

## Wandsworth Draft Local Plan Review (2022) Regulation 19 Consultation - Pocket Living (Rev 003 – 28.02.22)

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### Purpose

These representations are submitted on behalf of Pocket Living in response to the Wandsworth Local Plan Review (Regulation 19) Consultation.

The Regulation 19 consultation is a statutory consultation on the test of soundness of the revised local plan and whether it is legally compliant. To ensure the local plan is sound, it should meet the following criteria:

- Positively prepared (seeks to meet LBW objectively assessed need);
- Justified (based on proportionate evidence);
- Effective (deliverable over the plan period); and
- Consistent with national policy (enabling the delivery of sustainable development).

All representations are required to be submitted to the planning inspectorate for the examination in public along with the revised local plan and supporting evidence.

### About Pocket Living

Pocket Living ('Pocket') is an innovative award-winning SME developer established in 2005 to deliver discounted affordable homes for eligible first-time buyers. Pocket provides high quality carefully designed, space standards compliant 38sqm one-bed intermediate affordable homes to households who cannot afford to buy a good quality home but would also not be eligible for social housing. These households typically include front-line key workers who are essential to local communities.

Pocket's discounted homes meet the statutory definition of affordable housing set out in Annex 2 of the National Planning Policy Framework (NPPF). Planning agreements ensure that Pocket affordable homes are provided at a minimum 20% discount to open market values and are reserved for eligible purchasers who live or work locally and do not own their own home. Unlike Shared Ownership (which can revert to private sale) covenants in the planning agreement and lease ensure that the homes remain as affordable housing in perpetuity, helping future generations. Pocket also manage resales to ensure homes always go to other eligible local first-time buyers (earning below the relevant local income threshold) who will benefit most from them and monitors occupation to ensure they are not sublet for profit.

A specialist in small and complex sites, Pocket is known for the delivery of well-designed homes using modular technology. The homes that Pocket builds stay affordable forever and so are designed for the long term with lasting quality. Pocket also encourages a sense of community amongst its residents, starting with welcome drinks and aided by communal spaces such as roof terraces and co-working rooms. Support for SMEs, like Pocket, within the development sector is reinforced nationally by Central Government as set out most recently in the publication of the Government's consultation 'Planning for the Future' which highlights the Government's objective to diversify the housing industry and encourage innovation in housing delivery.

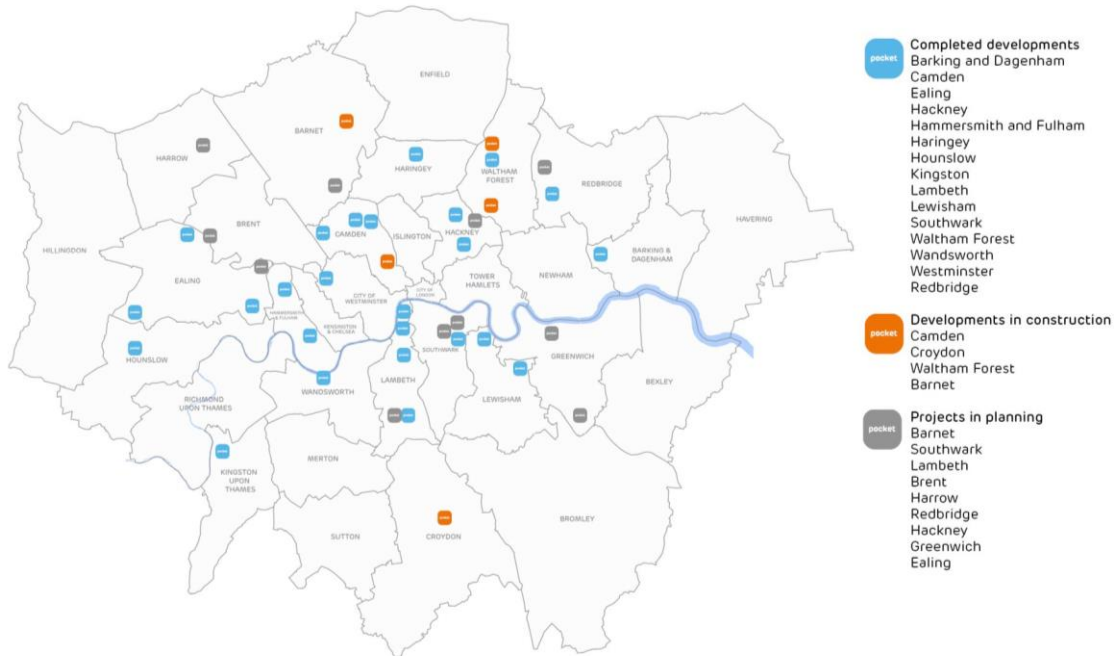
Pocket's discounted homes provide an important route to ownership. The importance of what Pocket does is recognised in partnerships with Homes England and the Greater London Authority. It is also recognised in national policy which now: i) provides strong support for affordable home ownership products including First Homes and Discounted Market sale (requiring a proportion in all schemes); and ii) requires local authorities to plan for the needs of households who wish to buy but can't afford to (an estimated 87% of all private renters) (Paragraph: 020 Reference ID: 2a-020-20190220).

Pocket is the UK's only development business focused entirely on delivering grant free discounted affordable homeownership for first time buyers. Pocket has also delivered the iconic Mapleton Crescent tower in Wandsworth Town. The 52 Pocket homes in this scheme had 1,200 local first time buyers apply for the homes.

Pocket has delivered over 1,000 homes across the Capital and has over 1,500 more in planning and construction (Figure 1). The homes are popular with first time buyers and currently Pocket has a list of over

18,000 Londoners who have expressed an interest in buying a Pocket home in the next 12 months. The average annual income of a buyer is less than c.£40k. The average age of a Pocket buyer is 32 and 90% are single. 40% of Pocket buyers are key workers.

**Figure 1 – Pocket Precedent**

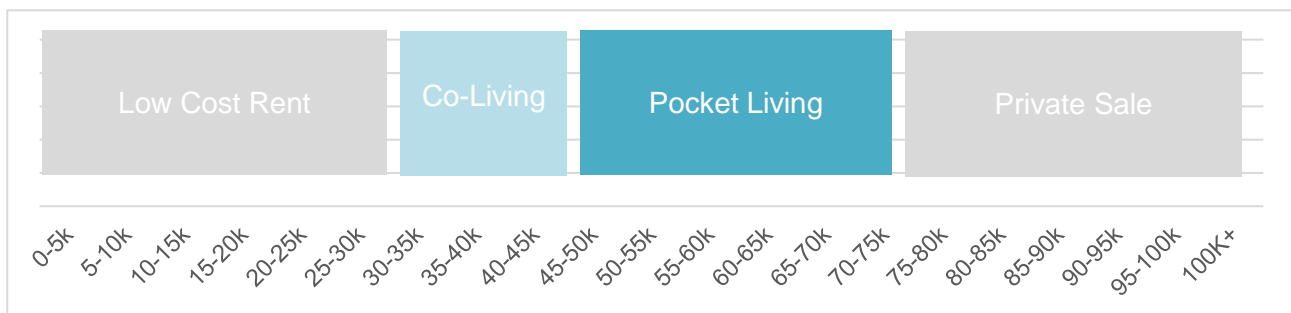


Pocket believes its affordable homeownership offer could play an important role in the London Borough of Wandsworth. Pocket has constructed one scheme in the Borough and is actively seeking opportunities to acquire land for new schemes.

Where delivered in Wandsworth Pocket Living Housing would be significantly more affordable than alternative one-bedroom private sale and private rent homes. The savings required for the deposit would also be substantially lower for a pocket home compared to a private sale home.

The delivery of Pocket homes in Wandsworth could therefore meet the needs of many of the local single person households who are unable to afford to buy a home in many parts of the borough (house prices are now many times incomes) but would not be eligible for social/ affordable rented housing (meeting an unmet intermediate affordability gap). This would complement the delivery of other single person products such as co-living as illustrated below (exact income will vary by location).

**Figure 1 - Single Person Products (Indicative Income Ranges)**



Due to a low proportion of existing discounted housing (less than 1%), these households (who are typically young single persons including key front-line workers) have no choice but to:

- I. live with parents later into adulthood or informally with friends ('sofa surfing');
- II. rent in the low quality, overcrowded and insecure buy to let dominated rented sector (with very limited private floorspace per person); or
- III. leave the area to find more affordable housing causing loss of workers and key workers (negatively impacting businesses and the delivery of front-line services) and breakup of existing communities.

Increased demand from single persons also results in pressure to convert homes to HMO's or informal buy to let house shares which would otherwise be best suited to families (i.e 3-bedroom+ houses with front doors and gardens).

Pocket Living Affordable Housing could therefore make an important contribution to meeting present and future un-met local housing need in Wandsworth.

While there is a need for a range of housing types in Wandsworth, it is not always feasible, appropriate or effective to require every individual scheme/ type of developer to attempt to meet every individual type of housing need. Some sites/ developers are better suited and more effective at meeting a single un-met need.

Attempting to require every scheme to meet every type of housing need (regardless of demand or the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the **effectiveness** of the plan. A more **effective** approach would be to use specialist housing to focuses on the un-met needs of younger single persons. The needs met by conventional and specialist housing products are set out in Table 1 below. The need to diversify house building to increase the supply of homes was acknowledged in the Letwin Review and more recently in the Governments consultation.

**Table 1 – Housing Products**

Product	Potential Needs Met
<i>Conventional Housing</i>	
Private Sale / Rent	Individuals, couples' & families who have sufficient dual income and savings to buy or rent a good quality home.
Shared Ownership	Eligible Individuals, couples' & families who have sufficient dual income and savings to part buy/ part rent a home.
Intermediate Rent / Living Rent	Eligible Couples' & families who have sufficient dual income to rent a discounted rental home but may have limited savings.
Low-Cost Rent	Eligible Individuals, Couples' & families with low incomes who are likely to be reliant on welfare payments.
<i>Specialist Housing Schemes</i>	
Student	Young single persons who are full time students who are studying who can afford private rents.
Affordable Student	Young single persons who are full time students who are studying and can't afford private rents.
Co-Living	Young single persons with low to median incomes and no or very limited savings.
Pocket Living (First Time Buyer)	Young single persons who are aspiring first time buyers with insufficient income and/or savings to buy a home.
Elderly Housing	Older couples and/or single persons who are downsizing or need care.

Policy support for a pipeline of Pocket Living affordable housing particularly on smaller more constrained sites (that would otherwise be unlikely to come forward and/or provide any affordable housing) provides a basis for the Council to avoid the need to require First Homes in every individual scheme. Requiring the delivery of First Homes on every site will constrain scheme viability, management feasibility, deliverability and ultimately the number of low-cost rent homes than can be provided during the plan period.

## Policy Representations

Detailed representations on individual policies are set out in Table 2 below.

**Table 2 – Policy Representations and Justification**

Policy Ref	Pocket Living Representation	Justification/ Commentary
<b>SDS1 Spatial Development Strategy 2023 - 2038</b>		
SDS1	<p><b>Density</b></p> <p>Policy SDS1 and the supporting text should be amended to specifically reference material support for the delivery of higher densities in accessible locations with a focus on smaller unit types on more constrained sites.</p>	<p>Sites located in central locations or close to transport interchanges are highly suited to increased densities of housing and people. They are typically however less suited to families. The delivery of smaller unit sizes, such as 1 bedroom 1 person homes, will therefore be vital for maximising housing density on these sites and ensuring the plan is <b>effective</b>. Pocket's density led solution would support this policy objective.</p>
SDS1	<p><b>Constrained Sites</b></p> <p>Policy SDS1 and the supporting text should be amended to specifically reference material support the delivery of new homes, particularly affordable homes, on smaller more constrained sites.</p>	<p>Wandsworth's London Plan target is for 4,140 homes to be delivered on small sites over the plan period. Smaller sites are however typically more constrained than larger sites. It is also more challenging to deliver affordable housing on these sites due to management feasibility issues associated with a single core. Policy should therefore provide strong material support for proposals on these sites, particularly those which include affordable housing, to ensure the plan is <b>effective</b>. Pockets model of delivering up to 100% affordable housing on small-constrained sites would support this policy objective.</p>
SDS1	<p><b>SME Developers</b></p> <p>Policy SDS1 and the supporting text should explicitly recognise the need to support SME developers in Wandsworth.</p>	<p>The importance of supporting SME developers to widen housing choice and encourage innovation in housing delivery is evidenced the Letwin Review (2018) and more recently in the Government's consultation 'Planning for the Future' (2021). Providing material support for SME's is essential for ensuring the plan is <b>effective</b>. This is also recognised in London Plan Policy H2 which encourages innovation on smaller sites with SMEs.</p>
SDS1	<p><b>Affordable Home Ownership</b></p> <p>Policy SDS1 and the supporting text should explicitly reference the need to significantly increase the delivery of affordable ownership homes and include a presumption in favour of schemes with are largely (75%+) this tenure.</p>	<p>The NPPG confirms (Paragraph: 020 Reference ID: 2a-020-20190220) was updated in February 2019 to confirm that the un-met need for affordable housing need must include <u>'those that cannot afford their own homes, either to rent, or to own, where that is their aspiration'</u> (our emphasis).</p> <p>The Councils SHMA confirms 'The accepted understanding of this requirement is that plan-makers now need to quantify need for tenures that offer an affordable route to home-ownership' and 'The calculation as to how many households will require AHO products is therefore derived from the</p>

		<p>number of households who earn enough to rent privately, but not enough to buy’.</p> <p>The SHMA however underestimates the number of households in this group by estimating that there is presently only a backlog of need of 2,536 households. The latest Census showed there were 27,169 households living in the private rented sector in LBW. Research conducted by the British Attitudes Survey identified 87% of renters aspired to buy nationally. Pocket Living’s own research for London (Annex 3) identified a figure of 73%. The lower figure (73%) suggests there are at least 19,833 households who rent but aspire to buy. The actual figure is likely to be higher given i) the expected increase in numbers living in the private rented sector since the 2011 Census; and ii) the fact multi person households (unrelated adults who share) are only counted as a single household (but individually aspire to buy). It is not clear how the SHMA arrives at a figure of just 2,536 households.</p> <p>Notwithstanding the approach taken, it is also not clear how the Draft Local Plan seeks to meet the total need identified of 22,461 affordable ownership homes (including future needs) over the plan period.</p> <p>The plan has <b>not</b> therefore been <b>positively prepared</b> to meet Wandsworth’s objectively assessed needs, is <b>not justified</b> by proportionate evidence and is therefore <b>not consistent with national policy</b>.</p> <p>Providing material policy support for affordable home ownership with a presumption in favour of schemes which are largely (75%+) affordable home ownership (particularly on smaller more constrained sites which may otherwise come forward or yield any affordable housing delivery) is supported by Policy H5 of the London Plan. It is critical for encouraging and accelerating the delivery of new affordable homes and meeting unmet local housing need. Its inclusion will therefore ensure the plan is <b>effective</b>. Pocket’s model would support this policy objective.</p>
SDS1	<p><b>Young Single Persons</b></p> <p>Policy SDS1 and the supporting text should explicitly recognise the need to support young single persons by providing purpose-built self-contained housing for single person households.</p>	<p>Projected growth in the number of single person households is identified in the Council’s SHMA evidence base.</p> <p>This cohort typically comprises younger single persons who have been forced to live in low quality overcrowded or otherwise unsuitable shared rental housing. The problems associated with this type of housing have been highlighted by the COVID19 pandemic which illustrated those living in shared rental housing have on average just 10 square meters of private space to live and work from (LSE 2020 – Annex 1). These households are largely aspiring first time buyers who cannot afford to buy locally within a reasonable travel to work time and are increasingly leaving the borough (creating challenges for local businesses and the delivery of frontline services). Demand for shared rental housing increases pressure on the sharing of homes otherwise highly</p>

		<p>suitable to families as noted in H10 the London Plan. This is why the GLA count single person homes delivered in student accommodation and co-living towards housing targets.</p> <p>Providing material policy support for housing which meets the needs of young people will ensure the plan is much <b>more effective</b> in meeting objectively assessed needs. Pockets model would support this policy objective.</p>
<p><b>LP23 – Affordable Housing</b></p>		
<p>LP23C</p>	<p><b>Tenure Mix Effectiveness</b></p> <p>Policy LP23C and the supporting text should be amended to specifically recognise that it may not always be possible, appropriate or most effective to require every site and/or type of scheme and/or developers to provide a mix of tenures.</p>	<p>The Council’s housing evidence base acknowledges that there is an un-met need for all types and tenures of housing in Wandsworth. Arbitrarily requiring every site/ scheme to attempt to meet every type of unmet need is not always possible, appropriate or effective in meeting needs.</p> <p>For example, it is not always possible for smaller more constrained sites to provide a mix of tenures due to management feasibility issues associated with a single core. It is also not always appropriate for these sites to provide low cost rented homes for families due to the living environment and/or access to open space etc. Finally, requiring a mix of tenures in small schemes can negatively impact efficiency/ viability and the number of affordable homes that can be delivered.</p> <p>A <b>more effective</b> approach would be to support higher levels of low cost rented homes on larger sites (that can accommodate family housing) and intermediate homes on smaller constrained sites (typically delivered by SME developers who specialise in one housing type such as Pocket).</p>
<p>LP23C</p>	<p><b>First Homes</b></p> <p>Policy LP23C and the supporting text should be amended to remove the blanket requirement for First Homes in every scheme and reference to a fixed 30% discount. The approach should be determined on a case-by-case basis subject to unit size and location.</p> <p>Policy LP23C should also be amended to include specific support for a small pipeline of schemes which are solely affordable home ownership, in lieu of arbitrarily requiring First Homes in every individual scheme</p>	<p>The inclusion of first Homes in lieu of Low-Cost Shared Ownership will have a negative impact on scheme viability. This will reduce the ability of individual schemes to deliver affordable housing including low cost rented tenures. The inclusion of a first homes requirement on all sites would not therefore be <b>effective</b> in meeting objectively assessed needs.</p> <p>The Council’s First Homes evidence identifies a range of discounts required for different unit sizes ranging from 12-22% for 1 beds to 39-56% for 4 beds (subject to the incomes required). It also notes that the discount required will vary by location (1.3) and that greater discounts have implications for viability (1.32). This supports determining the relevant discount on a case-by-case basis having regards to a range of factors.</p> <p>The <b>justification</b> for a case-by-case approach (instead of a blanked requirement) would be more robust if the plan included material policy support for a pipeline of schemes on smaller sites which are largely (75%+) affordable home ownership schemes (as defined by Annex 2 of the NPPF). Supporting these schemes on smaller more constrained infill</p>

		<p>sites (which are less likely to otherwise come forward for housing and/or deliver any on-site affordable housing due to management feasibility) will also ensure these homes are net additional and do not displace cross subsidised low cost rented homes. Enabling flexibility for these homes to be First Homes or any other type of affordable housing defined by Annex 2 of the NPPF will increase the number of suitable/experienced providers (including Pocket Living).</p>
<p>LP23C</p>	<p><b>Tenure Mix Exemption</b></p> <p>Policy LP23C should be amended to include an exemption to any other specific tenure split requirements where the large majority (75%+) of housing is proposed as affordable housing (as defined by Annex 2 of the NPPF). It should confirm that in these circumstances viability evidence will not be required.</p>	<p>Flexibility in respect of tenure mix for LP23C schemes providing 35-74% affordable housing in accordance with the London Plan is supported. Policy H5 London Plan however also provides an additional route to incentivise schemes providing 75%+ affordable housing by permitting any tenure mix. The supporting text at 4.5.10 confirms <i>“To <u>incentivise schemes with a high proportion of genuinely affordable housing, schemes that propose 75 per cent or more genuinely affordable housing may be considered under the Fast-Track Route whatever the affordable housing tenure mix, where supported by the borough and, where relevant, the Mayor. This should be determined on a case-by-case basis having regard to the housing need met by the scheme and the level of public subsidy involved.</u>”</i></p> <p>Encouraging the delivery of schemes in which the large majority of homes (75%+) are affordable homes is important for increasingly and accelerating the delivery of new affordable homes and meeting unmet local housing need. Requiring these very important schemes to provide multiple tenures would make them less viable/attractive for Registered Providers and other SME affordable housing providers such as Pocket.</p> <p>Attempting to require every scheme to meet every type of housing need (regardless of the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. It is likely to lead to friction between the deliverability of sites and policy requirements which inevitably will lead to delays. Proposals for a high proportion (75%+) of this type of affordable housing should therefore be afforded strong policy support to encourage their delivery regardless of the overall mix of tenures proposed. The positive role small sites can have in increasing housing delivery is strongly supported by Litchfields research at Annex 2.</p>
<p>LP23-F</p>	<p><b>Tenure Management</b></p> <p>Policy LP23-F and the supporting text should be amended to recognise that other intermediate tenures (including Discounted Market Sale) are not required to be managed by a Registered Provider.</p>	<p>There is no statutory requirement for intermediate tenure homes (including Discounted Market Sale) to be owned and/or managed by a Provider of Affordable Housing who is regulated with the Social Housing Regulator (‘Registered Provider’). This is confirmed in the NPPF and the CIL regulations. Requiring intermediate homes to be managed by an RP would exclude many SMEs such as Pocket from investing in the delivery of new affordable homes. This is contrary to national policy objectives for diversifying housing delivery and will ultimately reduce the delivery of affordable housing making the plan <b>less effective</b> over the plan period.</p>

