young's Financial Viability Review (CD5/7) states that smaller units typically achieve higher values per sq.ft, My evidence shows this to be the case. In preparing my evidence, I have:
- Worked with I² development consultants and the appellant's viability advisors, Montagu Evans, to review the pricing of private flats of different unit sizes on comparable schemes based on analysis of the sales values achieved; and
 - Analysed asking prices for private new-build flats of different sizes within a 0.5 mile radius of the site.
- 5.42 The detailed review of the pricing of units in comparable schemes undertaken by I² is set out as my **Appendix A5**. Comparable schemes have been selected having regard to those considered in Avison Young's Viability Review (CD5/7). A number of schemes were initially discounted as they were targeted at the luxury end of the market with large lateral flats in superior locations, often overlooking the River Thames. Two schemes were also discounted because of the lack of or low

levels of transactional evidence available to date meaning that these would not provide robust data which could be used.

5.43 The schemes which have been considered in detail are therefore:

- The Levers, SE17 3PY
- Blackfriars Circus, SE1 8EQ
- 251 Southwark Bridge Road, SE1 6FT
- Elephant Park

5.44 The detailed evidence and analysis in the I² report shows typically lower values for 3-bed relative for 1-bed units in comparable schemes in the area, as Table 5.4 indicates.

Table 5.4 Vales of 3-bed Units per sq.m relative to 1-bed units – Comparable Schemes

Scheme	Average £PSM of 3 bed units as a % of 1 bedroom unit pricing
The Levers	87%
Blackfriars Circus	72%
251 Southwark Bridge Road	93%
Elephant Park	100%

Source: I Squared Report, My Appendix A5 Page 12

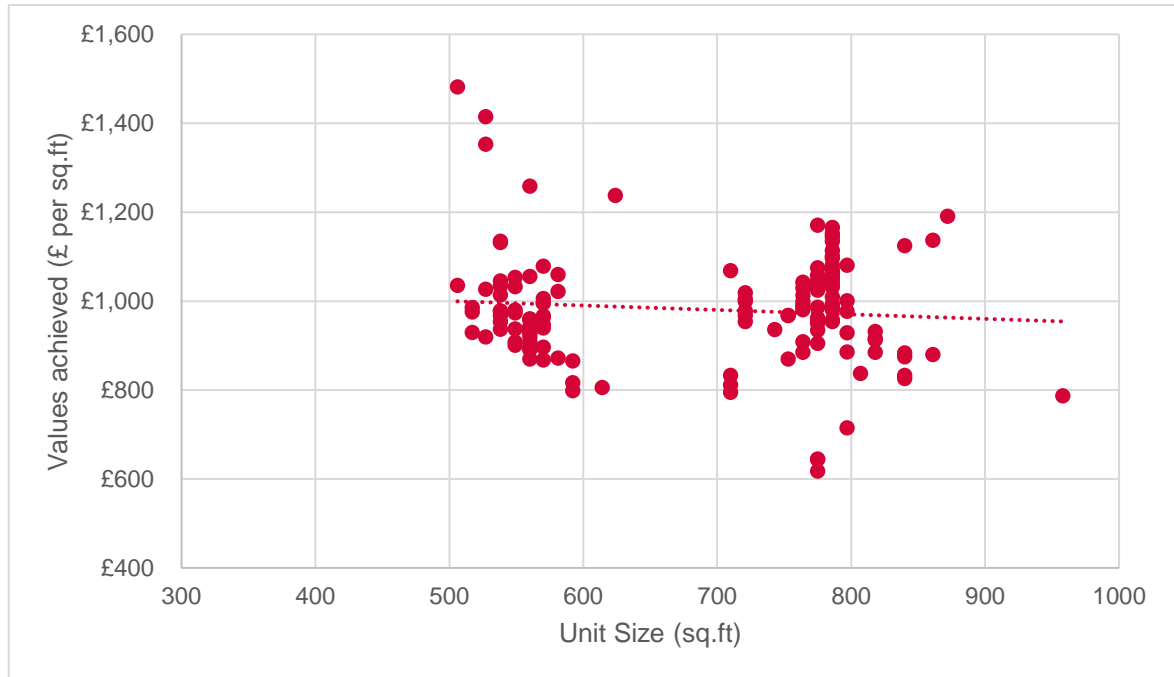
5.45 The units at Elephant Park have maintained their pricing relative to the other units within the development, but the sales rates are significantly reduced as a consequence. Furthermore the schemes considered at Elephant Park in the I² report tend to be on upper floors and have a higher specification which affects their values. This reflects developer concerns regarding their saleability and serves to distort the pricing. In considering changes to the unit mix, it is relevant to look at pricing on a comparable basis.

5.46 This is demonstrated by the further detailed analysis considering two schemes within Lend Lease's Elephant Park Regeneration Scheme – Orchard Point and Highwood. Avison Young's Financial Viability Review (CD5/7) attached the most weighting in considering values to these.

5.47 I have worked with Montagu Evans to analyse the pricing of units on these schemes. To provide a comparable assessment of values, our analysis excludes oversized units, this being 2-bed units of over 900 sq.ft and 3-bed units of over 1,100 sq.ft which addresses in particular the value premium for penthouse properties.