<b>LP24 – Housing Mix</b>	
LP24B	<p><b>Single Person Homes</b></p> <p>Policy LP24E should be amended to remove reference to a maximum of 5% single person homes in the market tenure only.</p>
LP24E	<p><b>Unit Mix Considerations</b></p> <p>Policy LP24E should be amended to include flexibility for an alternative mix of unit sizes to be provided where it is justified having regard to material considerations including but not limited to the nature of the site and the specific type/ product of housing proposed.</p> <p>This policy should also specifically recognise that smaller more constrained sites are likely to be better suited to smaller unit types (i.e those designed for individuals instead of large families).</p>
	<p>Projected growth in the number of single person households is identified in the Council’s SHMA evidence base. There is no evidence that these households only require market housing. This cohort typically comprises younger single persons who have been forced to live in low quality overcrowded or otherwise unsuitable shared rental housing. These households are largely aspiring first time buyers who cannot afford to buy locally within a reasonable travel to work time and are increasingly leaving the borough (creating challenges for local businesses and the delivery of frontline services). Demand for shared rental housing increases pressure on the sharing of homes otherwise highly suitable to families as noted in Policy H10 of the London Plan. Pocket presently have 2,188 individuals on their database who live or work in the borough, registered and eligible for Pocket homes, who would otherwise be unable to afford on the open market housing.</p>
	<p>The Council’s evidence base illustrates there is significant un-met need for all unit sizes in Wandsworth. It is not however always feasible, appropriate or effective to require every individual scheme/ type of developer to attempt to meet every individual type of housing need. A variety of considerations are referenced in Policy H10 of the London Plan.</p> <p><u>Feasibility</u></p> <p>Smaller brownfield sites in urban locations tend to have a range of constraints beyond planning requirements which make it difficult to offer a range of sizes. Pocket’s schemes throughout London could not come forward for re-development if they had been required to provide a range of unit sizes due to in many cases to their highly constrained nature.</p> <p><u>Housing Type</u></p> <p>Some locations are better suited to smaller households than large families (e.g Town Centres). The exact type of housing product proposed may also be more or less suited to particular unit sizes (e.g rents vs sale). For example, the need for discounted homes for First Time Buyers is largely for young single person housing.</p> <p><u>Overall Effectiveness</u></p> <p>Attempting to require every scheme to meet every type of housing need (regardless of demand or the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. A more <b>effective</b> approach would be to support higher levels of family homes on larger sites (that can accommodate family housing) and smaller unit sizes on smaller constrained sites. The addition of this policy reference is therefore critical for ensuring the right homes are built in the right locations</p>



		and the efficient use of brownfield land for housing delivery. The delivery of smaller unit sizes on constrained sites can also indirectly free up highly suitable family homes (with front doors and gardens) presently used as HMO's or informal house shares. The delivery of housing for single persons therefore provides an important opportunity to create family homes. This is noted in the London Plan.
LP24	<p><b>Unit Mix Exemption</b></p> <p>Policy LP24 should be amended to include flexibility on unit mix where the large majority (75%+) of housing is proposed as affordable housing.</p>	<p>Encouraging the delivery of schemes in which the large majority of homes (75%+) are affordable homes is important for increasing and accelerating the delivery of new affordable homes and meeting unmet local housing need. Requiring these schemes to provide prescribed unit mix may make them less viable/ attractive for Registered Providers and SME developers of affordable housing such as Pocket. Allowing some schemes greater flexibility to focus on a particular unit size in order to encourage their delivery would therefore make an important contribution to meeting local needs. Attempting to require every scheme to meet every type of housing need (regardless of the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. Proposals for a high proportion (75%+) of this type of affordable housing should therefore be afforded strong policy support to encourage their delivery regardless of the overall mix of unit sizes proposed.</p>
<b>LP27 – Housing Standards</b>		
LP27	<p><b>Amenity Space</b></p> <p>Policy LP27 and the supporting text should be amended to recognise it is not always possible for every home to have direct access to a balcony or other private amenity space on small more constrained sites. It should also recognise that it is also not always necessary (e.g where the homes are designed for individuals instead of families).</p>	<p>The policy objective for all homes to provide high quality design and appropriate provision of private amenity spaces is supported. Constrained sites however tend to have fewer opportunities for providing private amenity space and play space. They are therefore better suited to higher densities of smaller unit sizes. Encouraging roof gardens and other innovative uses of community space should be sought in these of locations</p> <p>Housing delivered on constrained sites may not be able to appropriately accommodate private balconies and/or other private amenity space without rendering schemes unviable (noting these types of previously developed sites typically have significant viability challenges which require a critical mass of development).</p> <p>Delivery of housing on these sites should not however be discouraged. Delivering housing for smaller households (i.e single person households) who are in housing need but far less reliant on amenity space and lift access than couples and families will ensure these sites can be unlocked thus making the best and most efficient use of available brownfield housing land. It is for this reason 1 bed 1 person homes are not nationally required to provide balconies. Attempting to require schemes on constrained sites to meet the same standards expected in less constrained sites is likely to result in a significant reduction in housing delivery and the needs of fewer households being met overall. This would inhibit the overall <b>effectiveness</b> of the Plan.</p>

<b>LP30 – Build to Rent</b>		
LP30A1	<p><b>BTR Tenures</b></p> <p>Policy LP30A1 should be amended to delete reference to the need to provide low cost rented housing managed by a Registered Provider.</p>	<p>LP Policy H11 confirms that the affordable housing offer for B2R developments can be solely Discounted Market Rent (DMR). This is consistent with national planning policy which confirms affordable housing on build to rent schemes should be provided by default in the form of affordable private rent (another term for DMR).</p>
LP30A2	<p><b>DMR Affordability</b></p> <p>Policy LP30A2 should be amended to clarify that the reference to ‘genuinely affordable’ refers to definition set out in the Mayor’s Housing Strategy.</p>	<p>The term ‘genuinely affordable’ is open to varied interpretation (as evidenced by recent planning decisions). As noted in NPPG the quantum of affordable housing must relate directly to the discount required (NPPG Paragraph: 002 Reference ID: 60-002-20180913). Failure to provide a definitive definition of genuinely affordable makes it impossible for applicants to determine the discount required by this policy when making investment decisions. This will deter investment in the Borough and reduce the <b>effectiveness</b> of the plan. The only formal definition of ‘genuinely affordable’ is defined in the Mayor’s Housing Strategy (2017). This definition should be adopted. Failure to support Build to Rent will reduce overall delivery of good quality rental homes which the Council’s housing evidence base demonstrates are needed alongside affordable home ownership options.</p>

### Summary

We hope these representations will be informative in refining the submission version of the plan to ensure it is legally sound. If you have any questions or would like to meet to discuss our comments further, please don’t hesitate to contact us.

**Annex 1** – LSE Aspirant Homes Owners Report

**Annex 2** – Litchfields Small Sites Research

**Annex 3** – Pocket First Time Buyers Report

# A portrait of aspirant homeowners in London

LSE London report with Pocket Living and Metropolitan Workshop - March 2020

Kath Scanlon and Fanny Blanc (LSE)

Jonathan Drage, Cameron Reid and James Cook (Metropolitan Workshop)



LSE London  
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Metropolitan Workshop  
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Date: March 2020

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## Acknowledgements

The research team would like to thank survey respondents and focus-group participants for their willingness to share their experience and insights.

## Why this research?

The challenge of housing affordability in London is now one of the top concerns of politicians and public alike. While the issue most obviously affects those on very low incomes, middle-income households are also priced out of the market—especially if they aspire to own their own homes. The nominal cost of buying an average home in the capital has risen by more than 600% in the last 15 years, while the proportion of homeowners has fallen from 57% to 51% (the lowest in the country). Crucial workers such as teachers, chefs and doctors but also accountants and creatives for London’s thriving industries who do not manage to buy homes in the capital may simply move elsewhere, diluting the capital’s skills base and weakening its communities and productivity.

Pocket Living caters almost exclusively for this market, providing affordable (defined as 80% of market price) new housing for first-time buyers in London. Most of its buyers and prospective buyers come from London’s enormous pool of young employed singles and couples. Now sharing flats or living with their parents, they long to buy their own homes. Their experience has much to tell us about the life of renters in the capital and what they hope to find in a long-term home.

This research was conducted by LSE London, a research unit at the London School of Economics, and Metropolitan Workshop architects, together with Pocket Living (who funded the project). The aim was to better understand the housing careers and aspirations of the young Londoners who underpin the economy of our city in order to inform the housing debate and ensure that this crucial demographic is not forgotten.

In July 2019, researchers surveyed individuals who had registered their interest in a Pocket home. The link to an online questionnaire was sent to 14,096 people, of whom 925 responded (6.6% response rate). We also hosted a focus group at the London School of Economics in September 2019. Given the range of expertise in the research team, we probed both social science questions (demographic, financial and economic factors) as well as aspects of design.

This report presents our main findings about

- the housing aspirations of young London professionals
- the factors that influence their housing choices
- the housing journeys of young Londoners before they buy a home

## What we know already

The affordability crisis in London has fundamentally been generated by the failure over decades to build sufficient homes for a growing population in the capital. As the most global city in the UK, London is an attractive destination for students, entrepreneurs and graduates. For decades the capital has experienced large inflows of young people, both from elsewhere in the UK and from abroad.

Figure 1 shows a strong net inflow of people in their twenties (indeed, mostly under 25). Historically this inflow has been offset by outflows of older households, often families. However, since the mid-2000s the pattern has changed somewhat, with outflows from London slowing. Because of these changes in internal migration and increased international flows (at least until recently), overall population has risen rapidly. Partly as a result, homes for younger working households are far less available - and more costly - than before the financial crisis.

The high price of housing in London has constrained people’s ability to form independent households. In particular there has been a fall in the proportion of young people living alone, and an even bigger rise in the proportion of young people sharing with other adults - up by more than a quarter in the decade from 2001 to 2011 (Table 1). The 2021 census is expected to show a continuation of this trend.

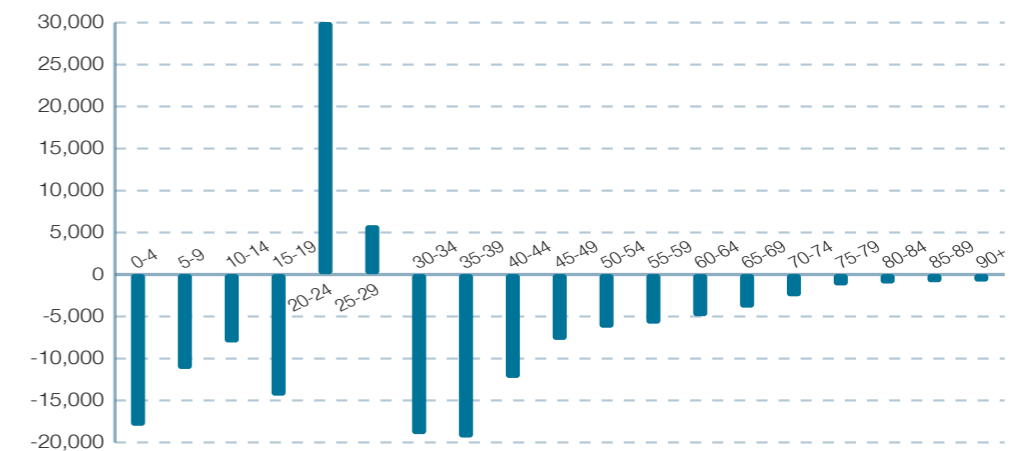


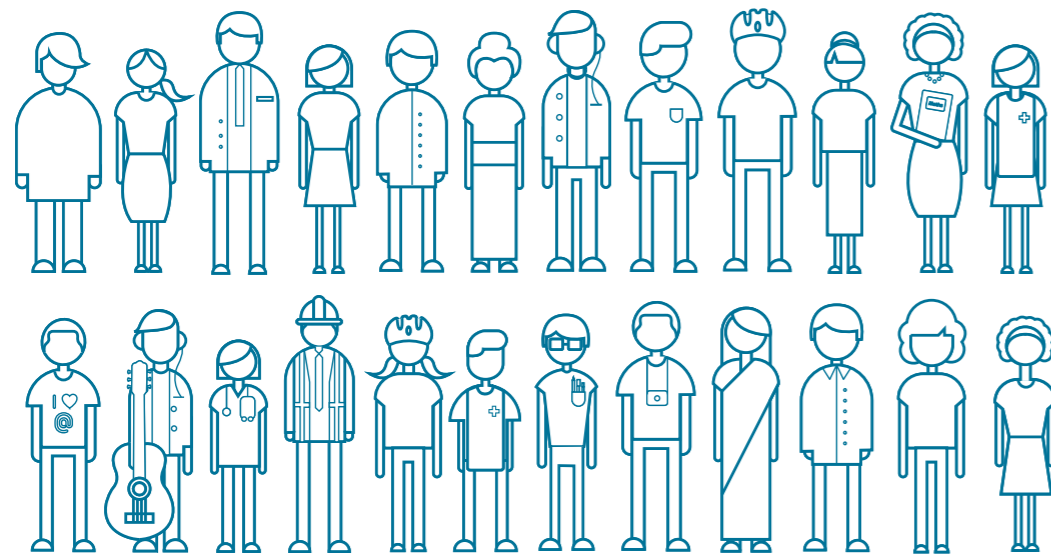
Figure 1 - Net Internal migration flows to London by age group 2018 Source: ONS 2019

Household Type	2001	2011	Change	Percent change
Single living alone	225,978	202,525	-23,453	-10%
Single living in multi-adult household	130,315	166,588	36,273	+28%

Table 1 - Housing situation 2001 - 2011 Source: ONS 2011, 2016

# Who are the aspirant homeowners?

This study investigates an important and under-researched cohort of prospective first-time buyers in London. While the sample is not representative of all such buyers (respondents are taken from the single source of those registered for a Pocket Living home), it is rare to have primary data from such a cohort. The respondents in this report are mostly young, childless, employed people on professional salaries, who aspire to get on the housing ladder.



## Where they came from and where they live now: Embracing the urban

Respondents ranged from life-long Londoners to those who came from the other side of the globe. About a third of the respondents grew up in London (30%), with 35% coming from elsewhere in the UK. Some 17% were from another EU country and 13% had grown up outside the EU. Compared to London's population as a whole, those born in the EU are overrepresented in this sample (17%, vs 11% of London's population as a whole<sup>1</sup>) and non-UK, non-EU nationals are underrepresented (13% in this sample, vs 25% of London's population as a whole).

Pocket is currently most active in six of London's 33 boroughs (Ealing, Southwark, Haringey, Redbridge, Croydon and Barking), and has completed schemes in 12 other boroughs. We expected to find higher concentrations of registrants in boroughs with existing or planned schemes, with a smattering even in boroughs without a Pocket presence (perhaps because they are working elsewhere or hope that Pocket will come to their borough), and this was indeed the pattern. The local authorities most represented were Southwark (9%), Haringey (9%), Wandsworth (8%), Hackney (7%) and Lambeth (7%), all boroughs where Pocket is, or has been, active. This is clearly a group that values urban life: respondents were more likely to live in inner London (57%) than outer (39%), with only a small minority (4%) currently living outside the capital. By contrast, 47% of London's overall population aged 21-40 lives in outer London<sup>2</sup>.

Our survey provides a unique window into first-time buyers' housing journeys in London, which we illustrate using direct quotes from respondents.<sup>3</sup> Our respondents are concentrated in inner London and recognised that they were fortunate to live centrally. Asked what they liked about their homes, dozens responded with the single word 'location.' Indeed, location and accessibility were the features most often mentioned.



“ (I like the fact that it's a 2 minute walk to the train station, close to Tesco and Sainsbury's. ”

“ It is in a good location, less than ten minutes walk from two different stations. ”



# The typical respondent:

Young, single, female

Three quarters of respondents were aged between 20 and 39 years old, and 62% were women. Although Pocket registration is open to both single people and couples, the former dominated: 73% were single. This profile reflects the characteristics of the Pocket offer: most flats are standard 38m<sup>2</sup> one-beds. The annex gives details of eligibility for purchasing a Pocket home.

There was a small minority of respondents in their 50s and a couple were older still. One 50-something focus-group participant, who was in the process of buying his first home, said he was hugely relieved to finally become a homeowner as he couldn't afford to rent his current home after he retired.



“ Mainly shared housing with at least 3 housemates. Moved a lot in the first 5 years but found a place in a good area with cheap rent and nice people to live with but it's now feeling like a student house despite us being in our 30s and 40s. (female, 34, single) ”

# Employment

Pocket registrants know they will have to service a mortgage on a new home, so it is not surprising to find that 87% of survey respondents were in full-time employment and a further 6% were self-employed. Almost all (97%) worked in London. On the whole the respondents were well established: the median time working in London was seven years, and a few said they had been working in the capital for 20 years.

The median time working in London is 7 years and at least half have lived in more than 3 properties



Our survey did not ask respondents to specify their profession but did ask what sector they worked in. In the early 2000s, it was public-sector workers who were seen to be in need of intermediate housing—especially ‘key workers’ such as nurses, teachers and police officers (Llewellyn Davies et al 2003). In our survey just over half the respondents (55%) worked in the private sector, with 10% in the not-for-profit sector. Some 29% worked in the public sector, about double the proportion of public-sector workers in the capital overall at 14% (ONS 2019b). The survey thus hints at the continuing problem of housing affordability for public-sector employees but equally suggests that the original 1990s definition of ‘key workers’ may have been too restrictive.

The household income limit for a Pocket home is set by the GLA in the Annual Monitoring Report and is £90,000/year, but the average income of a Pocket buyer is closer to £42,000/year. On average our respondents earned much less—more than three quarters had individual pre-tax incomes of below £50,000, and 35% earned between £30,001 and £40,000. Those who were married or in a civil partnership on average had slightly higher individual incomes than single people (Figure 2).

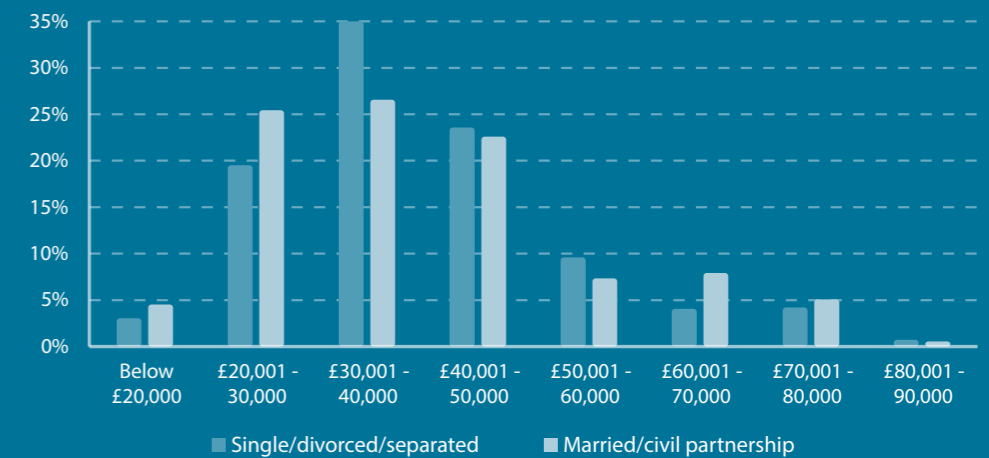


Figure 2: Respondents' individual incomes by marital status

# First-time buyers' finances: Researching, saving, planning...

As well as having the country's highest house prices, London has its highest rents, as shown in the amounts respondents were paying (Figure 3). Even though about half the respondents were living in shared accommodation the median rent payment was £700 per month, and a few people reported paying more than £1700.

Those participants who were able to live in the family home usually spent significantly less on housing than those renting. Of the 164 respondents who lived with their parents, about a quarter did not report paying any rent; including those living rent-free, more than three-quarters paid £400 or less per month. The median rent payment for those living at home was about £175/month.

The internationally accepted rule of thumb is that housing to be considered affordable should cost a third or less of household income (although the Mayor of London's guidelines say that 40% is acceptable). By either definition most of our sample could afford their current rent, with 68% saying that their housing costs accounted for a third or less of their take-home pay. Those who lived alone paid the most: 48% of respondents living in a flat or house by themselves said they spent more than a third of their income on rent, while those living with partners or in shared houses tended to devote a smaller share.

Respondents living in inner boroughs (City of London, Lewisham) tended to pay slightly more rent than those living in outer boroughs (Bromley, Bexley).

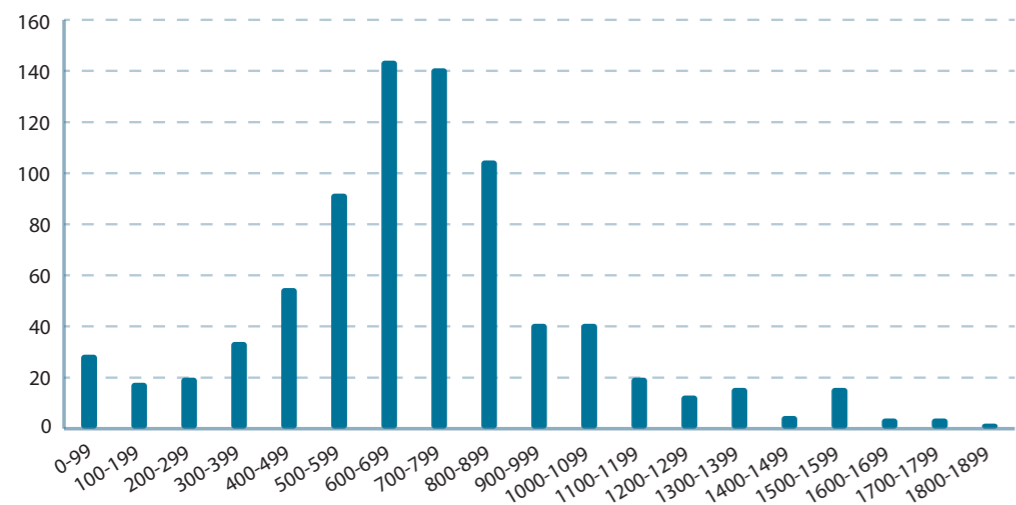


Figure 3: Distribution of monthly individual rents (£)



# ... and hopefully buying

90% of respondents said they were actively saving to purchase a property. The median period they had been saving was four years, but some respondents had been saving for up to 15. People in most income brackets saved between 10% and 20% of their take-home pay (Figure 4) but a significant minority saved more, with about a fifth saying they were able to save more than a third of their take-home pay. Those living with parents could save considerably more than others, with 44% saying they put aside more than 30% of their take-home pay.

41% of respondents said they were making regular sacrifices in order to save for a home. A fifth said that if after five years they had not managed to buy, they would give up on their dream of home ownership—but 39% said they would not do so under any circumstances.

Respondents thought it would take about three years to save enough for a deposit, and their savings target was generally set at £25,000-£30,000. This is only about a quarter of the average down payment of a first-time buyer in London, which was £148,800 in 2019 (GLA 2019). Asked how they would fund their deposit, 28% said they would use savings only, while 26% expected to use a combination of regular savings and Help to Buy. About a fifth expected to count on help from their parents in addition.

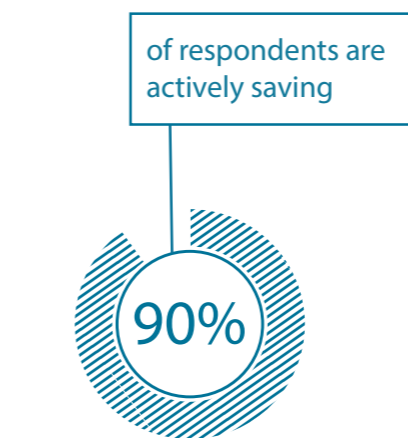
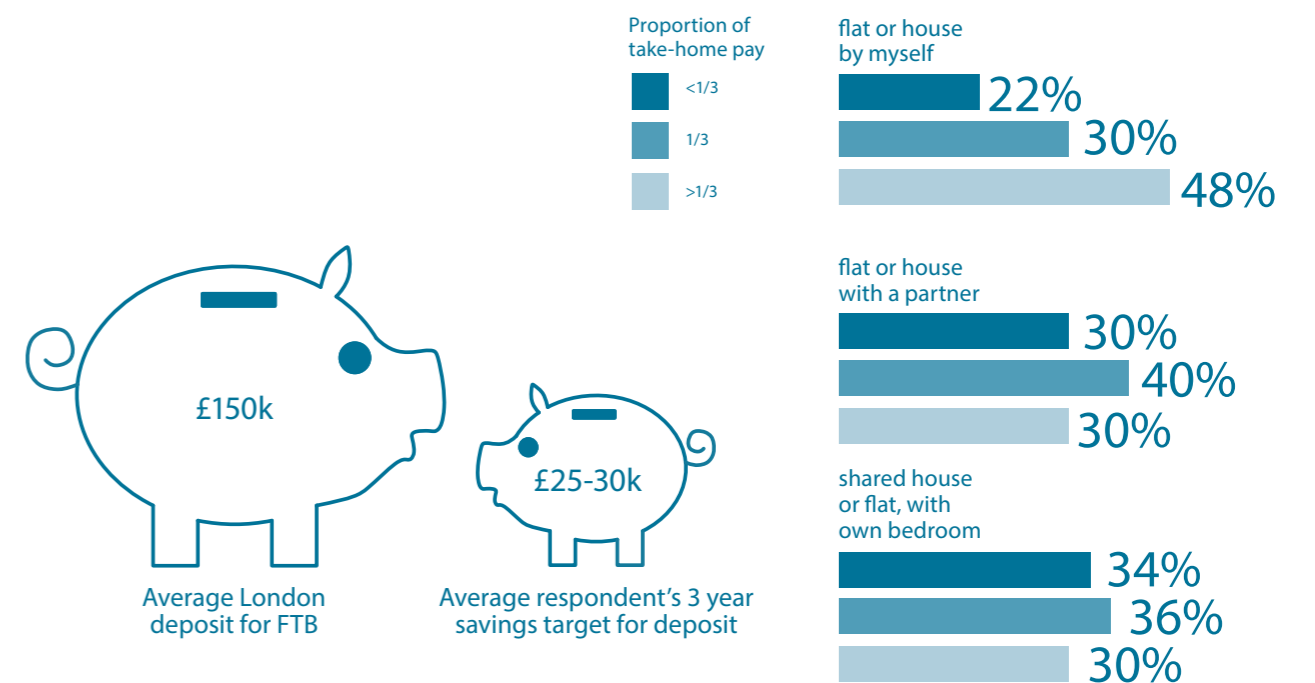


Figure 4: Living situations and rent as % of take-home pay:





# What aspirant homeowners want in a home:

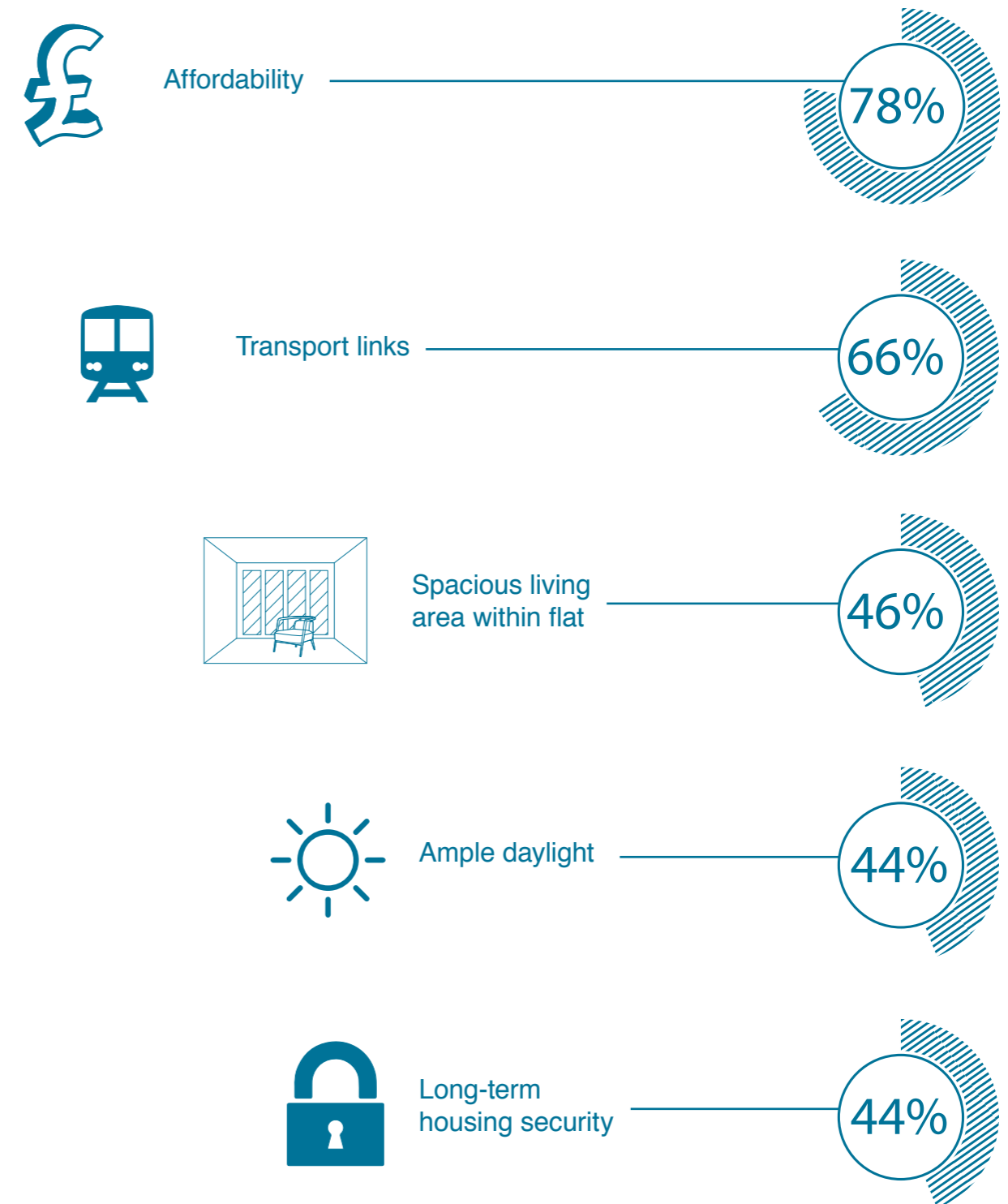
## Affordable accessibility

Our survey asked people which factors they considered important when choosing a new home. The survey listed 22 criteria related to design, price and location. The one most often picked was ‘affordability’, which 78% of respondents said was very important; this was followed by ‘transport links’ (66%) and at some distance ‘spacious living area’ (46%). This is consistent with recent LSE London research into residents of high-density housing in London (a broadly similar demographic), which showed that transport and price were the two most important factors they considered in choosing where to live (Scanlon et al 2018). These considerations—transport links, affordability and space—are also in line with findings of other research into the priorities of first-time buyers (see for example Palframan et al 2018).

Affordability was the single most important criterion for our sample—unsurprising, given that they had all registered interest in an affordable-housing scheme. According to the Office for National Statistics, London was the least affordable region for prospective first-time buyers. In 2017, prospective FTBs in their 20s could expect to spend 13 times their earnings buying a property in the capital, compared with 5.5 times in the North East. The average lower-quartile price for all dwellings across the capital as a whole in March 2019 was £354,050, and for flats and maisonettes was £315,000. These numbers are higher in inner London, where most of our sample live and want to stay.

Transport links were the second most important factor—meaning, for most, accessibility to public transport, as 59% of respondents said they used the tube for all or part of their journey to work. A further 22% cycled (some combining the bike with public transport). About two-thirds said their commute took between 30 and 60 minutes (in line with the London average of 46 minutes, according to the Department for Transport [2019]), and 46% spent over £100 per month on commuting.

Top 5 ‘very important’ factors when choosing a home:



## Spacious living

'Spacious living area within flat' was the factor third most likely to be identified as very important. The importance accorded to spacious rooms reflects many respondents' less-than-satisfactory experience in their current homes: 60% said their bedrooms and other private spaces were too small, and 21% said they had to store some of their possessions elsewhere (often at their family home or with friends).

To get an idea of how much space respondents have in their current accommodation, we asked them what items of furniture fit in their bedrooms, as we thought few would be able to provide figures for floor areas. Most bedrooms could accommodate at least two items of furniture apart from the bed, but some were too small for even a single additional piece.

In our focus group, participants discussed the lack of space in their current homes. Some said they were forced to ruthlessly limit possessions because of space considerations.

“ Because I don't have a lot of space, I don't buy much. I always ask myself, do I need it? Can I store it? ”



are storing possessions with family and friends

21%

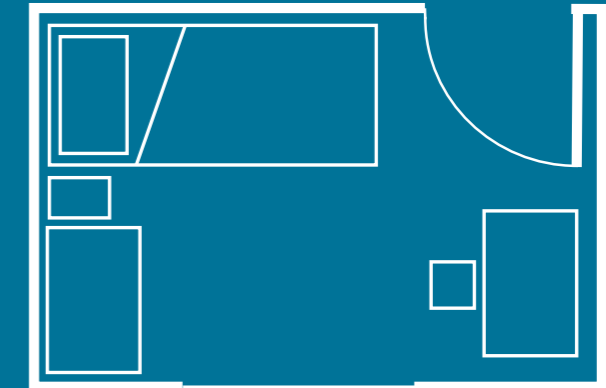


Many respondents living in shared homes had less than 10m<sup>2</sup> of private space

as well as a bed many respondents can only fit two items of furniture in their room

## Typical respondent bedroom sizes

### 6 m<sup>2</sup> single bedroom

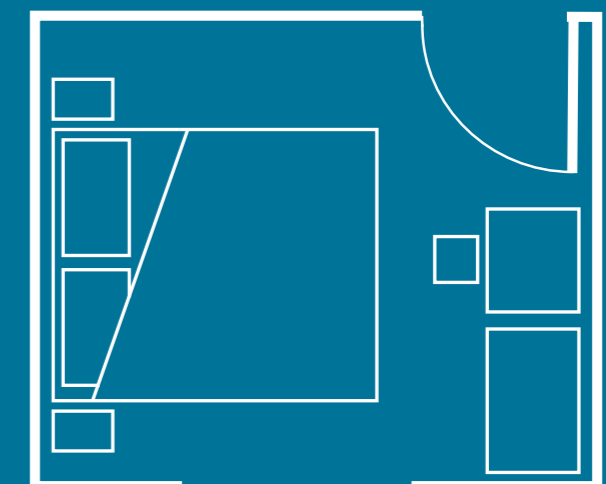


### Minimum sizes of bedrooms in new homes: national standard

Single = 7.5m<sup>2</sup> min.

Double = 11.5m<sup>2</sup> min.

### 10 m<sup>2</sup> double bedroom



### Creating a feeling of space: An architect's view

A sense of space can be achieved by designing a little extra width to the apartment entrance hallway and allowing a view upon entering through to an external window. Full-height windows are a cost-effective way of admitting extra daylight to make rooms feel more spacious.

An open plan kitchen, dining and living space can help apartments feel bigger. Apartment layouts of traditional cellular rooms often lead to corridors which are better omitted and the area given over to living spaces.

The clever design of storage is important. As a practice we try to design homes with slightly more storage than the statutory minimum if we can. In particular, utility cupboards and storage areas should be big enough to be useful. A cluttered home with nowhere to store the vacuum cleaner and suitcases will feel small.

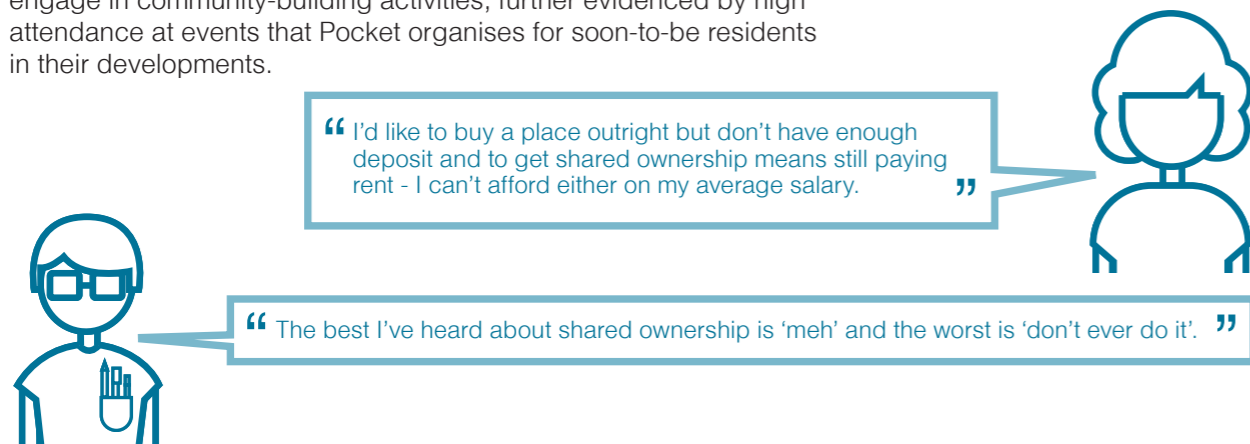
Residential developers do not generally build homes larger than the statutory minimum area and minimum ceiling heights to promote density and allow their homes to be affordable. While areas can serve as an indicator of space, poor design of this space can reduce usable area. Given that many respondents are living in single rooms in buildings that weren't designed for sharers, a purpose-built and well-designed smaller flat can be a huge step forward.

## Attitudes to other housing options: How much do social spaces matter?

Our respondents seemed to have taken a mental step towards home ownership and showed little interest in long term rental options, even those targeted specifically at young professionals. Only 28% said they would definitely consider a purpose-designed rental flat (build to rent) and 6% would consider co-living. There was also a lukewarm feeling about shared ownership, perhaps reflecting its hybrid legal status, the cost of the rental element, and lack of clarity about the distribution of responsibilities between shared owners, landlords (usually housing associations) and building managers (Cowan et al 2015).

London's current housing policy supports the development of purpose-built private rental blocks, which are seen to offer higher quality and better management than traditional buy-to-let. Few of our respondents had personal experience with the build-to-rent offer: despite their growing profile there are still relatively few schemes in London. Operators of bespoke build-to-rent developments see shared social space as a powerful marketing tool: build-to-rent operators and co-living schemes offer rooftop gardens, co-working spaces, dining and food-preparation rooms, cinemas and residents' cafes, all shared. But having access to shared social space did not rank high for our sample, with only 5% saying 'high-quality shared social space' was an important thing they looked for in a home. Partly because of the provision of these facilities, monthly rents in build-to-rent blocks tend to be higher than buy-to-let rents (Scanlon et al 2018). This may lessen their appeal for our respondents, who were prioritising saving for a deposit.

Although shared social spaces were not a priority for respondents, this does not mean they reject neighbourliness. Asked whether they would take part in Pocket-organised community activities, more than 80% of respondents said they would possibly or definitely be interested; just 2% rejected the idea. This suggests a willingness to engage in community-building activities, further evidenced by high attendance at events that Pocket organises for soon-to-be residents in their developments.



## Aspirant homeowners' housing journeys: Sharing, moving and compromising

Moving to a Pocket home would be a step change in most respondents' housing situation, as fewer than a third of them were living in separate households (that is, in a home alone or with a partner). Almost half were sharing a private rented house or flat—usually with two or three other people, though a few shared with more than five—or lodging with unrelated people, even into their 40s (Figure 5).

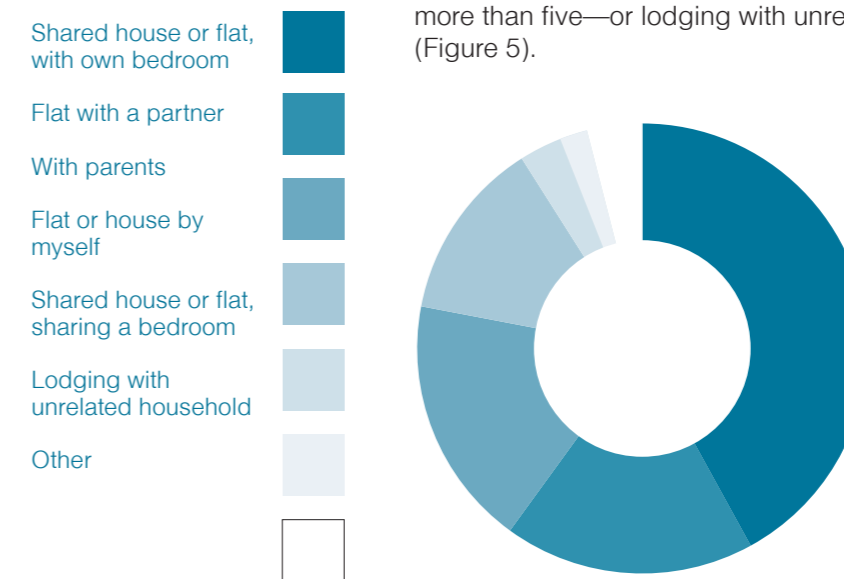
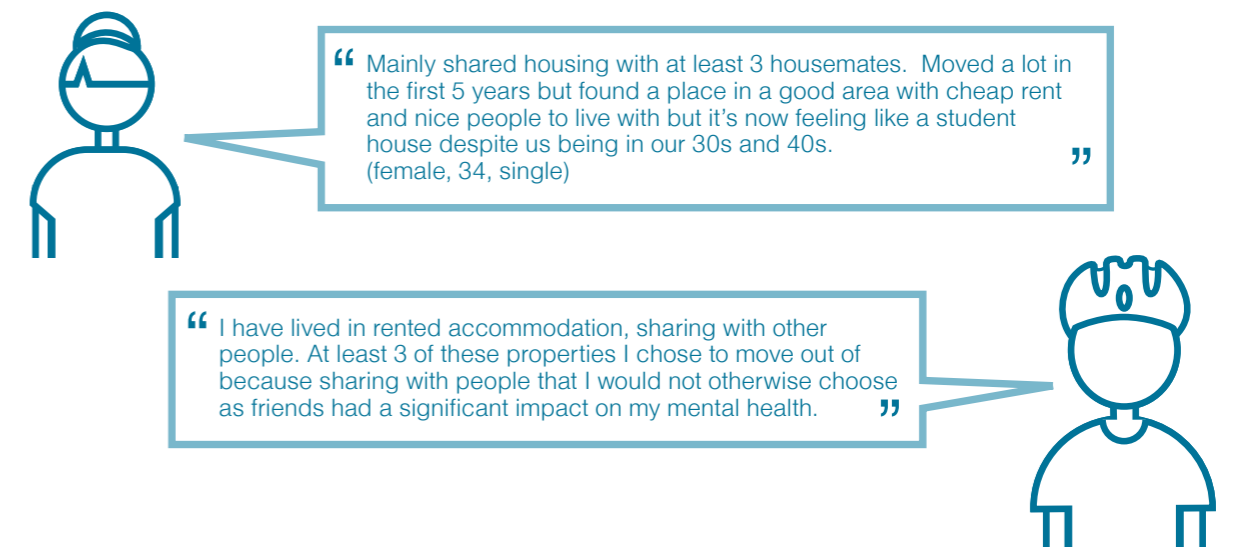
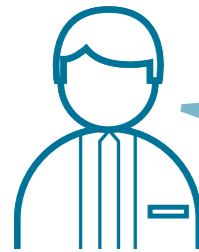


Figure 5: Current living situations

Sometimes these sharing arrangements blossomed into real friendships, but many said they disliked sharing their homes, especially with people they didn't previously know.



Possibly related to the fact that they were sharing accommodation, many said their flats, bedrooms or kitchens were too small. There were complaints about the layout of rented properties (especially the lack of communal space), and the quality of furniture or décor.



“ There isn't enough kitchen storage space, only 1 personal cupboard per person which is too little. There is space for more cupboards but the landlord isn't interested in installing them. Some rooms aren't that big, don't have shelves and the overall storage space isn't that big. Better/cleverer storage would be nicer. I don't like not having underbed storage. I wish we could ask the landlord to store furniture we don't need. Even though desks and a chair were provided for each room, there isn't really space for them as we've all brought chests of drawers. The desks and chairs now take up space in the living room. ”

“ The living room has been cannibalised for another bedroom so unless you hang out in the kitchen it's a bit soulless. ”



of living rooms in shared rental accommodation have been converted into bedrooms\*



\* Ellson 2019

Some 18% of respondents were still living with their parents (a common choice in London for those able to do so). This was more frequent amongst younger people—29% of respondents in their 20s lived in the parental home—but a few were doing so even in their 40s. Respondents who lived in the family home were grateful they could do so, saying it allowed them to save money, but at the same time resented the feeling of dependency it created and felt aggrieved that even as adult professionals they could not afford to live independently. Some had moved into independent accommodation but later returned to their parents' home when affordability became a problem.



“ I'm stuck here for work, (designer) I'm 30 and I live in my mum's box room. I can't save quickly and I can't afford market rent. ”

“ I am 27 and currently live in my mum's (housing association) house sharing a room with my sister. It's shameful that I am living this way at this age. I can't afford to rent at the moment and save for a home. ”



Just over half of those living with their parents said they paid some rent, but for some there was one clear benefit to living at home:



“ It's free :) ”

Currently about half of London dwellings are houses or bungalows, and a substantial proportion of the city's flats are conversions. 58% of respondents either live in houses or are in conversions that were originally built as houses. Only about a third of respondents live in purpose-built blocks of flats. While this reflects the profile of London's housing stock, which is dominated by streets of Victorian and Edwardian terraced and semi-detached homes, it does indicate that most are housed in buildings that weren't designed for multiple occupation. This continual subdivision of older houses is not new but it is the primary rental option for so many young Londoners and for much longer than they ever anticipated.

Apart from those living with parents, our survey sample were almost all renters, with a large majority renting from a private landlord (88%). Private-sector tenancies offer limited tenure security, and respondents' residential histories have often involved regular (often unwanted) moves. The median length of stay in their current home was only about two years. On average respondents had already lived in three properties in London, but some said they had lived in more than ten different properties. Because of too-frequent moves and landlords' restrictions, many respondents said their rented flats didn't feel like proper homes. Some added that they felt like they hadn't really grown up.