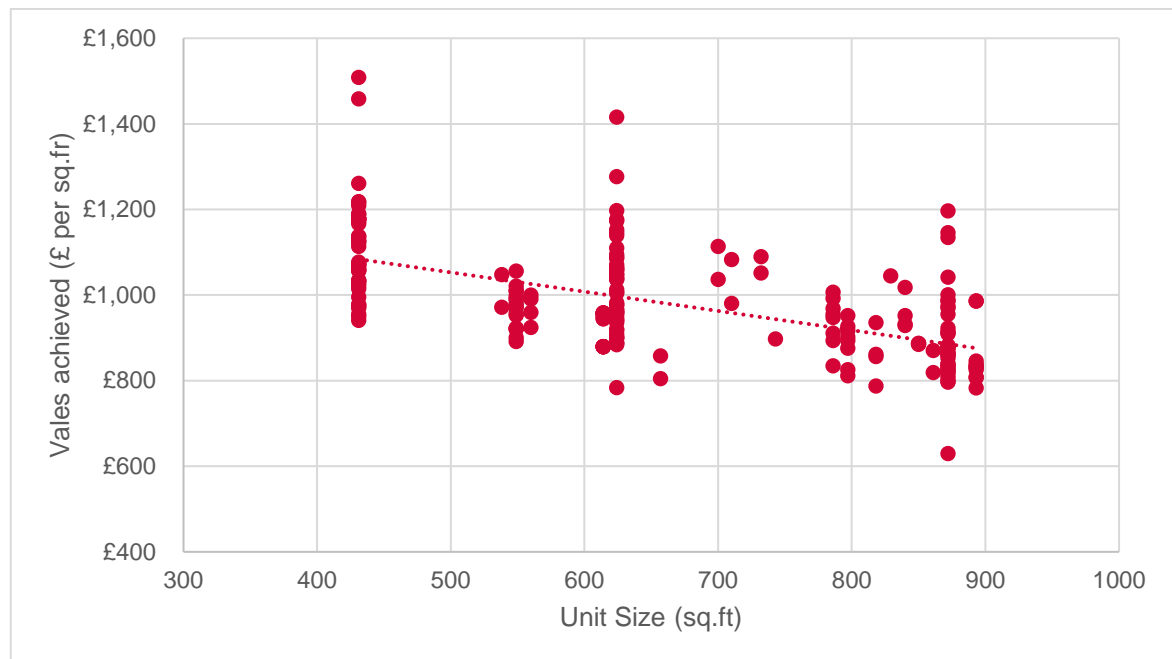
- 5.48 Orchard Point is a 19-storey tower located on Walworth Road comprising 98 one, two and three-bed apartments. The chart below plots sales values achieved per sq.ft compared to the unit size. It excludes over-sized units of above 1,100 sq.ft. It affirms higher sales values per sq.ft for smaller units, than larger unit sizes.

Figure 5.1: Sales Vales achieved (£ per sq.ft) at Orchard Point by Unit Size



- 5.49 The second scheme considered, Highwood, is a 31-storey tower located off Heygate Street, again close to Elephant and Castle. It is similar in height and location relative to Elephant and Castle to the appeal scheme. As Figure 5.2 below shows, there is an evident downward trend in the unit values achieved as unit sizes increase.

Figure 5.2: Sales Vales achieved (£ per sq.ft) at Highwood by Unit Size



- 5.50 The final component of my analysis has been to consider asking prices per sq.ft for different unit sizes within a 0.5 mile radius of the appeal site. To provide a comparable assessment of values, the analysis again excludes oversized units, this being 2-bed units of over 900 sq.ft and 3-bed units of over 1,100 sq.ft. The detailed analysis of individual units considered is set out in **Appendix A6**.
- 5.51 The analysis indicates typical asking values of 1-bed units of £1036 per sq.ft compared to £738 per sq.ft for 3-bed units, a differential of 29%.

Table 5.5 Asking Prices per sq.ft for different Unit Sizes within 0.5 miles of the Appeal Site

	Average Asking Price (£ psf)
1-bed	£1,036
2-bed	£973
3-bed	£738

Source: Rightmove

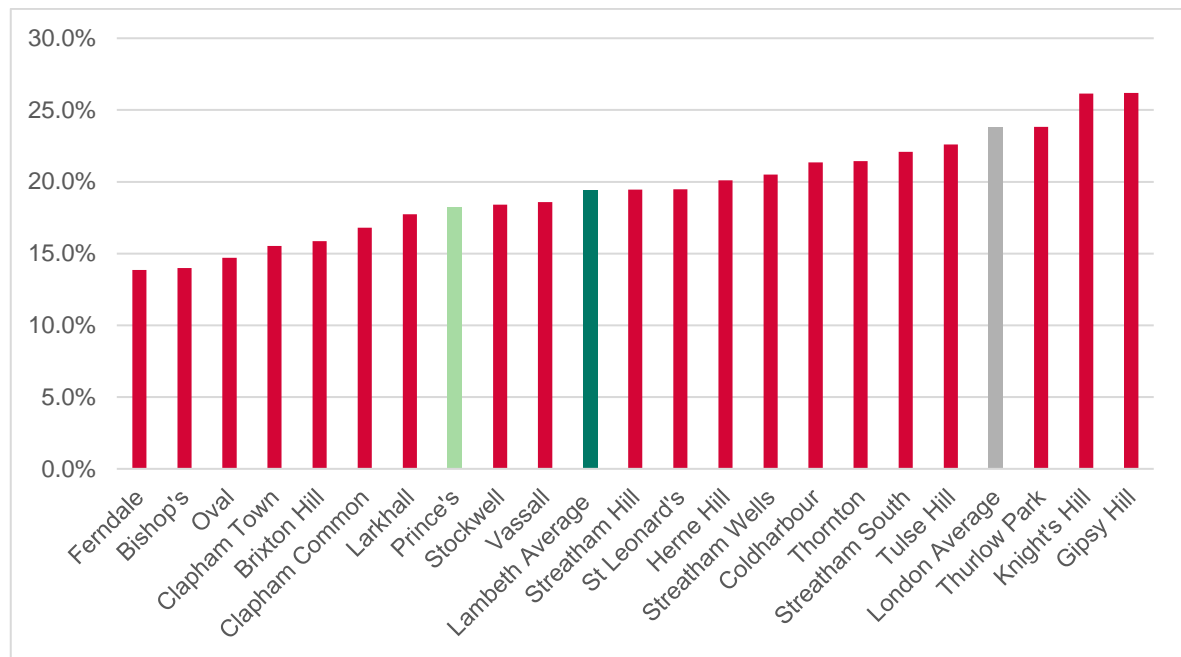
- 5.52 I consider the sales rates of larger units later in this section, which equally feeds into viability through influencing finance costs for developments schemes.

Relative Need and Demand for Larger Units

- 5.53 My evidence draws on market advice provided by JLL, as set out in my **Appendix A7**, which examines factors affecting sales and provides evidence of the relative sales rates of different units sizes for a number of comparable schemes.

-
- 5.54 JLL identify a number of factors that influence the type of purchaser within a new-build block of flats. These are:
- Access to transport;
 - Access to amenities (shops/ restaurants etc.)
 - Traffic/ noise in the micro location
 - Provision of local freehold family housing
 - Access to green space
 - Provision of parking within the development
 - Pricepoint
- 5.55 The more the top four factors above are prevalent, the greater degree to which demand is geared towards younger buyers and smaller units; with young professionals with no dependents looking for good transport links to Central London's employment locations, culture and nightlife rather than access to greenspace and parking provision, which are more important considerations for families.
- 5.56 The appeal site is in a highly accessible location within walking distance of both Elephant and Castle and Kennington Stations, with the Northern and Bakerloo LU lines and Thameslink providing access to London Bridge, the City, Old Street, the West End, Kings Cross and Paddington amongst others. It is a highly accessible location with strong connections to Central London. In contrast, the scheme has limited parking which would detract from demand from families.
- 5.57 The character of the immediate surrounding area is one which is more geared towards younger households. Whilst there is some greenspace and playgrounds in the local area, such as the Geraldine May Harmsworth Park and St Mary's Churchyard, it has a more urban feel than other parts of the Borough. In contrast, walking around the local area it is clear in contrast that pubs, bars and restaurants are relatively strongly represented, catering particularly for younger professionals.
- 5.58 This is borne out in the area's demographic profile. In Prince's Ward, which includes the site, 18% of the population is estimated to be of children. This is below the Borough average; and well below those in wards around Herne Hill at 24-26%, as Figure 5.3 below shows.

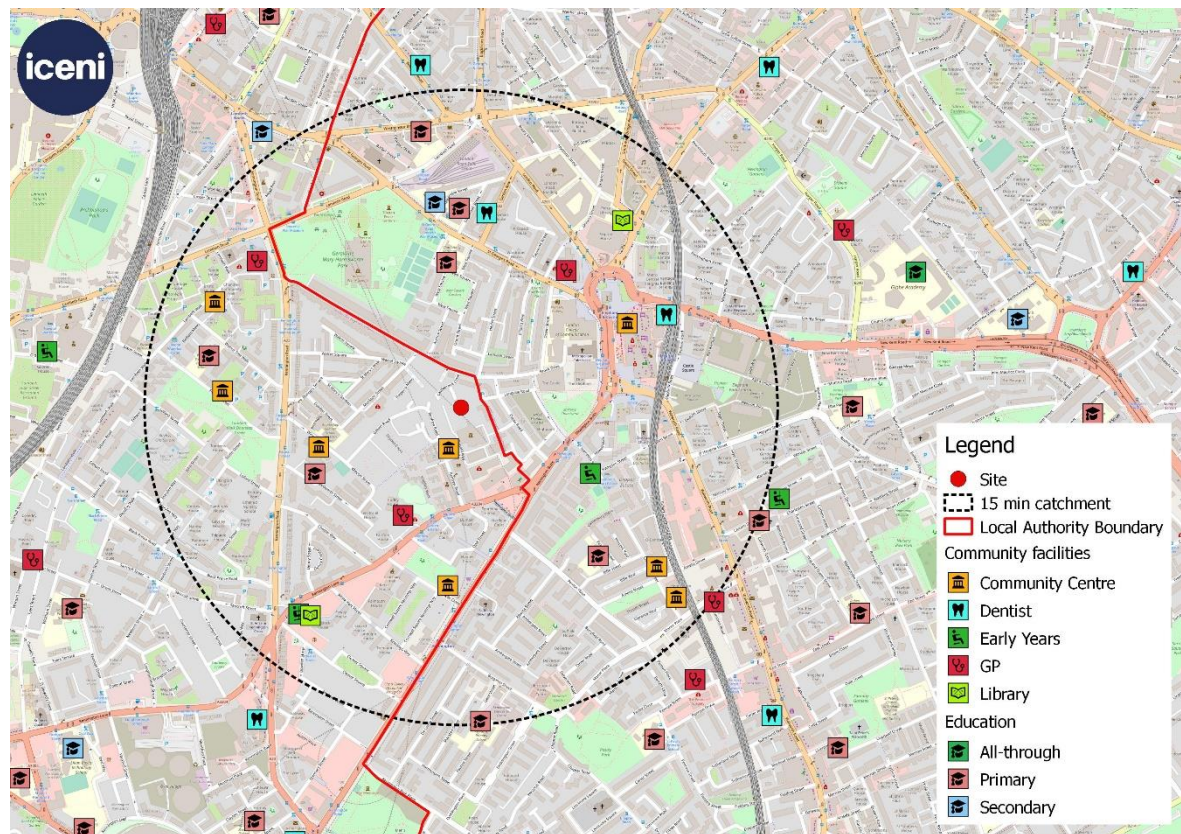
Figure 5.3: Population of Children aged 0-18 by Ward in Lambeth, 2018