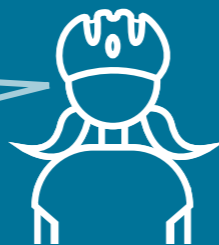


Median length of stay in rental home



“ (My journey so far has been) 2 years in one freezing leaking house with 2 friends, with a very bad landlord who wouldn't fix anything; 8 months in an otherwise very nice flat with a terrible damp problem; 2 months in a house-share that the landlord abruptly took back to move into herself; 1 year in a very nice flat with 3 friends; 3 years in a very nice house-share flat with 2 friends and partner, but impossible to get anything fixed ”

“ It's been terrible. Constantly renting and moving from one place to another. The longest I've lived in one place is just under 3 years. This is due to work commitments but also because of issues that have arisen with either the landlords or the housemates. I've never had anywhere I could call home or felt that I wanted to make a home. It's all just so temporary. ”



“ (My journey so far has been) Dalston in 1999, then Barnes, Balham, Colliers Wood, Blackheath, Kilburn, Bloomsbury, Clapham Junction (male, 45, single) ”

Many respondents described poor conditions in the properties they rented, and/or said they were dissatisfied with the service they received from private landlords and agents. They talked about poor responsiveness on repairs and high fees. On the other hand, a few said they loved their current landlords.



“ High rents, steep landlord charges, tiny rooms, damp, awful neighbours, dreadful sound proofing, weed smoke in the communal areas, litter dumping in communal areas. ”

“ Water leaks through the ceiling when it rains (landlord never fixes properly), small, poorly insulated (freezing in winter, boiling summer), damp and mould issues, no taps in bath so can only use it as a shower, not allowed to put anything on the walls (including posters!), top up meters which make gas incredibly expensive - can only afford to put heating on for two hours max in the winter. ”



“ My landlord is lovely and the house is a great size with a garden. ”

Tenants often felt they were throwing money away by paying rent, and said it would be cheaper to make monthly payments on a mortgage—if only they could scrape enough for a deposit. Many felt a strong sense of unfairness, saying they had studied and worked hard and become successful in their professional lives, but even so they couldn't get on the housing ladder in London.



“ (I've) paid more than £106,000 in rent. Can't save for a deposit to buy anywhere, despite having worked the whole time I've been in London and earning an above-average wage. ”

“ Have always lived in shared accommodation renting a room as unable to afford renting a whole property. Even now as a qualified accountant working in the field I have to keep living in shared accommodation if I am to have any hope of one day managing to put a deposit together for a property. Especially as a single applicant. I feel hopeless. (female, 36) ”



“ Rent, rent and rent! Extortionate rents! ”

## Are young Londoners committed to *this* city?

Asked where they would like to be living in the future, most respondents wanted to stay in London at least for the medium term. Looking ahead five years, the group hoped to remain in the capital, with 57% preferring inner London and 28% preferring outer. Interestingly, the desire to live in inner London was more pronounced among older respondents than younger ones.

Over the longer term (10 years) more saw themselves away from London, but still nearly two-thirds said they would prefer to stay: the main change was that fewer said they wanted still to live in inner London in ten years' time. As for long-distance moves, only 5% of respondents wanted to move abroad in five years' time but 15% were attracted by this option when looking 10 years ahead.

How realistic are these aspirations? Our focus group participants were well aware of the challenges.

“ Will I ever own a home? With the rent I pay, I can't save much—it would take me 40 years to save enough. ”



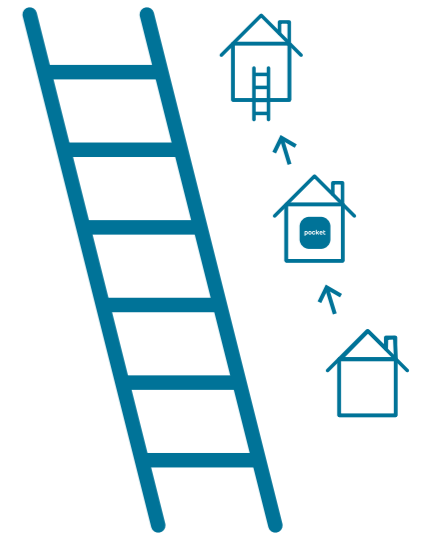
Some saw moving overseas (or at least buying overseas) as an alternative to London's high prices.



“ I'll live in London as long as I can as a renter and save to buy abroad. It's my only option at the moment to be honest. ”

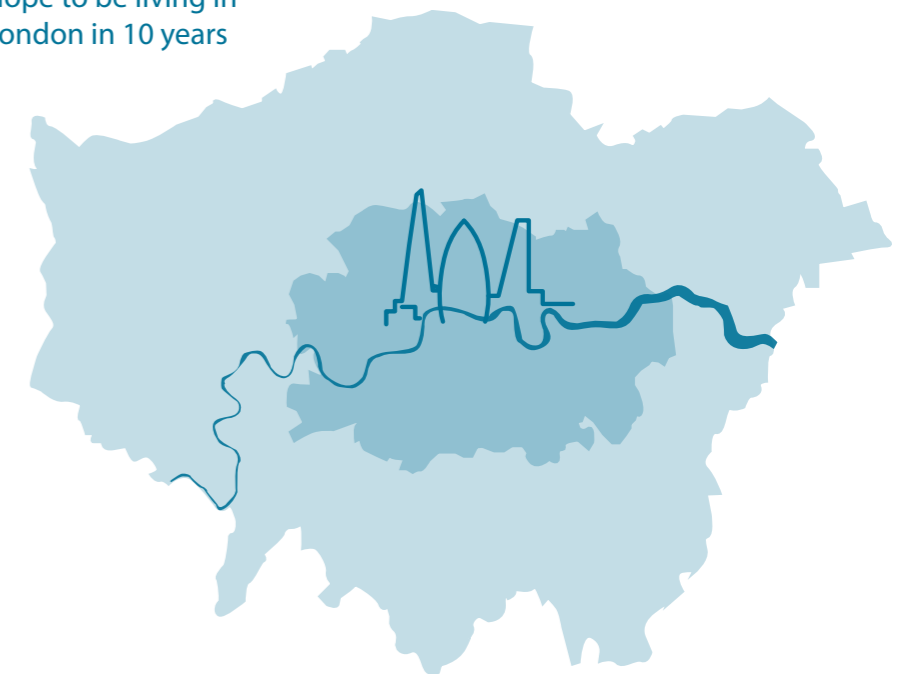
Our respondents generally saw a Pocket purchase as a stepping stone into owner occupation rather than a permanent lifetime home. The highest proportion said they expected to stay between three and six years in a Pocket home; only about 13% said they planned to stay for more than ten.

The highest proportion of respondents expect to stay in Pocket home between 3 and 6 years



**85%** Hope to be living in London in 5 years

**62%** Hope to be living in London in 10 years



# Conclusions

This study gives unique insight into an important and under-researched cohort: prospective first-time buyers in the capital. We need to know about their needs and experiences if cities like London, New York and San Francisco are to thrive. The survey provides the most nuanced and detailed picture available of how prospective homeowners in the capital live now, and how they wish to live.

The research casts light on the compromises people make to be in London. Many live in poor-quality flats or houses, sharing with other adults (not always friends or even people they like) well into adulthood. Since 2001, there has been a 28% increase in single adults living in multi-adult households. Their homes are cramped—many sharers have less than 10m<sup>2</sup> of private space, and 60% say their private spaces are too small. They are expensive, with a median rent of £700 per person for a room in a shared house. Respondents didn't expect to rent as long as they have — the average is 7 years but some have rented for up to 20 years.

Not all our respondents are poorly housed in physical terms—some live in comfortable homes in accessible neighbourhoods. But regardless of the quality of the dwelling, these young Londoners find long-term renting unsatisfactory: they lead peripatetic lives, keeping possessions in bags under the bed and negotiating the use of communal space, moving not when they decide to but rather when it suits their housemates or their landlords.

What are the alternatives? These households would not qualify for social housing, nor would most of them expect it. The nascent Build to Rent sector offers well-designed flats with tenure security and professional management and can work well for those who are happy to be tenants, but rents are generally higher than local buy-to-let properties, making it harder for prospective home buyers to save for a deposit. Co-living suits a younger age group but offers even less space than shared flats.

These alternatives hold little appeal for our respondents. They do not want to be secure tenants; they want to be London homeowners. However there is a mismatch between their aspirations and the housing on offer. They would buy in Zone 3 or 4, but even in these areas house prices are well beyond their means. 90% of our respondents are actively saving, but the gap between the average deposit for first-time buyers in London (£149,000) and what they expect to save (£30,000) is enormous. Without help of some kind—eg through Help to Buy and/or affordable schemes like Pocket—they fear they will never be able to purchase in the capital.

They do have choices. They could move beyond London's boundaries and commute; they could leave the area entirely. They have chosen to remain in the city, many sharing or living with parents in to their 30s or even 40s to save for a deposit. Some will of course manage to acquire a Pocket home or buy a shared-ownership flat; a few may find their circumstances transformed by an unexpected inheritance. But many—perhaps most—will eventually have to choose between renting into the long term or moving out of the neighbourhoods where they now live, and possibly out of London entirely. The choice is particularly stark for those hoping to buy on a single income, like most of our respondents. It is notable that our sample was dominated by single women, who made up only 8% of first-time buyers in the country in 2015/16 (vs 18% for single men). The gender aspects of demand for intermediate housing could be worth exploring further.

Does it matter that these people can't afford to buy homes in the capital? After all, everyone's choices are constrained by their resources, and ordering and illuminating our choices is one of the functions of a market. But market forces alone may not generate the best outcomes for our communities and the city as a whole. Those individuals who are able to purchase affordable homes clearly benefit: they can leave behind the insecurity of renting and put down roots. As important, society at large benefits from having young people and middle-income people living in urban centres. It supports the economy: London needs workers like teachers and police officers, chefs and nurses in order to function as a city. It also fosters genuinely mixed communities rather than an unbalanced combination of the very rich and the very poor, it enables the growth of creative and business clusters, and allows urban workers to live low-carbon, sustainable lifestyles. All these are good for the whole community. All of London stands to lose if we cannot help those most committed to making their lives here to meet their housing aspirations.

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## Endnotes

1. LSE London analysis of GLA Datastore figures on country of birth of Londoners, from 2011 Census
2. LSE London analysis of GLA Datastore figures on age of Londoners by year, from 2011 Census
3. Unless otherwise indicated, quotes are from free-text responses to the survey questions, 'Please tell us something about your housing journey in London so far'; 'What do you like about your current home?' and 'What do you dislike about your current home?'



## Annex: Who qualifies for a Pocket home

Pocket's allocation criteria reflect the official definitions of affordable housing from the National Planning Policy Framework (MHCLG 2019b) and the requirements of local authorities. To qualify as NPPF-compliant affordable housing, the homes must go to households with local connections and with incomes under a certain ceiling; they must also carry a discount of at least 20% as compared to market prices or rents. Anyone may register interest with Pocket, but to qualify for a home, individuals must either live or work in London. While registrations are accepted from individuals living anywhere in the capital, Pocket's agreements with the boroughs where it develops stipulate that buyers can only purchase homes in the borough where they currently live, or where they work. The GLA provides debt funding to Pocket to underwrite land acquisition from its affordable-homes fund. Pocket is not active in every borough.

Both single people and couples can register, although singles are always prioritised over couples in the allocation process. Registrants must be 'first-time buyers' (that is, they can't own any other property when they apply) and have a household income of under £90,000 (the ceiling for eligibility for affordable housing under the 2019 draft London Plan). The average income of a Pocket buyer is much lower, at £40,000. Help to Buy is available on some schemes.

Buyers are not permitted to resell within the first year, and when they do sell the property on they must find a buyer who meets the same eligibility criteria. All Pocket schemes are car-free, and the homes do not provide individual gardens.



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SEPTEMBER 2020

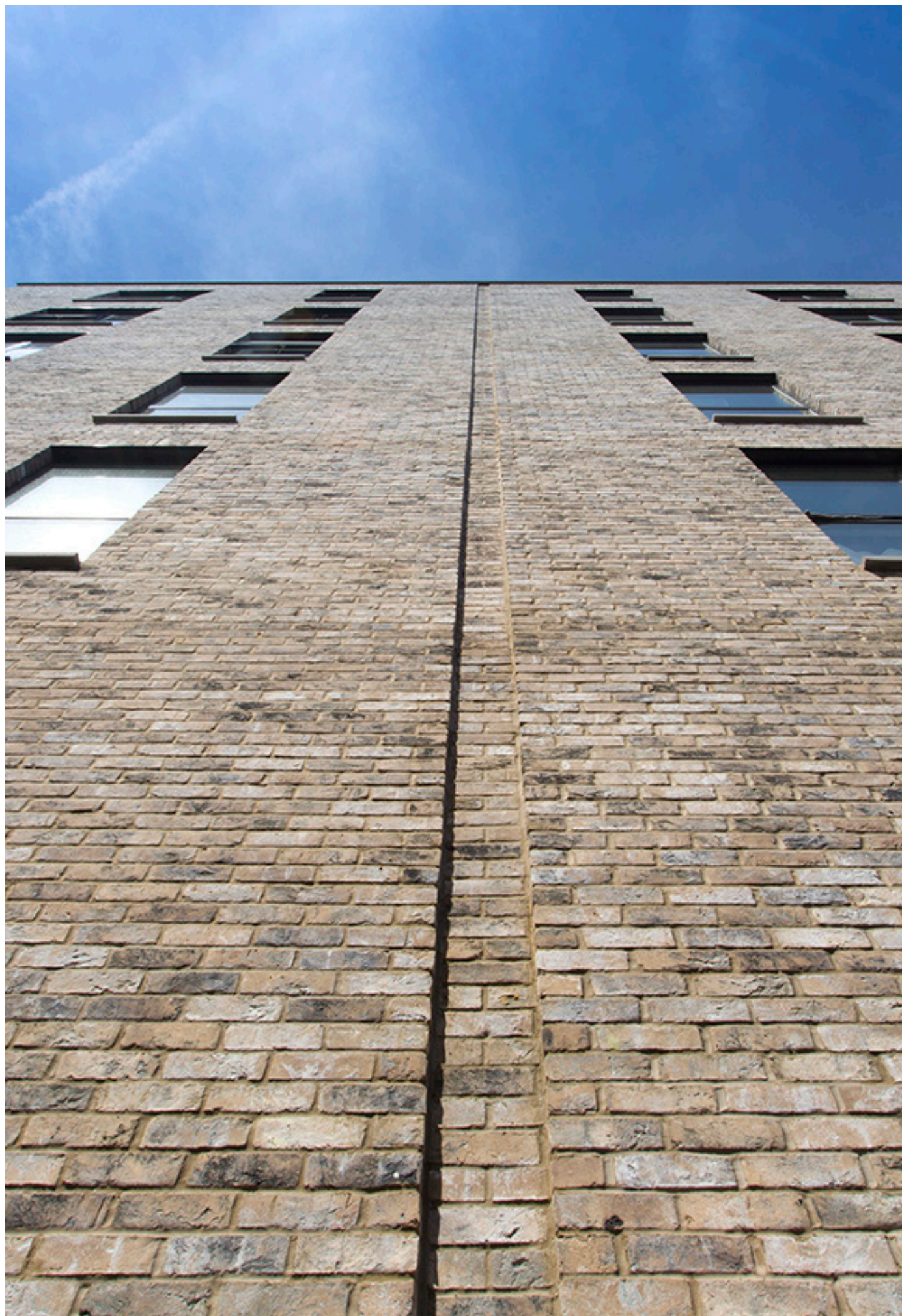
# Small Sites: Unlocking housing delivery



LICHFIELDS

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## **Executive summary**

This report analyses why small sites are not playing a more meaningful role in the UK's housing delivery. Based on a sample of 60 developments across London, 10% of the small sites granted planning permission in the Capital in the last three years, it considers the journey of developments on small sites through planning and the constraints and challenges that they encounter.

As the Government looks to reform the planning system, increase housing delivery and increase the role of urban land, the research and its findings have nationwide relevance and provide the evidence to help inform discussions on planning reform<sup>1</sup>.

<sup>1</sup>MHCLG 2020, Planning for the future.



The current planning system is complicated, favours larger developers and often means that much needed new homes are delayed.

**MHCLG, August 2020 Summary paper**

# Key figures

60

The Sample is made up of 60 planning permissions for between 10 and 150 homes.

2,666

The Sample constitutes 2,666 homes including 485 affordable home.

60 weeks

The average determination period for planning applications for development on small sites is well over a year – c. 60 weeks from validation to planning permission.

1

Only one of the 60 permissions was determined within the statutory 13 week period and just two met the Government's 26 week planning guarantee.

2 years

A fifth of permissions took longer than two years from validation to decision (eight times the statutory 13 week period).

23 weeks

Even once the decision to grant permission has been made at committee, with the S106 heads of terms as part of the committee report, it takes 23 weeks to finalise the S106 agreement and issue a planning permission.

71 weeks

The more complicated the affordable housing requirements the longer planning takes: permissions with mixed tenure affordable housing took 71 weeks compared with 56 weeks for permissions with only intermediate homes.

17 weeks

Where viability assessments are not required it takes half the time to get to committee. BUT the time taken (17 weeks) is still protracted.

75%

In 75% of the cases, affordable housing and viability was one of the main issues in determination, with a third of the cases delayed by protracted debates over land value.

23%

Just under a quarter of permissions on small sites require two or three successive planning applications to secure permission supporting the need for a more proportionate, less complex approach.

40%

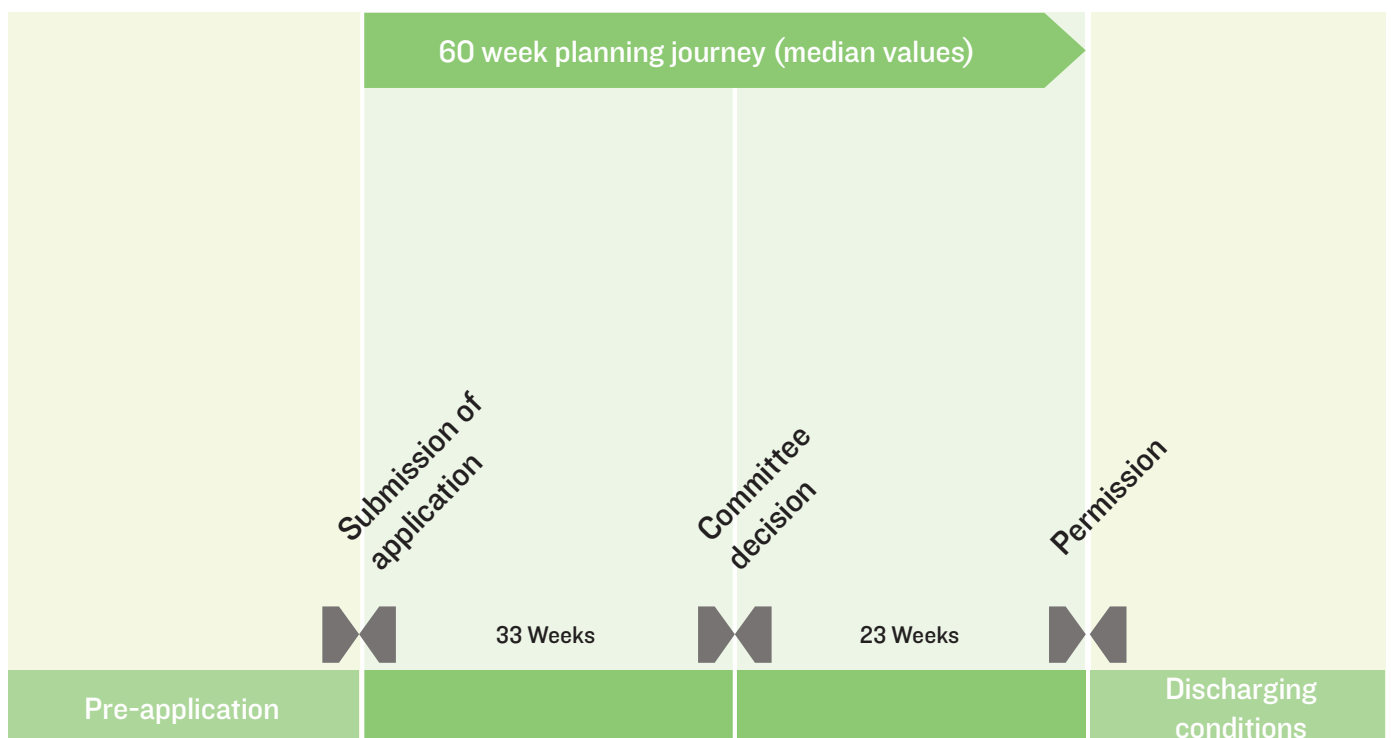
Two fifths of the first time permissions require major amendments during determination.



The current one-size-fits-all planning system is disproportionately complex and cumbersome for small sites. The system is inadvertently causing delays in the determination of applications, inhibiting development viability and limiting the delivery of new homes on small sites. It in part explains why there are now comparatively few small developers left building homes.

A series of recommendations are drawn from the research findings to help inform ongoing discussions on planning reform to help harness the housing delivery potential of small sites. The recommendations include:

- The NPPF should go further in its recognition of the importance of small sites, requiring local authorities to take a proportionate approach to planning for small sites and supporting their swift delivery
- Granting Permission in Principle (PiP) on brownfield sites which are smaller than 0.25 hectares, well-served by public transport/local amenities and where at least 40% of the homes will be affordable through a payment in lieu or a single tenure on-site intermediate affordable housing component.
- To expedite and aid delivery, ensure that the technical consents stage of the PiP process is akin to prior approval; it should be a consideration of any required assessments and NOT the merits of the proposal against the local plan.
- Speed up delivery with a streamlined process after a determination with planning conditions kept to a minimum, especially pre-commencement, and deemed approval of conditions six weeks after their submission.
- In advance of more substantive changes to the SIO6 process, the Government should enforce firm deadlines for the conclusion of SIO6 agreements to ensure faster delivery of new homes.
- Tenure simplicity for small sites. For small brownfield sites (less than 0.25 hectares) that exceed the affordable housing threshold, and in advance of more substantive reform, the NPPF should stipulate two affordable housing routes: a payment in lieu or on-site delivery of single tenure intermediate affordable homes to avoid protract negotiations on tenure and mix expectations hindering both permissions and implementation.



# Foreword



Small sites were once an important contributor to the UK's wider housing supply. Thirty years ago, 40% of the country's homes were delivered by small builders. Today it's only 12%. Property development has become the domain of big business and big sites.