Source: GLA 2018-based Ward Population Projections

- 5.59 As set out in my **Appendix A8**, there are a number of primary schools within 0.5 miles of the application site. However of these just one is assessed by Ofsted as outstanding; with three either requiring improvement or considered inadequate. This is a limiting factor in demand from families with younger children considering new-build development.
- 5.60 At secondary school level, there is relatively limited provision very close to the site; but within $\frac{3}{4}$ mile distance there are a number of secondary schools which are judged good or outstanding. However in my experience, in the market sector households with older children are more likely to want a house or maisonette rather than a flat within a high-rise development scheme.

Figure 5.4: Social Infrastructure within the 15 minute Catchment



- 5.61 These factors, together with the high costs of larger properties in this location, influence the demand profile for different sizes of market housing. The evidence points to limited demand from families. As my evidence comes onto later in this section, this is borne out in sales rates of flats of different unit sizes.
- 5.62 Indeed the evidence shows that many larger properties are not actually occupied by families, but by smaller households who can afford additional space. My analysis of 2011 Census data indicates that across all bedsizes of market housing within the 15 minute catchment area of the site in 2011, just 30% of households have 3 or 4 persons.
- 5.63 Of larger properties with 3+ bed properties within the 15 minute catchment area of the site, just 31% were occupied by households with 4 or more persons (which is who the Lambeth SHMA assumes will occupy 3+ bed properties). Instead many of these larger homes in the market sector are under-occupied, with 43% occupied by a one- or two-person household (such as a single or couple, or lone parent with one child).

Table 5.6 Occupancy of Private Sector Properties – 15 Minute Catchment Area

	1 person	2 persons	3 persons	4+ persons
1-bed properties	55%	37%	7%	2%
2-bed properties	31%	44%	17%	8%
3-bed properties	20%	28%	31%	21%
4+ bed properties	11%	20%	18%	51%
All Properties	34%	36%	17%	13%

Source: 2011 Census

- 5.64 The 2011 Census showed a very low incidence of families within the 15 minute catchment area living in market housing. It indicated that of the total number of dependent children living within the area, just 27% live in private sector housing. Of these 47% live in one- and two-bed properties. Indeed there were just 1,010 children living in 3- or 4-bed private sector properties in the 15-minute catchment area in 2011 equating to 14% of children living in the area. This is likely to be a function of the limited attractiveness of the area for families and the costs of market housing.
- 5.65 Looking at the actual numbers, the 2011 Census showed just 369 households within the 15 minute catchment in owner occupied homes which included 4 or more persons. This is not suggesting a substantial demand for larger properties in this area.

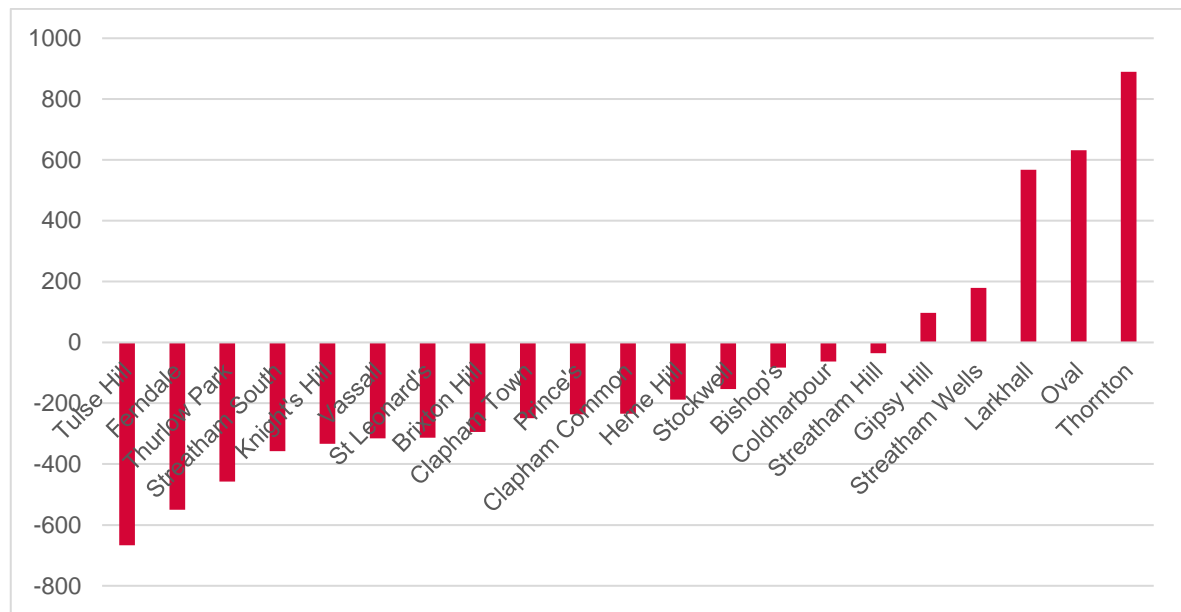
Table 5.7 Occupancy of 3+ bed Owner Occupied Homes – 15 Minute Catchment Area

	1 person	2 persons	3 persons	4+ persons	Total
3+ bed	363	522	307	369	1561
%	23.3%	33.4%	19.7%	23.6%	100%

Source: 2011 Census

- 5.66 The Council's assessment of need for different sizes of properties is driven by demographic trends in the Borough and consideration of what tenures of housing different household types can afford. This is undertaken at a Borough-wide level.
- 5.67 A more local based analysis can however be undertaken using the GLA's ward-based population projections which indicate how the age structure of the population is expected to change within different areas. The latest (2018-based) projections indicate that there are just 4 wards in the Lambeth where the population of children is expected to grow over the period to 2034: Thornton; Oval; Larkhill; and Streatham Hill. In Prince's Ward, which includes the application site, the population aged 0-18 is projected to fall by over 200 persons (8%). This does not suggest a need for additional family housing in Prince's Ward.

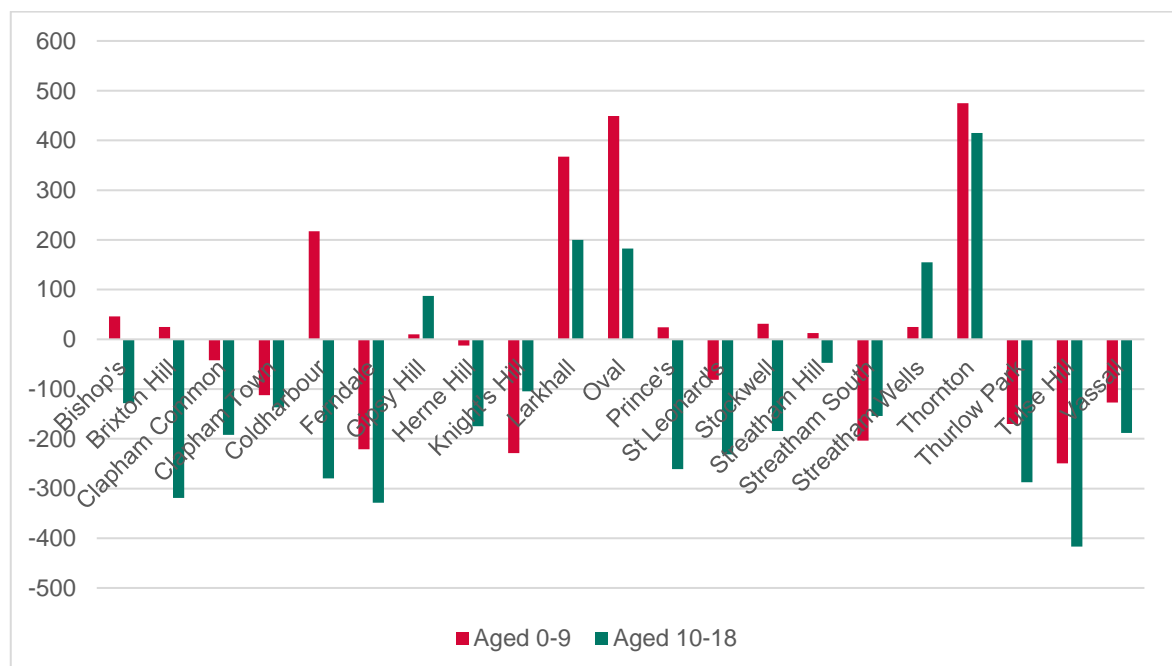
Figure 5.5: Projected Changes in Population aged 0-18 in Lambeth Wards, 2019-34



Source: Icen analysis of GLA 2018-based Housing Led Ward Population Projections

- 5.68 If I break the data down further to consider changes in those aged under 9, and 10-18, I find that in Prince's Ward the population aged 0-9 may grow slightly by 24 persons; but this is offset by a decline of those aged 10-18 by 261 persons. Children under 9 can share bedrooms and are thus less likely to be in households which need 3+ bed properties.