In *Planning for the Future*, the Government's White Paper has recognised the challenges faced by small sites and small developers and is proposing ways to address these. This research provides a timely contribution to the debate about what measures are necessary to unlock small sites.

As Chief Executive of a company focused on delivering affordable homes on small sites, I know there is huge potential for SMEs to step up and play a meaningful role in housing delivery plus make a proper contribution to affordable housing. By taking an in-depth look at the journey of small sites in the Greater London area this research shows that the current one-size-fits-all approach to planning on large and small sites just doesn't work.

Of the small sites analysed in this randomised sample, 98% took longer than the statutory period of determination, with the average delay being more than four times longer than the statutory requirement of 13 weeks.

As a small developer, time is your enemy. In part because you only have so many active sites at any time so delays really cause havoc with your finances. But also, because unlike

larger developers you are having to put more equity into projects, so planning delays in a very real sense cost you money. This is exacerbated by the higher cost of finance with the interest bill rising with every extra week spent securing planning permission. In short, protracted and uncertain planning journeys often mean the difference between make or break.

This research by Lichfields shows that in three quarters of the sites analysed, viability and affordable housing was a principal delaying issue. A third of the sites were stalled due to disagreements between councils and developers over land values and the affordable housing offer. We are asking small sites to do too much. Judging them on the same basis as large sites when they have little space to physically and viably accommodate multiple tenures inhibits delivery and creates disputes.

To end on a positive note. Small sites can and frankly should deliver homes faster, including affordable homes. Pocket has been delivering 100% affordable homes on small sites now for fifteen years. Why? – because we take a simple approach to tenure and deliver beautiful buildings.

Small sites can play a role and with a clear and simple path we could witness a renaissance in small, beautiful buildings that thread our streets and give places distinction and identity.

**Marc Vlessing,**  
**Chief Executive Officer, Pocket Living**



It is a very important time for planning and the house building industry. The Government is proposing major reform to the planning system to help increase the delivery of new homes and boost economic recovery. Smaller developments on urban sites have a critical role to play but are inhibited by a complex and cumbersome planning system that fails to differentiate between small and large schemes.

Lichfields is pleased to have teamed up with small sites specialist Pocket Living to investigate the planning and delivery of new homes on small sites and the issues faced by smaller developers. Our analysis draws upon a sample of 60 developments at small sites across London. It interrogates how long it takes to obtain planning permission and deliver new homes, whether there are delays, and if there are, what is causing them.

The conclusions are compelling. It is clear that the planning process is taking far too long on small sites and the challenges associated with dealing with viability and affordable housing issues are the main causes of delay. Too few planning permissions for small sites are being delivered, especially where developers are tasked with delivering multiple types of affordable housing on small sites and where applicants are required to accept non-viable affordable housing levels to secure permissions.

The study makes timely recommendations to inform discussion around the Government's White Paper, Planning for the Future, to help unlock the huge potential of small sites and small developers in the delivery of new homes on brownfield sites in the future.

**James Fennell,**  
**Chief Executive, Lichfields**



# 1.0 Introduction

There has been much speculation as to why the role small developers and small sites has declined over the last decade but to date there has been no detailed site level analysis which seeks to understand the causes. This analysis of housing permissions on small sites in London has been undertaken by Lichfields in conjunction with small sites specialist Pocket Living. The purpose of the research is to help understand why small sites are not playing a more meaningful role in the delivery of new homes and affordable housing. The London-based analysis enables lessons to be drawn for future housing development on small sites more widely. This is especially pertinent as the Government<sup>3</sup>, and the Mayor of London<sup>4</sup> enact planning reforms to increase housing delivery and consider how development can help the post-COVID-19 economic recovery.

Housing delivery on small urban sites remains a national priority and a national challenge. Policy makers recognise the potential offered by small sites and acknowledge the limitations imposed by the current system. In Planning for the Future (August 2020), the Government recognises both the importance of urban housing delivery and the constraints and challenges imposed by planning processes. The Government is proposing two immediate changes to the system that they consider would significantly help the delivery of small sites; increasing the affordable housing threshold to 40 or 50 homes and extending Permission in Principle to 150 homes. This research shows that reform is certainly needed but a threshold approach is only an interim measure and more fundamental change is necessary to support the growth of small site development and boost housing delivery.

Small sites data is not collected nationally. London is the only region which maintains a record of small sites' planning performance for the last three years. This is the first time a detailed analysis has been undertaken to understand their journey through the planning system.

The research focuses on the journey of developments of between 10 and 150 homes on residential sites smaller than 0.25 hectares. The research is not concerned with

developments under ten homes which fall below the current threshold for affordable housing. It is based on a sample of 60 planning permissions approved across London in the three years to 1 April 2020 drawn from the Greater London Authority's London Development Database. The sample size equates to over 2,666 homes with planning permission and constitutes 10% of the planning permissions on small sites in the capital during this period that meet our assessment criteria<sup>5</sup>.

The Government's White Paper places a greater emphasis on the delivery of housing in urban areas. The proposed new standard methodology for assessing housing need would result in three quarters of housing delivery being in urban local authorities<sup>6</sup>. Many of these developments will be on small sites with fewer than 150 homes; speeding up their delivery is critical to meeting the Government's housing target and delivering the homes we need. As such, the London data set provides some useful lessons as to where the current challenges lie.

The analysis identifies the timeframes for determination of planning applications on small sites and the constraints and delays these applications are encountering. The aim is to shine a light on this important area of the development sector.

<sup>3</sup> <https://www.gov.uk/government/news/pm-build-build-build>

<sup>4</sup> <https://www.london.gov.uk/what-we-do/housing-and-land/buying-home/intermediate-homes-london>

<sup>5</sup> The assessment criteria on which the research is based are outlined at Section 3.0.

<sup>6</sup> MHCLG 2020. Changes to the current planning system-Consultation on changes, 2020.

## 2.0

# Background and Policy Context

The Government is committed to a national housebuilding target of 300,000 new homes annually and one million homes by the end of this Parliament<sup>7</sup>. The Government has also been clear that the house building industry is key to the country's economic recovery from the COVID-19 pandemic<sup>8</sup>.

The "Planning for the Future" policy paper (August 2020) sets out the Government's ambition to secure well-planned development on brownfield land; encouraging greater building in urban areas with an emphasis on good design. It recognises that the current system is unfavourable to small developers; highlighting that smaller firms feel the complexities of a one-size-fits-all planning system. The risks and delays inherent to the current system are challenges to building more homes (ibid).

Alongside the White Paper, the Government is consulting on two short term changes that they consider would significantly help the delivery of development on small sites; increasing the affordable housing threshold to 40 or 50 homes (for a period of eighteen months) and extending Permission in Principle to developments of fewer than 150 homes.

It is well recognised by policy makers<sup>9</sup> and the house building industry<sup>10</sup> that small sites can collectively play an important role in delivering the homes needed in London and other UK cities. As recognised by the HBF (ibid) and in the Government's latest consultation "Changes to the current planning system", development on small sites is typically delivered faster than larger schemes; ensuring that permissions quickly become homes. Smaller developments tend to be built in single phases and are not reliant on new infrastructure delivery. They do not suffer from delays in bringing homes to market (the absorption rate), as identified in the Letwin review<sup>11</sup>.

The Government consultation<sup>12</sup> highlights the challenges faced by small builders:

Thirty years ago small builders were responsible for 40% of new build homes compared with 12% today. The membership of builders' professional bodies has also dropped in that period from over

12,215 to 2,710. In a recent survey (NHBC, 2017 Small house builders and developers, current challenges to growth) of over 500 small firms, they cited their main challenges as the planning process and its associated risks, delays and costs. The survey showed:

- 38% (the highest number) voted this their main challenge and 31% the second highest;
- the majority of firms said the costs of the planning process were getting worse;
- almost two-thirds said the length of time and unpredictability of the system were a serious impediment to homebuilding.

The potential for small sites to make a greater contribution to housing delivery has been acknowledged by the Government in its amendments to the NPPF and by the Mayor of London, through introducing a small sites policy to the draft New London Plan. Indeed, the draft plan targets a 14% increase in annual delivery from small sites over the plan period compared to the 2004 to 2016 trend for London as a whole<sup>13</sup>. Supporting smaller builders has also been a central plank of Government housing policy for at least a decade; most recently through initiatives such as the ENABLE Build loans. This £1bn loan guarantee scheme was launched through the British Business Bank in 2019 to support finance for smaller housebuilders and to help address the challenges faced by smaller housebuilders in accessing finance.

Unfortunately, this national and strategic recognition has not resulted in a material uplift in the delivery of housing on small sites. Instead, there has been a sustained decline in housing delivery on small sites over many decades. SME builders now account for just one in ten new homes in the UK, compared to a peak of nearly half in the early 1980s (ibid). In London, there was a 50% decrease in small housing developments between 2006 and 2016.

This progressive diminution in housing development on small sites is partly due to long term consolidation in the housebuilding industry and economic factors, but is also considered to be a function of the planning system imposing complex planning policy on small sites. Local Plans contain

<sup>7</sup> Planning for the Future 2020. Lichfield's calculations of the new Standard Methodology for calculating Housing Need currently being consulted on implies a higher target of 337,000, an aggregate of all local authorities' housing need nationally.

<sup>8</sup> Johnson, B (2020) Build Build Build Economy Speech: 30 June 2020

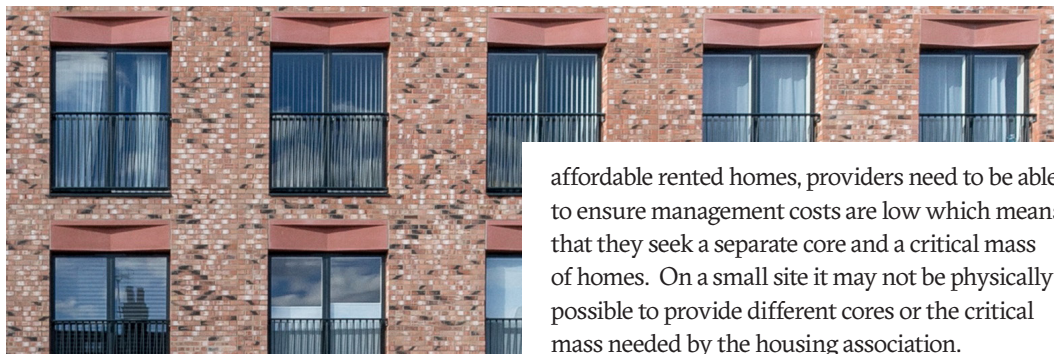
<sup>9</sup> MHCLG 2020, Changes to the current planning system and GLA 2019, EIP draft New London Plan Policy M20

<sup>10</sup> HBF 2017, Reversing the decline of small housebuilders

<sup>11</sup> MHCLG, 2018 Independent review of build out

<sup>12</sup> MHCLG 2020, Changes to the current planning system

<sup>13</sup> Lichfields 2019 New London Plan panel report blog



affordable rented homes, providers need to be able to ensure management costs are low which means that they seek a separate core and a critical mass of homes. On a small site it may not be physically possible to provide different cores or the critical mass needed by the housing association.

an array of policies addressing matters such as land use, affordable housing, sustainability, amenity space, design and transport. There can be tensions between these policy aspirations, especially on small sites where there is limited space to accommodate such competing demands.

In Lichfields' experience there is little, if any, difference in the approach adopted by planning authorities in the determination of small and larger scale developments. Developers of small sites must meet the same policy requirements as developers of large sites but struggle with smaller site areas and development quantum, limited design flexibility and more sensitive margins due to their size.

The policy landscape for affordable housing in particular is varied and complex. In the case of London, every borough has a different approach to viability and affordable housing, creating uncertainty for small housing developments. This can make it difficult to price land and the potential variation in costs for on-site affordable housing is often the difference between a development being viable, and therefore delivering homes and affordable homes, or becoming unviable, resulting in unimplemented and lapsed permissions and empty sites. Similarly, the often-constrained nature of small urban sites can make accommodating different housing tenures and typologies, securing a Registered Provider (RP) partner to manage a small number of affordable homes, and addressing land use matters (such as re-providing commercial space) and other policy requirements, extremely challenging. Accommodating multiple tenures is not just a strain financially but is physically challenging. For

In reviewing the London Plan<sup>14</sup>, the Mayor found that the reasons for low housing delivery from small sites tends to be planning based rather than economic; a result of restrictive and competing policy objectives, particularly relating to limiting density on infill sites, maintaining building heights and footprints and applying inflexible residential amenity and amenity space requirements. It is no surprise that the number of small developments halved in London between 2006 and 2016.

Research by Estates Gazette<sup>15</sup> found that smaller developments in London (between 10 and 25 homes) experience higher rates of refusal than larger developments. The rate of refusal on smaller developments has risen particularly sharply since 2015 (Estates Gazette, London Residential Refusals on the Rise, 2018).

The planning system for small sites is, therefore, often complex, cumbersome and adds significant time and cost risks to small developments. Accordingly, the average scale of housing development with planning permission in the UK has increased in size by 17% in less than a decade<sup>16</sup>. The cost and risk of planning is disproportionately high for small sites (ibid), meaning that in relative terms, there is less commercial risk in investing in larger scale developments.

Against this background, our research investigates why housing developments on small sites are not delivering a meaningful contribution to housing supply. It considers the salient planning issues informing, and delaying, the decision making process and explores whether viability and affordable housing requirements, in particular, are inhibiting development.

<sup>14</sup> [https://lichfields.uk/media/3784/london-plan-insight\\_january-2018.pdf](https://lichfields.uk/media/3784/london-plan-insight_january-2018.pdf)

<sup>15</sup> Estates Gazette 2018. London residential refusals on the rise.

<sup>16</sup> [https://www.hbf.co.uk/documents/6879/HBF\\_SME\\_Report\\_2017\\_Web.pdf](https://www.hbf.co.uk/documents/6879/HBF_SME_Report_2017_Web.pdf)

# 3.0 Methodology

## Population and Sample Size

The research is based on analysis of a sample of 60 recent planning permissions on small housing sites in London, taken from the Greater London Authority's (GLA's) London Development Database (LDD).

For the purpose of this research small developments are classified as residential and mixed-use developments containing between 10 and 150 homes<sup>17</sup>. The lower parameter in this range (10 homes) reflects the NPPF's threshold for major applications and the upper parameter (150 homes) is the scale of development required for Mayoral referral in London.

The overall population of planning permissions in the LDD covers 675 small sites across London that are smaller than 0.25 hectares and gained planning permission in the three years to April 2020. These 675 planning permissions together include 21,646 homes; equating to an average of 32 homes per permission. Of these, 88 permissions provided solely affordable housing and are subsidised by affordable housing grant, so are omitted from our sample. The residual sample of 60 developments therefore represents just over 10% of the remaining 587 planning permissions.

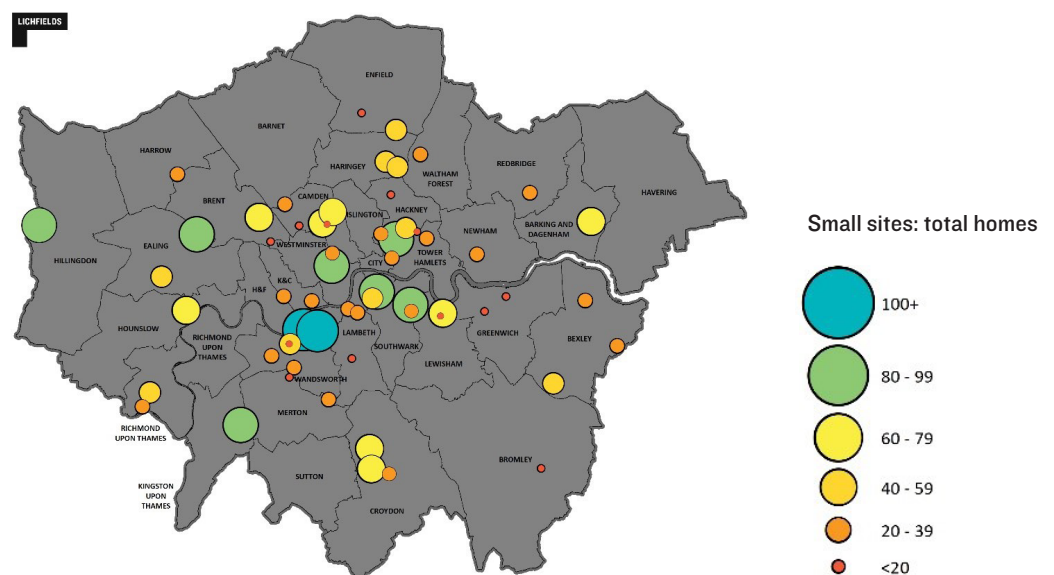
### The 60 developments which form the sample meet the following criteria:

- Residential and mixed-use developments of between 10-150 homes
- Site area under 0.25 hectares
- Developments that received full planning permission in the last three years (permissions dated 01 April 2017 – 01 April 2020)

To ensure the research reflects experiences across the capital and is based on a geographically distributed sample, we have selected seven or eight developments each from eight octiles across Inner and Outer: North, South, East and West London. The analysis includes slightly more inner London sites as there are more small sites (as a whole) developed in Inner than Outer London boroughs.

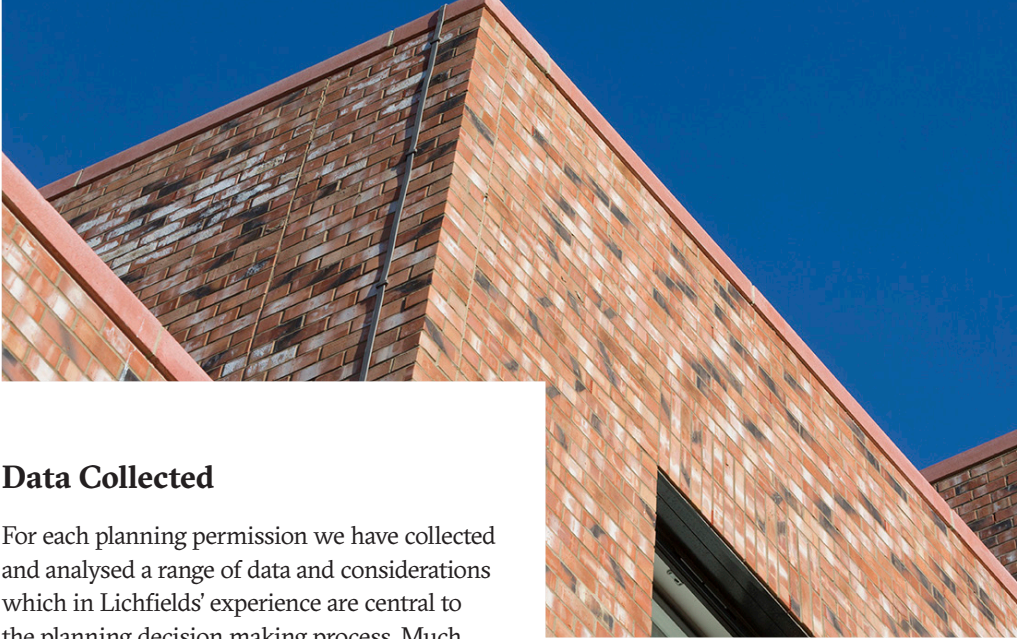
The approach to the sample of sites is outlined at Appendix 1.

### Location of 60 planning permissions sampled by development size



<sup>17</sup> Use Class C3 dwelling house.





## Data Collected

For each planning permission we have collected and analysed a range of data and considerations which in Lichfields' experience are central to the planning decision making process. Much of the data has been obtained directly from the GLA's London Development Database (LDD). This includes the application reference, location and key planning milestones and parameters. Information from the LDD has been cross-checked and the development's viability position has been considered on a case by case basis.

In addition to data from the LDD, each planning permission has been analysed to capture key parameters from publicly available council committee reports and minutes, application forms, Community Infrastructure Levy forms, decision notices and planning application documents. For each permission, we have noted the top three planning concerns considered in these documents. These have been codified into seven common topics:

1. Viability and affordable housing
2. Residential amenity impacts
3. Architecture and design
4. Parking/ Transport issues
5. Land use/mix
6. Height and scale
7. Other (including heritage, dwelling mix, amenity/ play space provision, environmental/ sustainability issues).

Alongside these planning considerations, we have identified whether each planning permission was granted via an application or on appeal; whether the permission follows multiple planning applications; and whether it required major or minor amendments during its determination period. We have defined major amendments during the determination period as formal amendments to a live planning application requiring re-consultation.

A number of affordable housing parameters have also been recorded for each planning permission. Each permission's affordable housing quantum and tenure have been identified and we have highlighted where a payment in lieu of on site affordable housing has been agreed instead. The analysis notes whether each application followed the Mayor of London's fast-track or viability tested route and, where relevant, includes further data on viability negotiations.

A full list of the data collected for each of the 60 planning permissions sampled is contained at Appendix 2.

# 4.0 Sample Profile

The 60 planning permissions sampled from the LDD on the basis of the methodology outlined in the preceding section reflect the range and diversity of small residential developments across London. The following provides a summary of the sample's profile.

The sample of planning permissions includes a range of development sizes within our definition of 'small sites', though most fall towards the lower end of the range. The median number of homes approved in the 60 planning permissions is 33 homes. The sample is composed of the following developments:

- 18 × no. developments of between 10 and 25 homes (30%)
- 23 × no. developments of between 26 and 50 homes (38%)
- 19 × no. developments of between 51 and 150 homes. (32%)

In total, the sample of 60 planning permissions includes 2,666 homes. The 60 planning permissions together include 485 affordable homes (18% of the approved homes in the overall sample) and more than £25 million in commuted payments in lieu of on-site affordable housing.

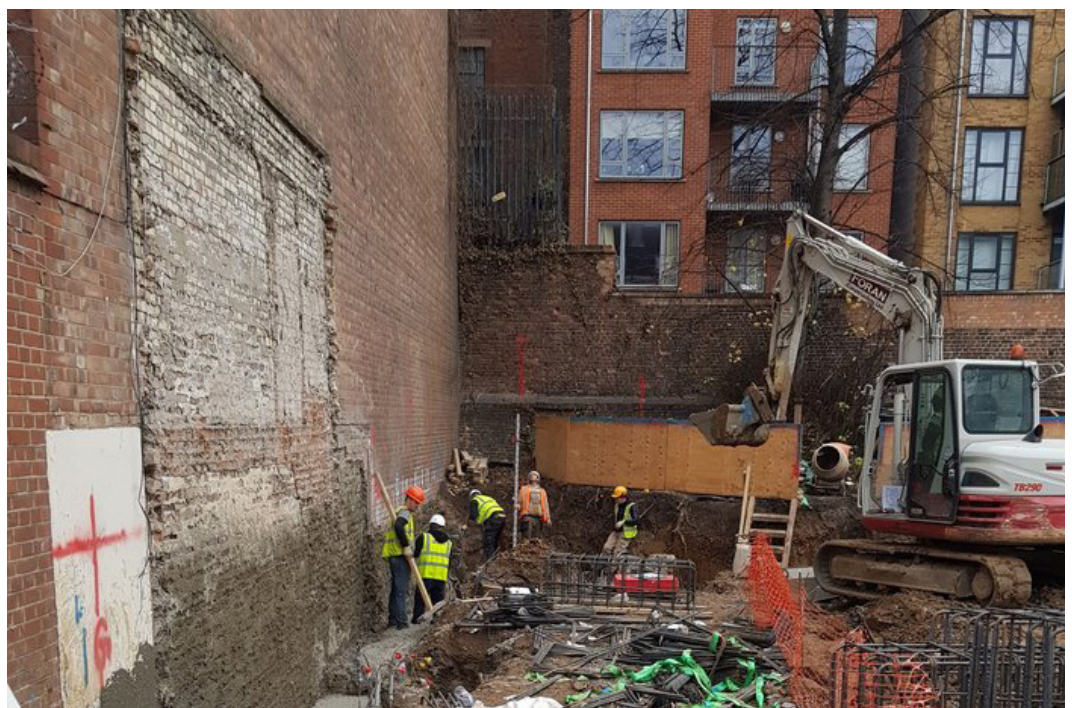
Many of the permissions in the study are for development on vacant land, or on land not currently being used productively, including brownfield sites such as former garages, car breaker yards, former petrol stations and infill sites. Many of these sites offer little to their local areas and in many cases they detract from the area's townscape and the local environment.

Almost a quarter of the planning applications were submitted multiple times before they were finally granted planning permission:

- 77% of the sample were first time applications
- 15% were second applications
- 8% were third applications

Of the 60 planning permissions, 95% were secured locally on application and 5% were secured after a planning appeal.

The majority of the planning permissions in the sample required amendments during their determination. 40% required major amendments and 30% underwent minor amendments (as outlined at Section 4.0 major amendments are defined as those requiring re-consultation).



# 5.0 Are Planning Applications on Small Sites Taking Too Long?

## Summary: Determination of Planning Applications for Development on Small Sites

1. The determination of small planning applications is taking well in excess of the statutory period; just one application was determined within 13 weeks
2. 98% of applications are taking longer than 13 weeks from validation to planning committee
3. The median time from validation to planning committee is 33 weeks. This is in addition to often-protracted pre-application engagement
4. Section 106 negotiations on small developments are taking a disproportionately long time, the period from committee to permission now takes a median of 23 weeks. The median period from validation to issuing the planning permission (following signing of the S106 agreement) on a small application is now well in excess of one year (60 weeks; c. 14 months)
5. The slowest 20% of the planning applications sampled took longer than two years from validation to issuing the planning permission; this is more than eight times the statutory 13 week period and more than four times the 26 week 'planning guarantee' for one fifth of planning applications on small sites
6. Almost a quarter (23%) of small developments require two or three successive applications to secure permission
7. Almost half (40%) of the remaining first time permissions require major amendments during determination

60 weeks

On average from validation of an application to permission

One application made for a former garage in South East London for a development of 14 homes including five affordable homes took more than four and a half years to reach a decision. This included a period of two and a half years finalising the Section 106 agreement.

The analysis reveals that small sites are not being determined expediently. 98% of applications reviewed fell outside the statutory determination period of 13 weeks. A significant proportion of applications are taking years to determine. The extended time taken for the determination of planning applications on small sites may explain in part why fewer small sites are coming forward in London and other UK cities.

A primary focus for the research is, therefore, quantifying and interrogating the time taken in determination. It has considered, firstly, the time taken from validation to achieving a resolution to grant planning permission at planning committee, and secondly, the period from validation through to securing a decision following completion of a legal agreement.

# 33 weeks

on average from validation to committee

The average periods taken to determine the sampled planning permissions are as follows:

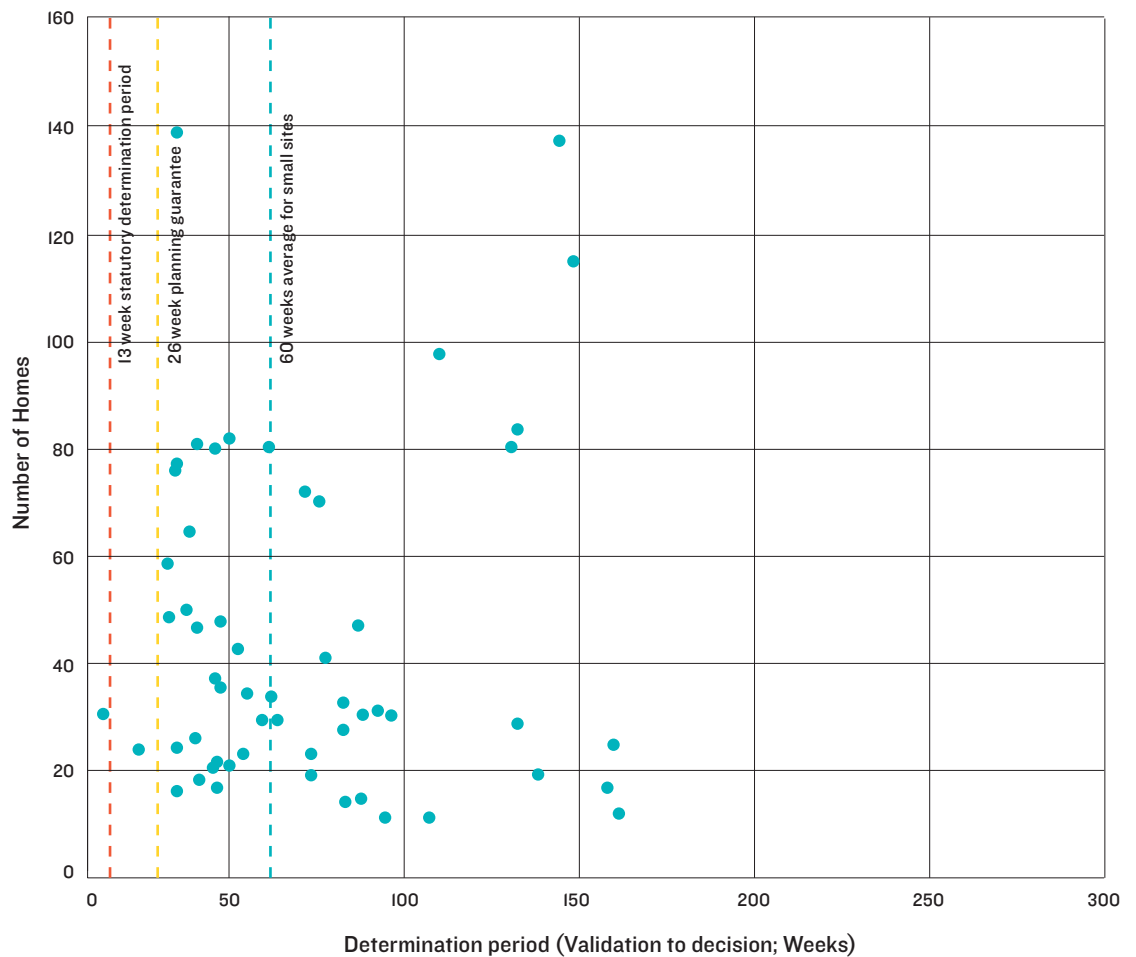
- Average (median) timeframe from validation to committee: 33 weeks.
- 25% of the permissions took longer than 57 weeks from validation to committee.
- Average (median) timeframe from committee to permission: 23 weeks.
- 25% of the permissions took longer than

43 weeks from committee to permission.

- Average (median) overall timeframe from validation to decision (including s106): 60 weeks.
- 25% of the permissions took longer than 90 weeks from validation to decision.

The chart on page 8 illustrates the

Determination period for the 60 sampled planning permissions



Source: Lichfields analysis

determination period for the 60 sampled planning permissions; plotting the development scale against the determination timeframe (in weeks) and highlighting the median time taken from validation to committee.

There is no overall correlation between development quantum and determination period. Many of the smaller applications experienced the longest determination. For example, eight of the planning permissions of fewer than 20 homes took more than 80 weeks between validation and permission being issued. This suggests that even the smallest developments are encountering the same planning challenges and delays as larger developments.

The Town and Country Planning (Development Management Procedure) (England) Order 2015 establishes a statutory determination period of 13 weeks between validation and decision for 'major' planning applications (in excess of 10 homes) that do not require EIA. All 60 of the sampled planning permissions meet these criteria, so a determination period of 13 weeks should have applied (unless an alternative timeframe was agreed between the applicant and planning authority). Where a planning application does take longer than this statutory period, the Government has defined a 'planning guarantee' which requires a decision to be made within 26 weeks of an application's validation<sup>18</sup>.

The determination periods for the 60 planning permissions sampled are outlined below in the context of these targets:

- 98% of the small planning permissions fell outside the statutory 13 week target (59 of the 60 permissions analysed)
- A single application was determined within the 13 week period (a 30 home development which was itself a second application at the site. The Council accepted the financial viability assessment following an earlier refusal and the site was not required to provide either on site affordable housing or a

payment in lieu)

- 97% of the permissions were determined outside of the 26 week period set by the Government's planning guarantee (58 of the 60 permissions)

On average, the developments sampled on small sites took almost 8 months from validation to committee (as above, a median period of c. 33 weeks) and approximately 14 months from validation to permission, post S106 agreement (a median of 60 weeks). A considerable portion of this timeframe (c. 23 weeks) covers the post committee period before the planning permission is issued during which the Section 106 agreement is completed. This process is taking on average six months.

The period to committee is longest where an application includes no affordable housing or a payment in lieu. We would expect this to be the result of the process taken between a developer and a Planning Authority to conclude it is not possible to provide on site affordable housing or a payment in lieu for viability reasons.

A large portion of the determination period is once the decision has been made to grant planning permission and involves negotiating the S106 agreement; the median time for the S106 is 23 weeks, which is itself longer than the statutory determination period. It is shorter where there is no affordable housing provided, either on site or through a payment in lieu; the affordable housing element of the S106 discussions appears to prologue negotiations, even though the heads of terms will have been agreed at committee.

It is now commonplace that the S106 heads of terms are included in the officers' committee report. This will include the areas to be covered by the S106 as well as the quantum for each financial obligation. It will also often include the timing of payments. Typical S106 heads of terms include: transport contributions such as improvements to access and local roads, provision of a travel plan and contributions to local Controlled Parking Zones; carbon offsetting arrangements; and employment and training obligations. It may also

**23 weeks**

time from committee  
to permission

<sup>18</sup> Determining a planning application Paragraph: 002 Reference ID: 21b-002-20140306.

**98%**

of small sites miss the statutory 13 week target for determination

include arrangements for the operation of the development's affordable housing such as how it will be marketed and maintaining the homes as affordable. Often the most complex and time-consuming Section 106 clauses relate to affordable housing timing (although on small sites this should be straightforward) and the detail of how review mechanisms will operate.

The practice of including heads of terms in committee reports has been adopted to add transparency and clarity, and speed up planning permissions. Once a committee has resolved to grant permission agreeing the final S106 should be straightforward, but as this research shows this is not the case and it is taking too long, in some cases longer than the determination period up to committee.

The most delayed 20% of the planning applications took longer than two years (104 weeks) between validation and reaching a planning permission (11 x no. permissions secured on application and one at appeal). This is an alarming statistic. The determination process took more than eight times the statutory 13 week period and more than four times the 26 week 'planning guarantee' for one fifth of the planning permissions on small sites.

Lichfields' experience is that prior to submission, pre-application engagement with a planning authority can typically add a further 3 to 6 months to the planning programme for small developments. The Government's Planning Practice Guidance highlights the value of pre-application engagement, noting that it is intended to improve the efficiency and effectiveness of the planning system, though it

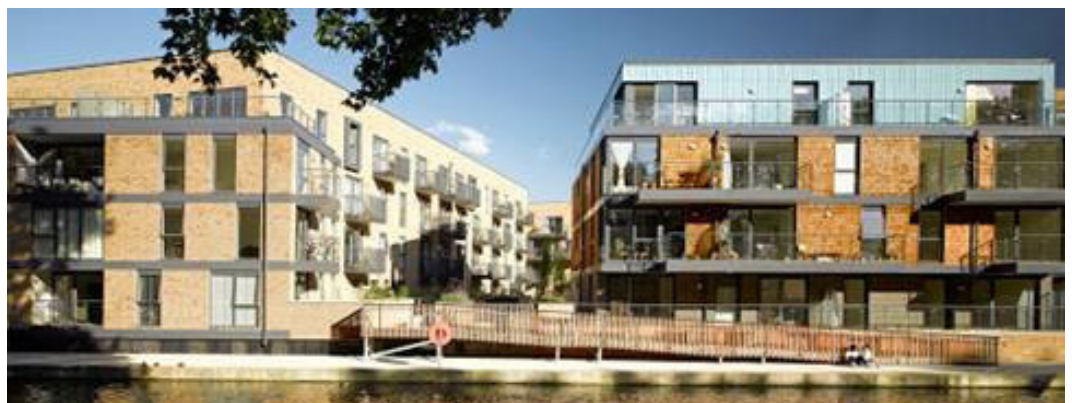
can add considerably to a project's timeframe.

Similarly, a planning permission is not implementable until planning conditions and obligations have been discharged and the CIL liability formalised. This can typically take a further 6 months following receipt of a decision and prior to development commencing on a small site.

Allowing for these periods of pre-application engagement and post-decision mobilisation, it can frequently take two years or more between commencing pre-application engagement and a development on a small site becoming deliverable.

A large proportion of the sampled permissions were second or third applications for the same site. Almost a quarter (23%) required two or even three successive planning applications before permission was granted. Even for these 'follow up' permissions the planning journey was not significantly shorter with the median determination period from validation to permission taking 53 weeks compared with 60 weeks for the overall sample. Within this period, the median time taken after the committee, seemingly used to agree Section 106 payments, was even longer than the overall sample, 26 weeks rather than 23.

In some cases, the earlier applications on these small sites were withdrawn by the applicant, though where earlier applications had been refused, the reasons for refusal most commonly related to height and scale, design, residential amenity effects and affordable housing provision. In many cases, a follow up application was then progressed which



2 years

Most delayed fifth of applications take to permission



sought to address the earlier reasons for refusal on these sites. These second applications should ostensibly have been dealt with promptly and positively by the local authority. However, in several cases, where a revised application was progressed, the determination period for that second application was still protracted due to other 'new' planning issues being introduced by the local authority or, more frequently, owing to further protracted viability and affordable housing negotiations. There is often a lack of consistency and a rather disjointed approach to the determination of these successive applications.

Around half of the remaining first time permissions also required major amendments and associated (re)consultation during their determination process. The most common changes to these applications related to the development's height, scale and density, their architecture and design and their affordable housing provision. Many of these developments had previously been the subject of pre-application engagement, yet major amendments were still frequently required during their detailed consideration. The need for amendments frequently stems from issues that arise during the consultation process, technical reviews of application documents or more detailed interrogation of drawings and documents by Officers during the determination

process than happens at the pre-application stage. These amendments can also be a function of a change in Case Officer or a change in the stance of Officers following pre-application engagement or during the determination stages of a project.

The frequent requirement for successive applications and/or major amendments during an application's determination period clearly add to the prolongation in delivering developments on small sites. The need for repeated attempts and amendments can of course be caused by the applicant's approach to a project, but it often reflects inconsistency, changes in stance and the challenges of balancing complex and conflicting policy requirements on the part of the local authority. These repeated attempts and amendments are a drain on resources (both for the applicant and the local authority), and are delaying and limiting the contribution small sites can make to housing delivery. A simpler and more consistent planning system is required to significantly reduce the need for repeated applications and amendments to applications on small sites.

# 6.0

## What are the Key Planning Issues?

75%

of permissions have viability and affordable housing as one of their principal planning considerations

### Summary: Key Planning Issues Encountered on Small Sites

1. Viability and affordable housing forms one of the principal planning considerations in the majority of the planning permissions sampled
2. There is evidence of extensive negotiations on viability and affordable housing matters in many cases and a lack of agreement on land value matters is particularly apparent in around one third of the applications
3. The other key planning issues frequently identified were, in order: Residential amenity impacts, architecture and design, parking/transport issues, land-use mix and height and scale

One application made in 2016 by the owner of a high street site in North London for a development of 19 homes including 2 affordable homes took more almost two years to get to committee.





Planning applications are assessed across a range of policy considerations. The current one-size-fits-all system means that small sites are expected to meet the same range of policies as larger sites. The analysis has already highlighted that in practice such a high bar is resulting in long drawn out negotiations as smaller sites struggle to achieve compliance. Dispute and time wastage which can sometimes lead to deadlock appear to be systemic in the determination of planning applications for development on small sites. This makes it important to understand what the main issues and trends are across small sites to establish what drives the delays in delivery.

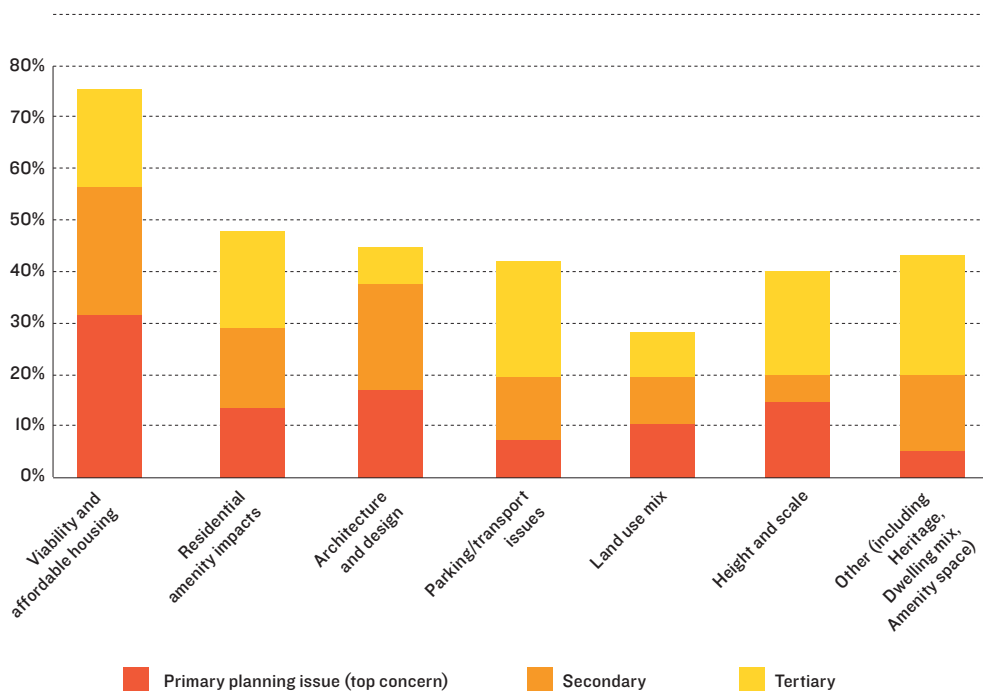
To simplify this analysis, typical planning issues have been codified and the top three salient planning considerations have been identified for each application. The planning considerations have been identified based on textual analysis of officers' committee reports and published planning committee minutes. They are primarily based on the position of officers but also take into account committee discussions and third-party objections, where applicable.

The chart below plots the key planning issues associated with the sample of 60 planning permissions on small sites, identified in order.

Viability and affordable housing is identified as one of the three key planning issues in 75% of cases. For just under a third (32%) of the planning permissions this was the most important issue considered; in a further 25% of permissions it was the second most important issue, and in 18% of cases the third most important consideration.

Our analysis of the committee reports for the sample of 60 planning permissions illustrates that in many cases, extensive negotiations were required between applicants and the planning authority (and their respective viability consultants) on viability and affordable housing matters. In all of these cases, the sites were not able to achieve a policy compliant mix and number of affordable homes requiring the need for a negotiation and a pragmatic agreement. This appears to be a major cause of the delays in determining applications, as is discussed in more detail at Section 7.0.

**Top planning considerations**



Just seven permissions from the sample of 60 (12%) benefitted from the Mayor of London's fast-track approach to affordable housing<sup>19</sup>. A recurring theme in the 'viability tested' planning permissions was the lack of agreement on land value matters. This is the case for 18 (30%) of the permissions.

Just under half of applications found residential amenity impacts the most important planning issue. This was only the primary issue however for 13% of applications.

Architecture and design was the primary issue for 18% of applications, and a top three issue in 45% of cases. Height and scale was the primary issue for 15% applications, but a top three issue for only slightly more (20%).

Parking and transport issues were in the top three issues for 42% of sites, however they were the primary issue in just 7% of permissions. Parking and transport was raised as an issue, and highlighted as a primary issue, more frequently in Outer London than Inner London (raised in the case of 16 permissions in Outer London and just 9 in Inner London). This would suggest that the more urban the environment and the more accessible a site, the less of an issue this becomes.

For non-first time permissions (i.e. the 14 permissions for small sites where planning permission had previously been refused) the primary issue continued to be viability and affordable housing in 36% of cases (compared with 33% for first time applications). This suggests that viability and affordable housing issues and challenges remain persistent irrespective of whether an application is a first time submission or an amended form of development. It was in these cases where deadlock was occurring between the Local Authority and the developer. The frequency with which the other planning issues was highlighted as a concern remained consistent between first time planning permissions and resubmissions. In contrast, residential amenity was a primary concern in 29% of non-first time planning permissions, compared with just 13% of first time applications.

It is clear from this review that affordable housing, tenure and viability forms a primary concern associated with the determination of planning applications for development on small sites. There are a number of other supplementary considerations that also come into play, but in more cases, the primary planning consideration informing, and frequently delaying, the decision making process surrounds viability and affordable housing. This reflects Lichfields' experience of working on applications on small sites. It is not just a matter of financial viability, but the ability to physically accommodate multiple tenures on a small, constrained site that causes delay.

<sup>19</sup> The Mayor's Affordable Housing and Viability SPG and draft London Plan include policy whereby applications that exceed the threshold for affordable housing (35% or 50% on public or former industrial land) do not have to undergo viability assessments or include a late-stage review mechanism. In some boroughs though the local affordable housing policy requirement may exceed 35%.