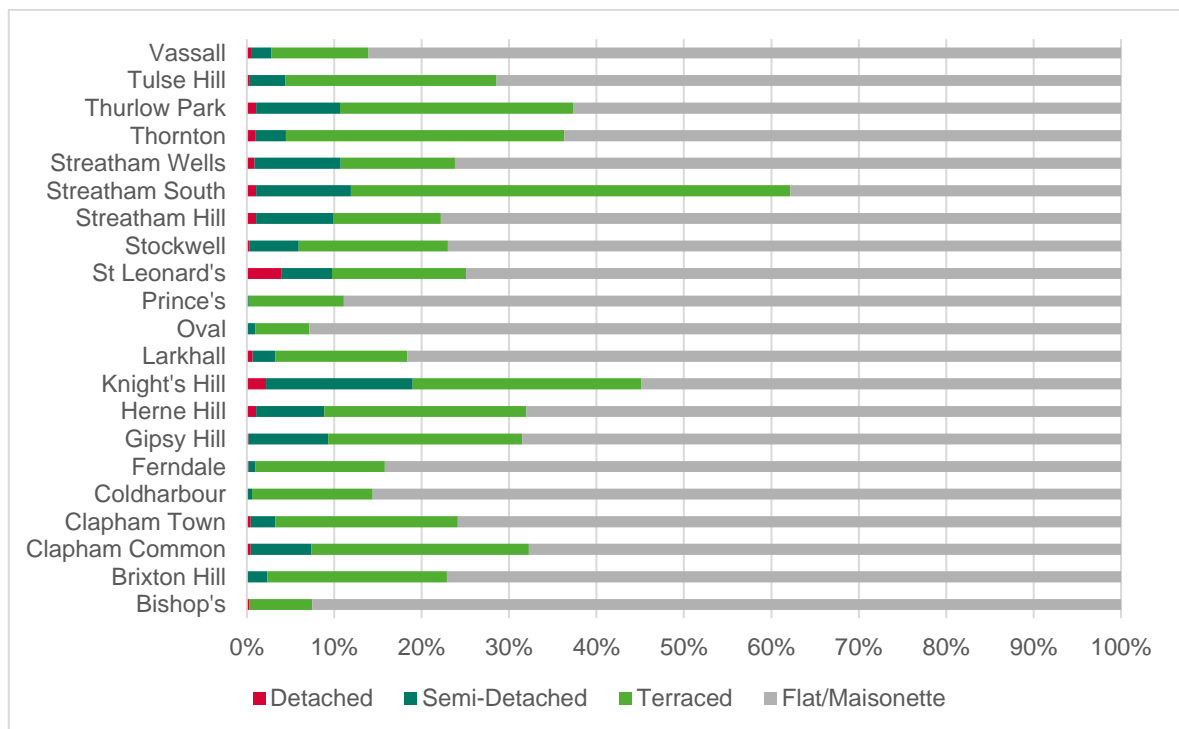
Figure 5.6: Projected Change in Population aged 0-9 and 10-18 in Lambeth Wards, 2019-34



Source: Icen analysis of GLA 2018-based Housing Led Ward Population Projections

- 5.69 Overall the demographic data points to a demand profile for family-sized accommodation within the Borough which is more focused towards Streatham, Tulse Hill and Clapham South; with a much lower demand in the Kennington area. This aligns to sales data.
- 5.70 HM Land Registry data indicates that flats/maisonettes make up the majority of sales in most wards in Lambeth Borough with the exception of Streatham South and Knight's Hill. Areas with over 30% of sales being of houses include:
- Wards in Streatham and Tulse Hill, such as Thurlow Park, Gipsy Hill, Herne Hill, Streatham South and Knight's Hill which are close to greenspace such as Herne Hill and Streatham and Tooting Commons;
 - Clapham Common and Thornton wards which includes houses which are close to Tooting Bec Common and Clapham Common and which include Victorian maisonettes which are popular with families.
- 5.71 It is these areas that families are likely to gravitate towards; and indeed the demographic projections show that growth in the population of children is expected to be focused in these areas. In contrast, there is a very low proportion of sales of houses in the northern wards of Bishops, Prince's and Oval; with the majority of sales being of flats/maisonettes; and these areas can be expected to see limited market demand for larger 3+ bedroom properties as a result.

Figure 5.7: Sales Profile by Type, Lambeth Wards 2017-19



Source: Icen Analysis of ONS House Price Statistics for Small Areas, Dataset 36

5.72 I consider further specific evidence of sales of new-build flatted schemes in the next sub-section below.

5.73 A further significant material point, as highlighted by JLL (My Appendix A5) is that buyers of larger apartments in inner London locations have a higher demand for parking. As the development scheme is virtually car free, JLL consider that this would seriously limit demand for larger units.

Sales Evidence of Relative Demand

5.74 Evidence from sales rates of new-build flats provides direct evidence on the relative demand profile for different types of properties. It is common for housing needs and strategic housing market assessments in my experience to consider evidence on sales and to engage with estate and letting agents to understand the relative need for different types of properties. I see this as a major limitation of the Lambeth SHMA.

5.75 More specifically, for a new-build development scheme the pace of sales influences the finance costs associated with the development. Where for instance sales extend beyond the 9 month period following practical completion which Avison Young has assumed, this increases the finance costs associated with the development scheme, negatively impacting on viability.

5.76 I present a multi-layered analysis of sales rates, drawing on specific evidence from the following:

- The I² review of comparable schemes in the local area (as set out in my Appendix A5),
- Commentary from JLL on schemes which they have been marketing agents for (as set out in my Appendix A7);
- The sales performance of a similar scheme by Anthology in Deptford.

Evidence from the I² Report

5.77 The I² report has reviewed the sales performance of a range of development schemes in the local area, as set out in Para 5.43 above. The results of this are shown in Table 5.11 below.

5.78 The Levers is a scheme of 32 units located 0.5 miles east of the application site. The 3-bed units were all on the upper floors of the building. There was a clear differential in sales rates, with average sales of 4 one-bed units per month, and 5.3 two-bed units; but a much lower sales rate of 0.4 three-bed flats per month.

5.79 Conquest Tower is 27 storey tower at Blackfriars Circus developed by Barratt comprising 125 private units. In this scheme, the rate of sales of 3-bed units was around half of that of the 1-bed units.

- 5.80 251 Southwark Bridge Road is a 41-storey new-build apartment block, marketed as Twofiftyone London, located to the north of the Elephant and Castle Roundabout within 0.5 mile of the appeal site. The developer is Oakmayne Properties, and the scheme includes 335 apartments comprising studio, 1 2 and 3-bed apartments. It included 270 units for private sale. Here the sales rate for the 1-bed units was on average 18 per month, but for the 3-bed units was 3.1 per month. The 3-bed units remained unsold 3 years on from the launch of the scheme, with a number ultimately sold as part of a bulk sale to an overseas investor.
- 5.81 At Elephant Park, the I² analysis shows that 3-bed units have tended to be located on the upper floors reflecting developer concerns regarding their saleability. The sales rate is much lower at on average 3 per month compared to 13 per month for 1-bed units, as Table 5.8 shows. To achieve a comparable sales rate, a notable price discount would be needed.

Table 5.8 Sales Performance of Different Unit Sizes in Comparable Schemes

Scheme	Average Sales Rate (1 bed units)	Average Sales Rate (2 bed units)	Average Sales Rate (3 bed units)
The Levers	4.0	5.3	0.4
Blackfriars Circus	10.6	9.6	5.4
251 Southwark Bridge Road	18	7.5	3.1
Elephant Park	13.4	15.6	2.9

Source: I Squared Report, My Appendix A5 Page 12

- 5.82 In the latest phase of development at Elephant Park, I understand from the sales agent that the one bed flats have all sold and only the two and three-bed flats are remaining in the latest phase.

Evidence from Schemes marketed by JLL

- 5.83 JLL have provided evidence on two further schemes which they have been involved in marketing (see my **Appendix A7**). I consider the sales rates for different sizes units on these below.

Taper Building, Long Lane SE1

- 5.84 This is a development of 56 flats, comprising 1, 2 and 3-bed units, located on Long Lane in Bermondsey, approximately a mile from the application site. The developer was Sharpe Real Estate. It is located c. 0.4 miles from Borough LU Station and London Bridge Station and is thus in a similarly highly accessible location to the appeal site.
- 5.85 Again JLL's data points to a significantly slower sales pace of 3-bed units which remained unsold on the practical completion of the scheme in March 2018, with the final 3-bed units eventually rented out in April 2020.

Table 5.9 Sales Performance of Different Unit Sizes – Taper Building, Bermondsey

	Private Units Sold	Months to Sell Out	Average Sales / month
1-bed	22	18	1.2
2-bed	25	24	1.0
3-bed	9	41	0.2

One the Elephant, 22 Elephant & Castle, SE1

- 5.86 One the Elephant is a development of 284 studio, 1-, 2- and 3-bed homes within a 37 storey tower located adjoining St Mary's Churchyard and the Elephant and Castle Roundabout. It is 0.2 mile from the application site and at a similarly highly accessible location. The developer is Lend Lease.
- 5.87 The scheme was launched in Jan 2013. The studio, one and two-bed units all sold within 18 months, with the 3-bed units which only numbered 28 units, taking a further 6 months to sell out. Again for this scheme the average sales per month for 3-bed units were significantly lower than for the smaller units.

Table 5.10 Sales Performance of Different Unit Sizes – One The Elephant

	Private Units Sold	Months to Sell Out	Average Sales / month
Studio	12	12	1.0
1-bed	109	18	6.1
2-bed	135	18	7.5
3-bed	28	24	1.2

Sales Performance at Deptford Foundry

- 5.88 Anthology Deptford Foundry is a development scheme comprising eight buildings and one tower accommodating 276 private homes, with a selection of one-, two- and three-bed units. It is a 15 minute commute from Canary Wharf and 20 minutes from the City. I enclose the marketing brochure for the scheme in **Appendix A9**.
- 5.89 To date, 256 units have been released. 28 units have been rented. Of the for sale units 59% have been completed across the scheme, but the performance of different unit types varies significantly. Whilst 79% of 1-bed units have completed and 60% of 2-beds, just 35% of 3-bed units have been completed.