60%

of the permissions  
on small sites  
include on site  
affordable housing

# 7.0 Viability, Affordable Housing Provision and Section 106 Agreements

## Summary: Viability and Affordable Housing on Small Sites

1. Small sites are delivering affordable housing outcomes: 60% of the permissions included on site affordable housing, 27% included a payment in lieu and 13% included neither
2. The more complex the affordable housing requirements, the longer planning takes: The planning permissions with mixed tenure affordable housing (low cost rent and intermediate) on site experienced longer determination periods than developments with a solely intermediate affordable housing component (70 weeks compared to 58 weeks respectively)
3. Disagreements over land value are a key trend: Just under one third of the permissions encountered protracted viability negotiations focused on the land value. These discussions inevitably extended their determination period
4. The Section 106 regime for small sites is not working: The signing of the legal agreement takes on average 23 weeks.

One application made by a developer to replace former offices in South London with a development of thirty homes including nine affordable homes took two and a half years to be determined (from validation to decision). The key issue described in the committee report was viability as the applicant and the council repeatedly disagreed on the benchmark land value.

The research has identified that viability and affordable housing form a primary issue and a principal constraint. However, despite this there is evidence that planning permissions for small sites are bringing forward affordable housing:

- 60% of the planning permissions in the sample include on site affordable housing (36 × no. planning permissions); 11 agreed only intermediate housing, 4 only affordable rent or social rent and 21 both intermediate housing and low cost rented housing.
- 27% of the permissions include a payment in lieu of affordable housing (16 × no. planning permissions);
- 13% of the permissions provide no affordable housing or a payment in lieu (8 × no. planning permissions).

Where payments in lieu of on-site affordable housing provision were agreed, this was principally justified through a combination of viability evidence, the demonstrable inability to secure a Registered Provider partner to manage the affordable homes and/or development specific constraints, particularly the challenges



**Table I: Decision making timeframes by affordable housing position**

Affordable housing position		No. of Planning Permissions in Sample	Average (Median) Determination Period: Validation to Committee (weeks)	Average (Median) Determination Period: Validation to Permission(weeks)
Fast-track		7 x no. permissions (245 homes)	17 weeks	60 weeks
Viability tested	On site affordable housing (viability tested)	29 x no. permissions (1,705 homes)	33 weeks	71 weeks
	Payment in lieu of A.H agreed	16 x no. permissions (440 homes)	32 weeks	49 weeks
	0% A. H and no payment in lieu	8 x no. permissions (276 homes)	41 weeks	54 weeks
	Total: viability tested	54 x no. permissions (2,421 homes)	35 weeks	60 weeks
Overall total		60 x no. permissions (2,666 homes)	33 weeks	60 weeks

of accommodating dedicated entrances and access arrangements for different tenures on small sites. For 40% of permissions no affordable housing was delivered on site, including 27% which secured payments in lieu. For 35% of permissions, developers were expected to deliver both intermediate and low cost rented housing on site, compared with just 18% of permissions which agreed to deliver solely intermediate housing alongside market housing.

Commuted payments were most commonly secured for smaller scale developments at the

lower end of the range. The average (mean) scale of the 16 permissions with payments in lieu was 28 homes. The average scale of the permissions with on site affordable housing was 46 homes.

The remaining 13% of developments where neither affordable housing nor a payment were secured were predominantly justified on the basis of viability evidence. In some cases the developments included other public benefits which offset a requirement for affordable housing and in two cases the provision of affordable workspace was instead provided on site.

**90%**

of the permissions  
were not eligible for  
the fast track

The data from the 60 sampled planning permissions allows the developments' affordable housing position to be considered against the timeframe for their determination. This is summarised in table 1.

The timeframe between validation and committee for small site applications which were not viability tested is considerably swifter. The analysis reveals it takes half the time to get to Committee if viability assessments are not required, 17 weeks compared to 35 weeks. However, it still exceeds the statutory timescale which is 13 weeks.

The analysis reveals an even greater challenge for small sites whether tested by viability or not: Section 106 completion. For a planning permission to be determined, a resolution to grant permission at Committee is not sufficient. Determination requires a signed Section 106 Agreement before a Decision Notice can be issued.

There is no relationship between a development following the Mayor's fast-track<sup>20</sup> or viability tested route and the length of the overall determination period. The s106 drafting process is protracted for developments on small sites irrespective of the viability position and affordable housing but is faster where it does not include affordable housing. The determination process including Section 106 completion is over a year at 60 weeks.

Many of the planning permissions with the longest determination periods were developments where low cost rented and intermediate homes were provided on site alongside market housing. The average (median) determination period for viability tested applications with mixed tenure affordable housing on small sites was 71 weeks whereas those applications with a solely intermediate affordable housing component on average took 56 weeks. In the case of seven of the mixed tenure planning permissions, the determination period from validation to a decision was more than 100 weeks.

As outlined in Section 6.0, 18 of the planning permissions experienced extensive discussions on benchmark land value matters (this includes permissions with on site affordable housing and those where payments in lieu were agreed). The benchmark land value is set through the viability negotiation and there is evidence of a divergence of views between the Local Authority and the developer depending on how prescriptive the requirements set by the Authority are.

The time taken to reach agreement on the benchmark land value had a marked effect on determination timescales. The average (median) determination period between validation and decision for these applications was 71 weeks, compared to an average of 56 weeks (median) for those applications where there is no evidence of discussions on benchmark land value. This would suggest that in many instances the planning system for small sites is now too complicated for developers to price land effectively. This is leading to disputes and could be a barrier to entry for new developers to enter the small sites sector.

Overall, the majority of applications for small sites find it challenging to achieve planning policy requirements relating to the affordable housing level and tenure mix within a development. There is evidence highlighted in the issues analysis that protracted negotiations are now commonplace and associated with land value matters and affordable housing provision. This results in significant delays which inevitably lead to costs being incurred by both developers and Local Authorities.

<sup>20</sup> These applications are recognised in their committee reports as following the Mayor of London's fast track route where a viability assessment is not required, and they do not require late stage viability reviews.



# 8.0

## Summary and Conclusions

SME builders and small sites have historically been significant contributors to the country's housing supply. Following a progressive reduction in their housing output during recent decades, small sites currently fail to fulfil their housing delivery potential. In the future, SME builders and small sites should play a far more important role in bringing forward the homes needed in London and other UK cities.

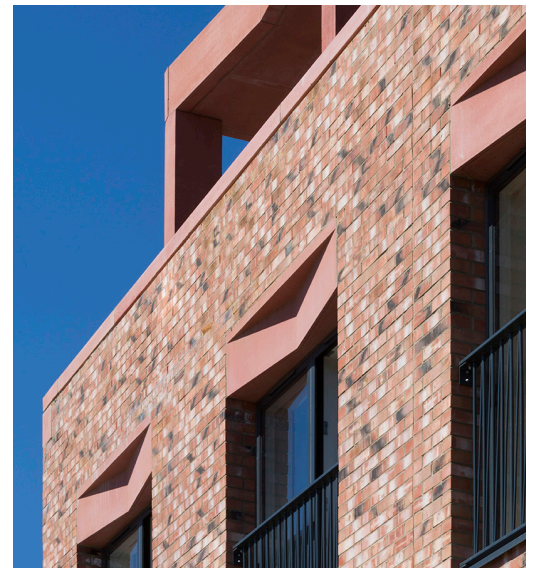
Based on a sample of 60 developments across London, Lichfields' research considers the determination periods for small developments, their salient planning issues and the viability and affordable housing challenges<sup>21</sup>.

The data shows:

1. The median time taken to determine planning applications for development on small sites (validation to decision) is c. 60 weeks (almost 14 months)<sup>22</sup>
2. The median time taken for these applications to be considered at committee is 33 weeks.
3. S106 negotiations are then taking a disproportionately long time - on average, a further 23 weeks (median)
4. 98% of the applications took longer than the statutory 13 week determination period. Just one application was determined within the statutory period and just two met the Government's 26 week planning guarantee
5. The most delayed 20% of permissions took longer than two years between validation and decision - eight times the statutory 13 week period and four times the 26 week 'planning guarantee'
6. Almost a quarter (23%) of developments on small sites require two or three successive applications to secure permission
7. Almost half of the remaining first time permissions require major amendments during determination

8. The single most common planning issue relating to, and inhibiting, determination of these small applications is 'viability and affordable housing' (raised in 75% of cases)
9. Viability negotiations on small sites are materially extending the determination timeframe. Applicants and Councils frequently disagree on benchmark land values and other viability parameters. Applicants are often required to accept non-viable affordable housing levels to secure permission

The research has shown that the planning system remains disproportionately complex and cumbersome for small urban sites. Developments on small sites face the same planning policy expectations as major regeneration projects with far greater site constraints and viability limitations and without the design flexibility or the quantum of private homes to cross subsidise affordable housing delivery. The current one-size-fits-all planning system is causing delays in the determination of planning applications, it is impacting development viability and it is inhibiting the delivery of new homes on small sites. A more focused, streamlined and commercially realistic approach to planning applications for development on small sites is required; enabling applications to be determined efficiently and effectively, and permissions delivered quickly.



<sup>21</sup> Small and medium developments are defined here as including 10-150 conventional C3 residential homes. The permissions sampled were approved in the three year period from 1st April 2017.

<sup>22</sup> This is in addition to pre-application engagement (which is typically a further 3 to 6 months), discharging planning conditions/ obligations and calculating/ paying CIL.



# 9.0 Implications for Future Policy

The Government's underlying ambition to simplify and streamline the planning process, speed up housing and affordable housing delivery, and focus on good design is to be welcomed. However the precise mechanisms required to achieve this step change in the planning system require careful evaluation and far more detail.

This report evidences the concerns which form many of the White Paper's objectives and starts to identify some of areas in which potential solutions should be targeted. A number of key themes can be drawn from the research:

1. Under the current planning system, it is taking far too long for planning permissions to be secured for development on small sites. The timeframe for agreeing section 106 agreements is particularly protracted; often doubling the time taken for an application to be permitted
2. Viability and affordable housing policies are the principal constraint on small developments, causing delays in determination
3. But, even where there are no viability discussions, applications are still taking too long to determine and far exceed statutory timescales
4. The competing demands of a standardised policy regime which lacks proportionality and imposes a 'one size fits all' approach is delaying and inhibiting the approval and delivery of new homes on small urban sites

The research clearly shows that the main challenge to delivering homes on smaller sites is that the planning system asks too much of small developers and small sites particularly in relation to tenure and mix (i.e. the policy requirement to provide a range of housing types and multiple tenures on all sites over ten homes). This is a physical challenge as well as viability issue. The research makes clear that the principle of development is not the major barrier to housing delivery on smaller sites.

The vast majority of small site developers are not able to deliver homes efficiently when they are required to achieve a policy compliant mix of tenures. The same policies are applied to sites delivering hundreds or even thousands of homes with no consideration of proportionality or the practicalities of delivery. Small sites often do not have the space to accommodate separate cores and the servicing regimes associated with meeting the requirements for multiple tenures. Therefore, small site developers are required to go through a lengthy viability assessment process to demonstrate that mixed tenure developments are non-viable and impractical. The analysis has shown this results in long delays as negotiations between Local Authorities and developers over land value and housing mix take place.

Additionally, the majority of small developers are not affordable housing specialists and are therefore required to find an affordable housing provider to take on their obligations. Typically however this is for only a handful of homes. It is often unviable or unattractive for Registered Providers due to being costly to manage and market or due to the lack of scale. The absence of an affordable housing partner often means that planning permissions for development on small sites can remain on paper and unbuilt. This would merit further research and analysis as a follow up to this study.

The Government's proposals in 'changes to the current planning system' to increase the affordable housing threshold could have a significant short term impact on the delivery of small sites, as could the extension of Permission in Principle. This research shows that the changes should go further to ensure a more proportionate and pragmatic approach to the delivery of small sites. Consideration is needed for those small sites that exceed the new 40/50 home threshold but will still struggle to incorporate multiple tenures. Permission in Principle is a good start but does not give small developers the certainty that they need. The analysis shows that the principle of development is rarely the problem. The Technical Consents stage of Permission in Principle should be just that – consideration of any necessary technical

assessments, not lengthy evaluation of proposals against the Local Plan.

In advance of more substantive changes to (or abolition of) S106 agreements, there should be firmer deadlines for the conclusion of S106 agreements to ensure faster delivery of new homes. If the agreement is not finalised within a month of committee the applicant should be able to make a unilateral undertaking.

It has become a circular problem. The planning system is too complex for developers to price small sites effectively. The sites that are brought forward therefore fail to achieve policy compliancy. The Authority and the developer are only then able to negotiate a pragmatic proposal that might unlock the site. The research highlights significant delays and permissions requiring multiple applications. This indicates that the outcomes of negotiations that are required to meet planning policy requirements are too often not pragmatic. The antidote must be greater simplicity.



Alongside, the White Paper, the Government is consulting on a proposal to temporarily increase the threshold where affordable housing will

be required to forty or fifty homes from the current level of ten homes. This is intended to help stimulate house building with a particular focus on SMEs. The elevated threshold would take some dispute out of the system and would encourage new entrants to operate at this level but it would also push disputes to sites which sit around the threshold of forty or fifty homes.

The Government indicates this temporary measure will alleviate the pressure on SME developers post Covid-19, though this analysis would suggest that there are better ways of addressing the problem. Put another way, the problem is not that small sites cannot deliver housing or indeed affordable housing, they are just inhibited from doing so by the current system. The need is for a simpler approach to small sites which offers both developers and planning authorities a clear route to gaining a permission.

The conclusions from the analysis present a compelling basis for change. Planning for the Future (August 2020) recognises that the current planning system is complex, favours larger developers and causes delays in the delivery of much needed new homes. The Government's proposed reforms seek to transform the system into a more positive and straightforward framework to enable planning decisions to be made efficiently and consistently; resulting in viable, deliverable and good quality new developments. As part of these reforms, the planning system should look to harness the housing potential of small sites.

The research has identified some key trends in the planning process for small brownfield sites:

**The planning process is taking too long and far exceeds the statutory timetable**

- The median determination time is 60 months; just one application met the statutory timeframe
- A quarter of the applications took longer than 90 weeks to determine and a fifth took more than two years

- The median time from validation to committee was 33 weeks with a further 23 weeks to agree the S106 agreement and issue the permission

**Affordable housing is a key planning issue (in three quarters of cases) and a cause for delay**

- The more complicated the affordable housing requirement, the longer planning takes: mixed tenure affordable housing permissions took 71 weeks compared with 56 weeks for permissions with only intermediate homes
- Where viability assessments are not required the time taken to get to committee is halved, but at 17 weeks, still exceeds the statutory deadline

**Once the decision to grant planning permission has been made the S106 process takes far too long**

- The median time to agree the S106 agreement is 23 weeks

**It is clear that if small sites are to make a meaningful contribution to housing delivery, a more proportionate approach is required to planning for small sites and a more pragmatic and proportionate approach is needed to deliver affordable housing:**

**A proportionate approach to planning**

- The NPPF should go further in its recognition of the importance of small sites requiring local authorities to take a proportionate approach to planning for small sites and supporting their swift delivery
- The government's extension of the threshold for affordable housing should only be temporary and it should be extended at the earliest opportunity.
- Permission in Principle should be granted on brownfield sites smaller than 0.25 hectares which are well-served by public transport/local amenities and where 40% of the homes will be affordable through a payment in lieu or on-site intermediate housing

- Local authorities should only be able to refuse a PiP where they can robustly demonstrate that residential development would result in an unacceptable level of harm that outweighs the benefits of making the best use of previously-used brownfield sites and delivering new housing
- The technical consents stage of PiP should be akin to prior approval and should only be a consideration of any required assessments and not the merits of the proposal against the Local Plan
- Planning conditions should be kept to a minimum, especially pre-commencement, with deemed approval six weeks after submission.
- In advance of more substantive changes to S106, there should be firmer deadlines for the conclusion of S106 agreements to ensure faster delivery of new homes. If the agreement is not finalised within a month of the planning committee the applicant should be able to execute a unilateral undertaking

**A pragmatic and proportionate approach to affordable housing**

- For small brownfield sites (less than 0.25 hectares) that exceed the affordable housing threshold, and in advance of more substantive reform, the NPPF should stipulate two affordable housing routes: a payment in lieu or on-site delivery of single tenure intermediate affordable housing
- When the Government ends the temporary extension to the affordable housing threshold, this should apply to all small brownfield sites of less than 0.25 hectares

# Appendix 1: Sample of 60 Small Sites

The research is based on a sample of 60 sites across London with planning permission granted between 01 April 2017 and 01 April 2020 for 10 - 150 homes.

To ensure the sample reflects experiences across the capital and is geographically distributed, developments have been sampled from 8 defined octiles across London (Inner and Outer North, South, East and West London).

The London boroughs included in each octile and the number of permissions sampled from each area are summarised below:

## **Inner London Boroughs: (32 sites sampled)**

- Inner NW London boroughs (Camden, Westminster, Kensington & Chelsea): 8 × planning permissions on small sites
- Inner NE London boroughs (Tower Hamlets, Hackney, Newham, Islington): 8 × planning permissions on small sites
- Inner SW London boroughs (Hammersmith & Fulham, Wandsworth, Lambeth): 8 × planning permissions on small sites
- Inner SE London boroughs (Southwark, Lewisham, Greenwich): 8 × planning permissions on small sites

## **Outer London Boroughs: (28 sites sampled)**

- Outer NW London boroughs (Brent, Barnet, Harrow, Ealing, Hillingdon): 7 × planning permissions on small sites
- Outer NE London boroughs (Haringey, Enfield, Waltham Forest, Redbridge, Barking & Dagenham, Havering): 7 × planning permissions on small sites
- Outer SW London boroughs (Kingston, Sutton, Merton, Richmond, Hounslow): 7 × planning permissions on small sites
- Outer SE London boroughs (Bromley, Bexley, Croydon): 7 × planning permissions on small sites

The classification for Inner/Outer boroughs is taken from the GLA's own definition (Map 2.2 of the London Plan). The boroughs have then been organised within each geographical area (the four sub-regions of both inner and outer London are each of a broadly comparable geographical area).

The focus of the research is on small new build urban housing developments. Consequently, alongside the core criteria relating to site area, residential quantum and the timing of the permission, the sample of developments has omitted the following development types:

- Developments involving the conversion or extension of existing buildings.
- Large mixed-use developments where the majority land use is non-residential.
- Developments where the planning application is a phase of a much larger masterplan.
- Outline applications.
- Reserved Matters applications forming part of a larger outline scheme.

# Appendix 2: Data and Parameters Collected

The research has been based on a series of key data and parameters collected for the 60 sites in the sample. The data and parameters have been obtained directly from the GLA's London Development Database and via analysis of the planning applications themselves (i.e. from publicly available council committee reports and minutes, application forms, Community Infrastructure Levy forms, decision notices and planning application documents).

The following data and parameters have been collected for each of the 60 planning permissions:

## Data and Parameters obtained from the London Development Database

(\*corroborated/updated with direct research)

- Site identifiers (e.g. site name/no., street, postcode, etc.)
- Existing homes\*
- Proposed homes\*
- Proposed non-residential floorspace\*
- Existing total floorspace\*
- Proposed total floorspace (incl. residential)\*
- Proposed total affordable homes\*
- Proposed total affordable housing percentage\*
- Decision agency
- Decision date (following S106)

## Data and Parameters obtained via Primary Analysis of Planning Applications:

- Developer
- Affordable housing tenure split
- Whether permission secured on application or appeal
- Number of successive recent applications
- Amendments (major/minor)
- Validation date
- Committee date
- Determination period
- Determination within/beyond statutory timescale

- Key planning issues: codified based on seven common planning considerations:
  - Viability and affordable housing
  - Residential amenity impacts
  - Architecture and design
  - Parking/ Transport issues
  - Land use/mix
  - Height and scale
  - Other (including heritage, dwelling mix, amenity/ play space provision, environmental/ sustainability issues).
- Threshold approach to affordable housing (fast track or viability tested)
- Viability position and overview/ chronology of viability and affordable housing discussions



# Owning the future

## First-time buyers and the health of the nation

## Foreword by Marc Vlessing Founder of Pocket Living

First-time buyers have suffered in silence during the covid pandemic. Many of them are city makers: the young doctors, nurses and teachers who have kept vital services running in the face of unprecedented disruption since March 2020. Many are in the private sector, working from home in the technology or media industries in less-than-ideal conditions, sharing kitchen tables with flatmates while trying to drown out their friends' Zoom calls and missing out on mentoring from senior colleagues. But almost all of them maintain a desire to own their own homes in London despite being thwarted by a range of obstacles, from affordability to instability of work.

What shines through in polling carried out by FTI Consulting is Londoners' love of their capital. While 2020 was dominated by premature stories of a flight to the country – as if hundreds of years of urbanisation would be reversed over an 18-month period – the second half of 2021, and I predict the whole of next year, will see a new embrace of London itself.

At Pocket Living we cater almost exclusively to first-time buyers in London, providing affordable (defined as 80% of market value) new housing. Most Pocket buyers come from the large pool of young employed single person households. The demand is huge.

We are already seeing people who decamped to the country and regional towns being summoned back to the capital, with the expense of a long commute now added to their costs. We also need to remember that there are millions of Londoners who are in no position to move out of the capital or enjoy the luxury of working from home. A nurse, doctor or teacher cannot work from home and they also want to enjoy all the benefits of owning their own property – we need to create an environment through which they can achieve their dream. Traditionally, 'quality of life' in London would have been equated with theatres, music venues and architecture. Today's city makers have more practical concerns, with Wi-Fi having rocketed to the top of their priorities.

I am intrigued that our research doesn't just show that owning a home is convenient for these people. Owning a home also creates a multiplier effect, creating a long-term improvement in their lives. For example, our research tells us that people who get on the housing ladder in London with a first home go on to move into their next home with a high average of 2.6 bedrooms. That's progress. It's clear from our research that helping people get on the housing ladder is absolutely key to the social and economic health of the nation: from short-term well-being, to supporting people in their careers to enhancing their future well-being.





## Executive summary

'Owning a home is a key aspiration in life' said 73% of the renters we polled in our August 2021 research. It is a firm reminder that home ownership is a key goal for many people in London despite the hurdles placed in their way, before, during and after the covid pandemic.

Our research was conducted online from 9th to 19th August with 1008 respondents, representative of those aged 25 to 45 and living in Greater London. The results were weighted to ensure a representative opinion was collected by each London borough, age, gender and general election behaviour.

Among first-time buyers we polled there was a frustration with the obstacles placed in their way, with just 28% claiming to be saving every month, 21% unable to raise a deposit on an average gross income of less than £40,000.