Table 5.11 Sales Performance of For Sale Units at Deptford Foundry, Oct 2020

Beds	Total Released	Completed	Exchanged	Reserved	Released by Unsold
1	105	83	1	14	7
2	103	62	8	10	23
3	20	7	0	2	11
Total	228	152	9	26	41

Source: Anthology Sales Data

- 5.90 If I look at the total units which have been completed, exchanged, reserved or rented; 95% of the 1-bed units which have been sold or released have been sold or rented; compared to 80% of the 2-beds but just 50% of the 3 bed units, with 50% remaining available.
- 5.91 This is clear evidence of sales performance of a comparable product to that proposed at Kennington Stage, and shows weaker sales performance of the larger 3-bed units.

Table 5.12 Sales Performance at Deptford Foundry, Oct 2020

Beds	On the Market	Sold / Rented		Available	
		No	%	No	%
1	119	112	94%	7	6%
2	115	92	80%	23	20%
3	22	11	50%	11	50%
Total	256	215	84%	41	16%

Source: Anthology Sales Data

Drawing the Sales Evidence Together

- 5.92 Overall the sales evidence clearly demonstrates a weaker pace of sales for 3-bed units, indicative of weaker relative demand. In each of the schemes considered, despite the smaller number of 3-bed units, they took longer to sell.
- 5.93 Introducing three-bed units to the scheme could therefore increase the finance costs associated with the development scheme, negatively impacting on viability. Combined with the weaker values per sq.ft for 3-bed units, the effect of changing the unit mix would be to reduce the profit to a level which would render the scheme unviable.

Covid Effects on the Market

- 5.94 To inform my evidence I have also engaged with a number of local estate agents in the Kennington and Elephant and Castle areas to ensure my evidence takes full account of the latest market dynamics. Agents point to the following effects of the Covid-19 pandemic on the market for larger properties:

-
- Buyers seeking larger properties are increasingly looking towards houses or maisonettes, rather than flats, which include private outdoor space;
 - Most buyers in the local market who can afford 3-bed properties have the budgets to afford smaller houses, which are now preferable;
 - Households considering 3-bed flatted properties in the local area principally comprise singles and couples who are looking for an extra bedroom as a place to work from home;
 - There is a limited volume of buy-to-let or investment purchases at the current time linked to market uncertainty.

5.95 Agents report that market demand is currently strongest for units valued at up to £600,000 which equates to studio and 1-bed properties.

Drawing the Evidence Together

5.96 Whilst the policy framework is not specific on the mix of units required, the development plan seeks a balanced mix of unit sizes including family-sized accommodation. I recognise that provision of family-sized accommodation is a strategic planning issue across London.

5.97 The Council's SHMA (CD1/18) is its principal evidence on need. Whilst this takes account of demographic dynamics, its assessment of the need for different sizes of homes is based essentially on this alone. There is no consideration of market dynamics, an understanding what it selling, the significant level of under-occupancy in the market sector nor how the profile of demand varies across the Borough. These are serious limitations.

5.98 My evidence shows that the site is in a highly accessible location in Central London where the emerging London Plan accepts that higher density schemes will be generally focused towards 1- and 2-bed units.

5.99 This is also the market reality of what sells; with the vibrant nighttime economy and access to Central London attracting younger professionals; whilst the pool of households able to afford larger properties being more limited and larger family households seeking houses or maisonettes which have outdoor space and gardens, the importance of which has been heightened by the Covid-19 pandemic. Families seeking market housing will therefore tend to gravitate towards other parts of the Borough as the Council's Local Plan implicitly recognises and my socio-economic analysis shows. The lack of parking in the scheme would also detract from demand for larger units.

5.100 My evidence shows that as values per sq.ft for larger 3-bed units will be lower than for smaller units, as both my evidence and the Council's own Viability Review (CD5/7) indicate. It indicates that the

value of 3-bed units being marketed at the current time is 29% lower per sq.ft than 1-bed units; with the analysis of units sold pointing to a price differential of up to 28%. For three-bedroom flats either the sales rates or the pricing will be reduced in comparison to other unit types and therefore three-bedroom units will have a negative impact on scheme viability. The Council's Viability Review indicates that the appeal scheme an acceptable level of profit to incentive the developer to bring the scheme forward and to secure funding to do so. But an adjustment to the unit mix in favour of 3-bed units would reduce the GDV and could potentially prolong the sales period increasing development finance costs. It would also increase risk. The combined effect would be that an adjustment to the market housing mix would render the scheme unviable.

- 5.101 The Council's policy position seeks to deliver 3+ bed units to provide homes for larger families. Whilst I recognise limited harm is generated to mixed and balanced communities objectives by the lack of provision of larger units within the scheme, the harm is of a limited extent in particular given that the reality is that the nature of the development scheme, its location and the cost of units would likely mean that many larger units would be purchased by higher earnings singles/ couples or overseas investors – groups which have choice within the housing market - and would not contribute substantively to meeting the needs of larger families to which the Council's policies aspire.
- 5.102 Set against this there are clean benefits which will arise from the delivery of market housing in helping to address the trend in declining affordability, supporting turnover within a functioning housing market, and enabling labour mobility and workforce growth which will in turn support both Lambeth's and the wider London economy. The contribution which the scheme makes to addressing the need for market housing is therefore, in my opinion, a weighty benefit in favour of the development scheme.