Assuming a 10% deposit on a £490,000 home a first-time buyer would have to borrow at least 10 times their salary to afford their first home in London without Help to Buy. The biggest obstacles to buying in London are prices being too high, with 51% of the people polled agreeing with this. These people are torn – 71% are extremely satisfied or very satisfied living in London and three out of four respondents (75%) agree that London is a special place to live in.

This threatens to generate a resentment among the people London needs most – the 25 to 45 year-olds who have made the city their home and who form the key workforce of most of the capital's companies and public sector agencies. There is strong support for affordable housing and a desire to remain in London: 76% of our respondents agreed that there is a greater need for affordable housing to ensure the vibrancy of London. Almost two thirds (62%) agreed with the statement: "I really don't want to move outside London to afford a home because I would have to sacrifice too much to do so".

This is a city of haves and have nots, with the Bank of Mum & Dad having gained huge prominence in the last 10 years. So much so that 11% of our respondents currently own their properties outright (i.e. without a mortgage), with the most likely explanation being a gift from parents or grandparents to fund a purchase. As well as showing the restrictions on home ownership in London, our polling also shows people's preferences when they do manage to get into a position to buy a home.

Having their own space was the most important criteria for 69% of respondents. Given that many people have been living in homes of multiple occupation during the pandemic and were restricted in doing anything other than exercising and shopping for food, this shows the impact of lockdowns. Less than half of those polled (47%) said their current rental situation provides them with adequate space, giving an impression of Londoners pressed almost to breaking point by the conditions of the last 18 months.

More than anything, the research shows how homeowners have benefited from buying their own property. While renters look on enviously, 72% of the 25 to 45 year-old Londoners who have bought a home claim to have more stability, 71% a better quality of life and over half claim (56%) to be financially better off.

Post pandemic, with a population of city makers and key workers worn down by the restrictions and hard yards of the last 18 months, there has never been a greater demand for home ownership in London for a population with so many restrictions in their way. With 68% of the first-time buyers we polled going as far as to say their productivity and efficiency would be increased if they owned a home, the benefits for Government in hearing this message are also loud and clear.

## London's home ownership profile

In our polling, 38% of respondents own their home and 26% do so with a mortgage (with 70% of these homeowners having a mortgage). This shows the prominence of the Bank of Mum & Dad, with equity pouring into the housing market – for those who have financial support, that is.

Unfortunately, for the city makers and key workers who do not have a financial crutch, the picture in London is very different. Just 32% in their early 20s own their own homes in London, in contrast to 45% of respondents in their late 40s who own their own property.

The largest proportion of people we polled rent. More than half (52%) are renting – with 34% doing so from a private owner and the balance from registered social landlords or local authorities. This translates to 1.6 million people aged 25 to 45 currently renting their home in London.

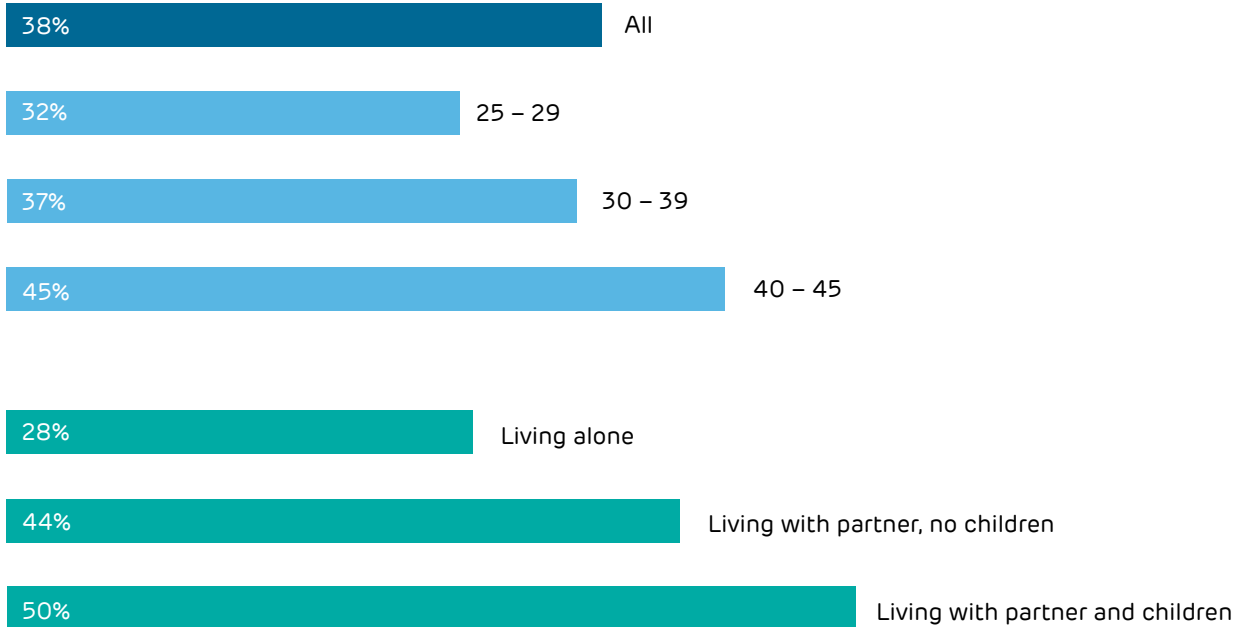
Key statistics include:

- The average price paid for a first home was £490,000.
  - These people bought around five years ago on average.
  - 62% had a deposit of 20% or less (10% deposit was the mode, with 21% of buyers).
  - Over two in three had support from others for their deposit.
  - 31% had no support and 34% were helped by their parents.
- Those who currently do not own their home are earning, on average, an income of £37,000:
- This is a ratio of 1:13 compared to the average house price. This is the same for first-time buyers.
  - The ratio falls to 1:12 for those who do not own their home but are currently employed.
  - For those who own their home, that ratio is 1:5.

## Home ownership

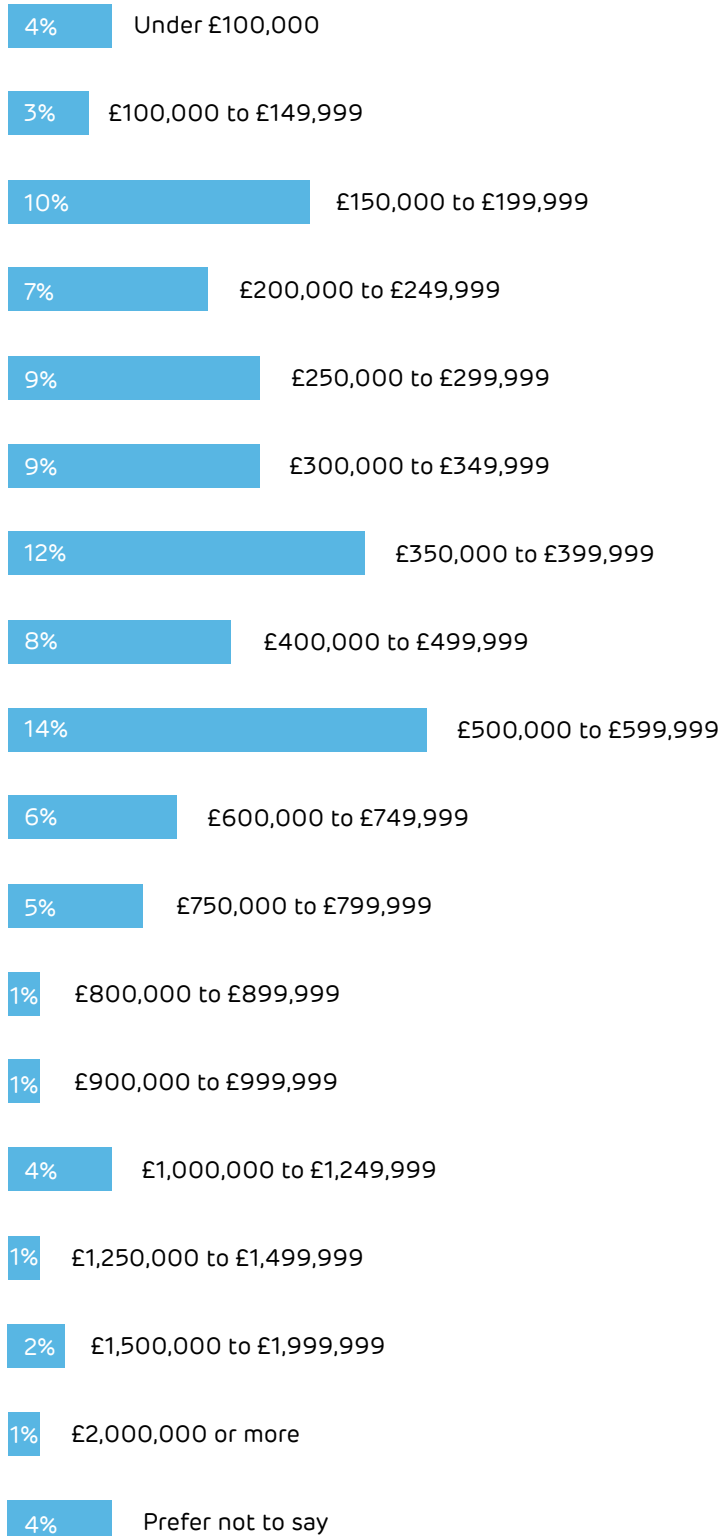
Q. Who owns the home you live in?

Own their own home



## Purchase price of current home

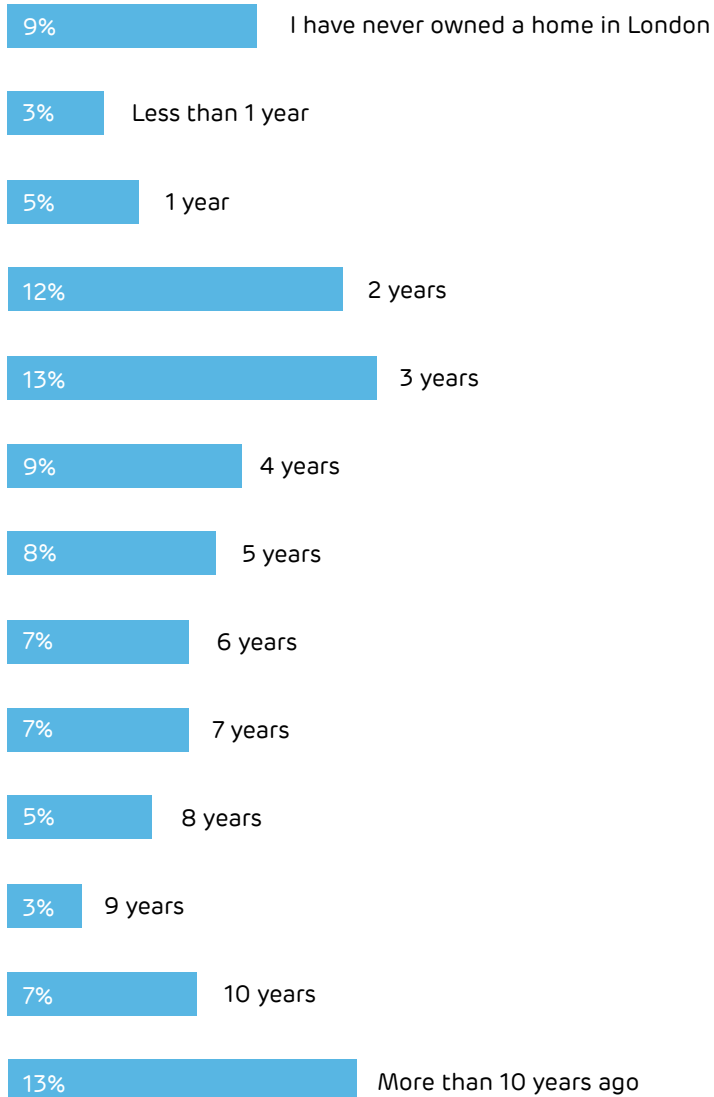
Q. What was the purchase price for the home you are living in now?



Average  
£490,543

## First London home owned

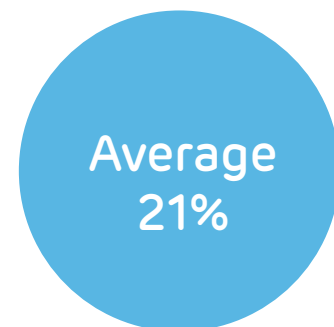
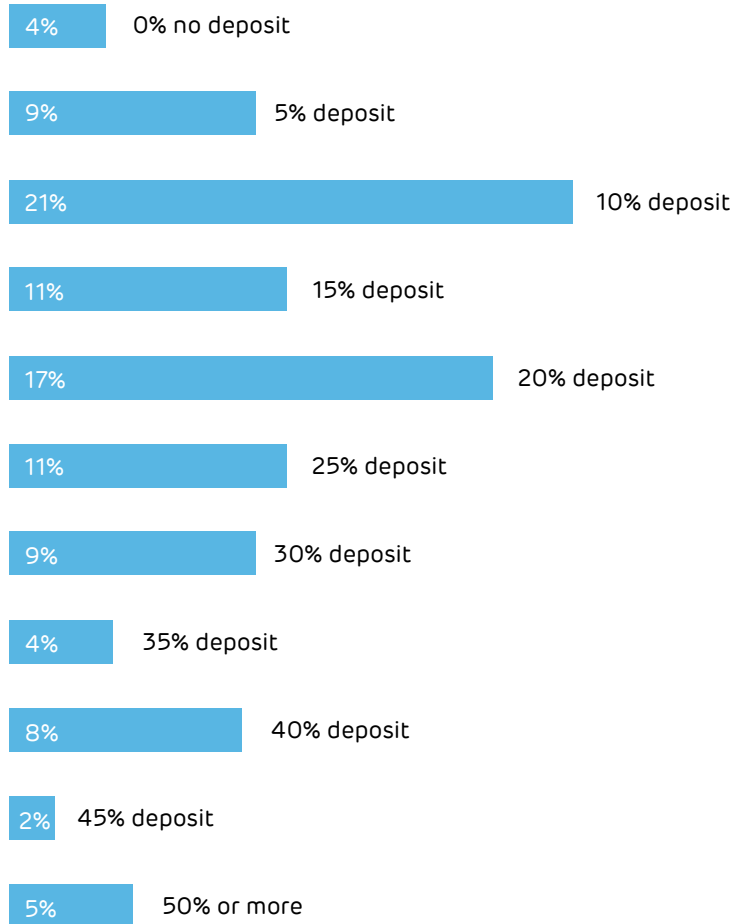
Q. How many years ago did you own your first home in London (with or without a mortgage)?



Average  
5.8 years

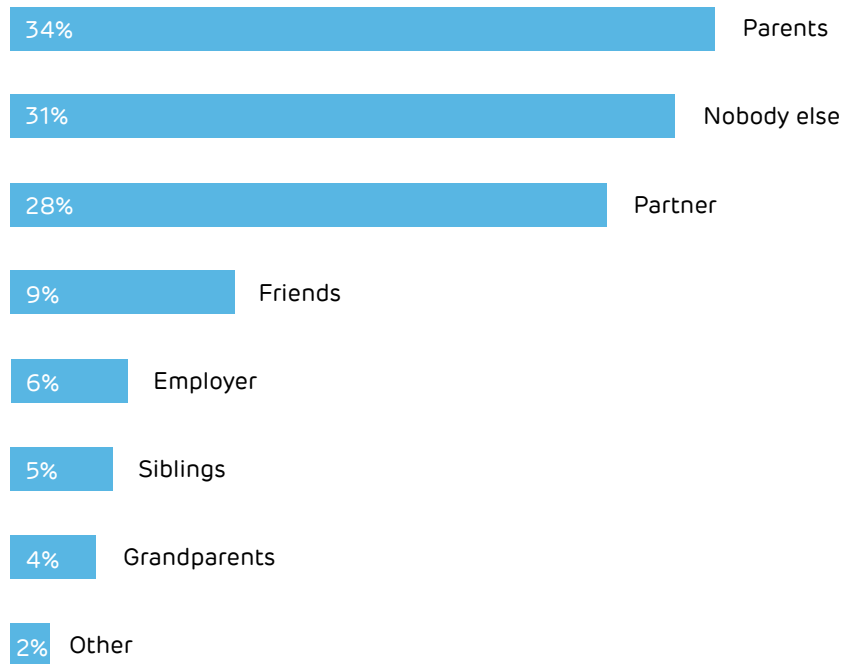
## Deposit percentage

Q. What was the percentage of your deposit against the purchase value of your home for the first mortgage you had?



## Source of deposit

Q. Who helped financially with your deposit?





## The threat to London

London can never be complacent about population growth or the loyalty of its residents. In the decades after the Second World War London emptied out, with its population falling from 8.6 million people in 1939 to 6.8 million in the 1980s,\* when the capital suffered from high unemployment and was still scarred by bomb sites.

A renaissance has taken place since then, with the financial services and then the tech world booming, culminating in the global extravaganza of the 2012 London Olympics and the city's population growing to almost 9 million in 2019. But since the pandemic and Britain's departure from the European Union the picture has looked less confident, with the Economic Statistics Centre of Excellence estimating that up to 1.3 million people born abroad left the UK in 2019/20, including 700,000 who left London.\*\*

According to estate agents Hamptons, Londoners bought 60,000 homes outside the capital in the first half of 2021 – and many of those people were first-time buyers.\*\*\* This was the highest half-year figure since Hamptons' records began in 2006 – and first-time buyers made up a quarter of those buying outside the M25.

According to our research, London could potentially lose 15% of 25 to 45 year-olds in the next 12 months, with 12% overall considering buying outside of the city.

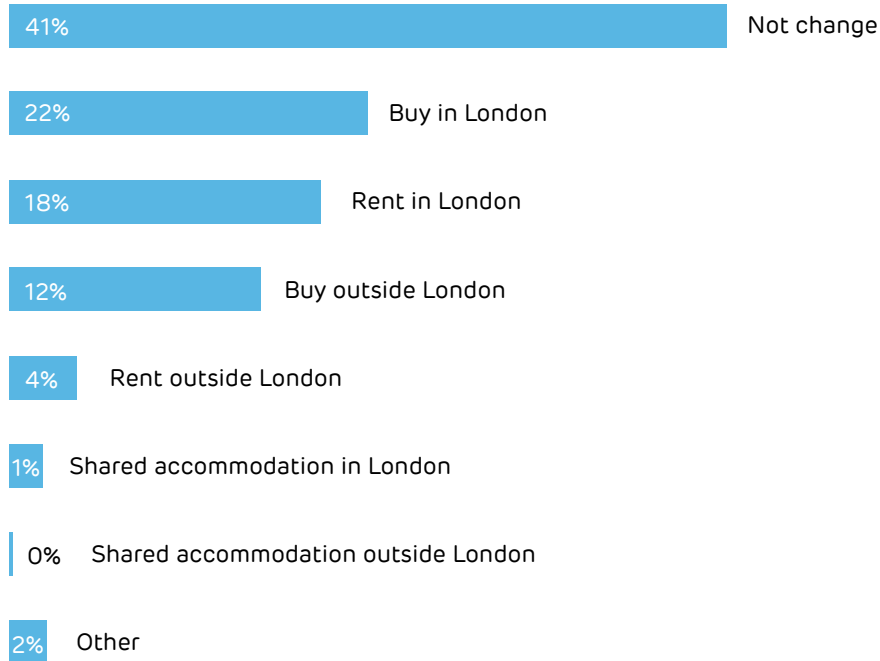
This equates to approximately half a million 25 to 45 year-olds likely to leave the city in the next year. The good news, however, is that of those who are looking to move home, the biggest preference is to buy in London, with the next preference being to rent in London. In fact, people are more than twice as likely to buy or rent in London for their next move than they are to buy or rent outside London. In the second half of 2021 this is beginning to be played out in real world data, with Rightmove data\*\*\*\* proving that the easing of covid restrictions and government incentives are driving demand in London.

By April 2021 inner London had seen a 30% jump in buyer demand compared with January, with Outer London seeing a 34% rise. The situation is fragile: covid has caused people in their 20s and 30s to reappraise their lifestyles – but their heart is drawing back to the capital after a period of doubt.

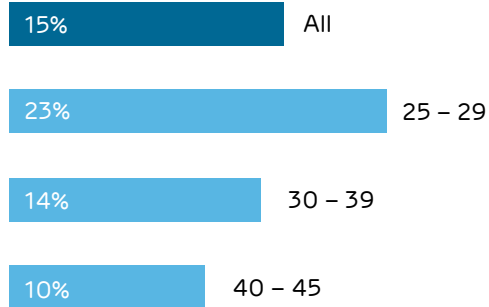
London continues to be a magnet, after all.

## Housing plans in the next year

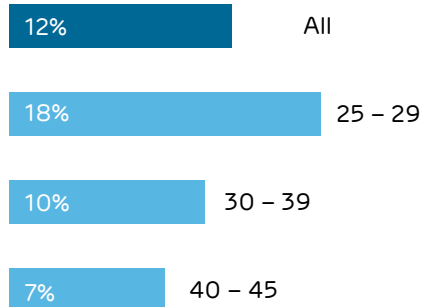
Q. What are you most likely going to do over the next 12 months for your primary place of residence?



### Leave London



### Buy outside London



## Housing plans in the next year – Owners vs renters

Q. What are you most likely going to do over the next 12 months for your primary place of residence?

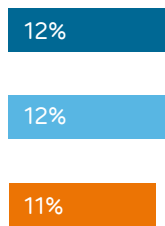
### Not change



### Buy in London



### Buy outside London



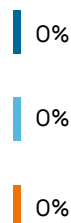
### Shared accommodation in London



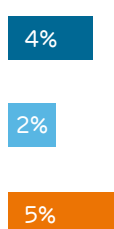
### Rent in London



### Shared accommodation outside London



### Rent outside London



### Other



## Financial frustration

Buying a home in London has rarely been more difficult, with house prices dramatically out of sync with most people's earning power, capacity to raise a deposit and cost of living.

Our polling showed that the biggest obstacle to non-home owners is 'house prices being too high' at 51%, 30% claim they can't afford a mortgage and 27% are struggling to raise a deposit. Only 4% of those we polled claim nothing is stopping them from buying a home.

As background on the deposit issue, only 22% of renters claim to be saving money (compared to 34% for owners) and, on average, 26% of their income is spent on 'rent or service fees', showing them to be on a treadmill they must feel they might never escape.

At the turn of the Millennium a typical professional couple needed to raise a £20,000 deposit to buy a home in London. According to the Halifax,\* in the 12 months to February 2020, the average deposit put down by first-time buyers in the capital was calculated at £111,321, but in the 12 months to February 2021 the amount needed for a deposit in London was shown to have risen by £20,000 to £132,685.

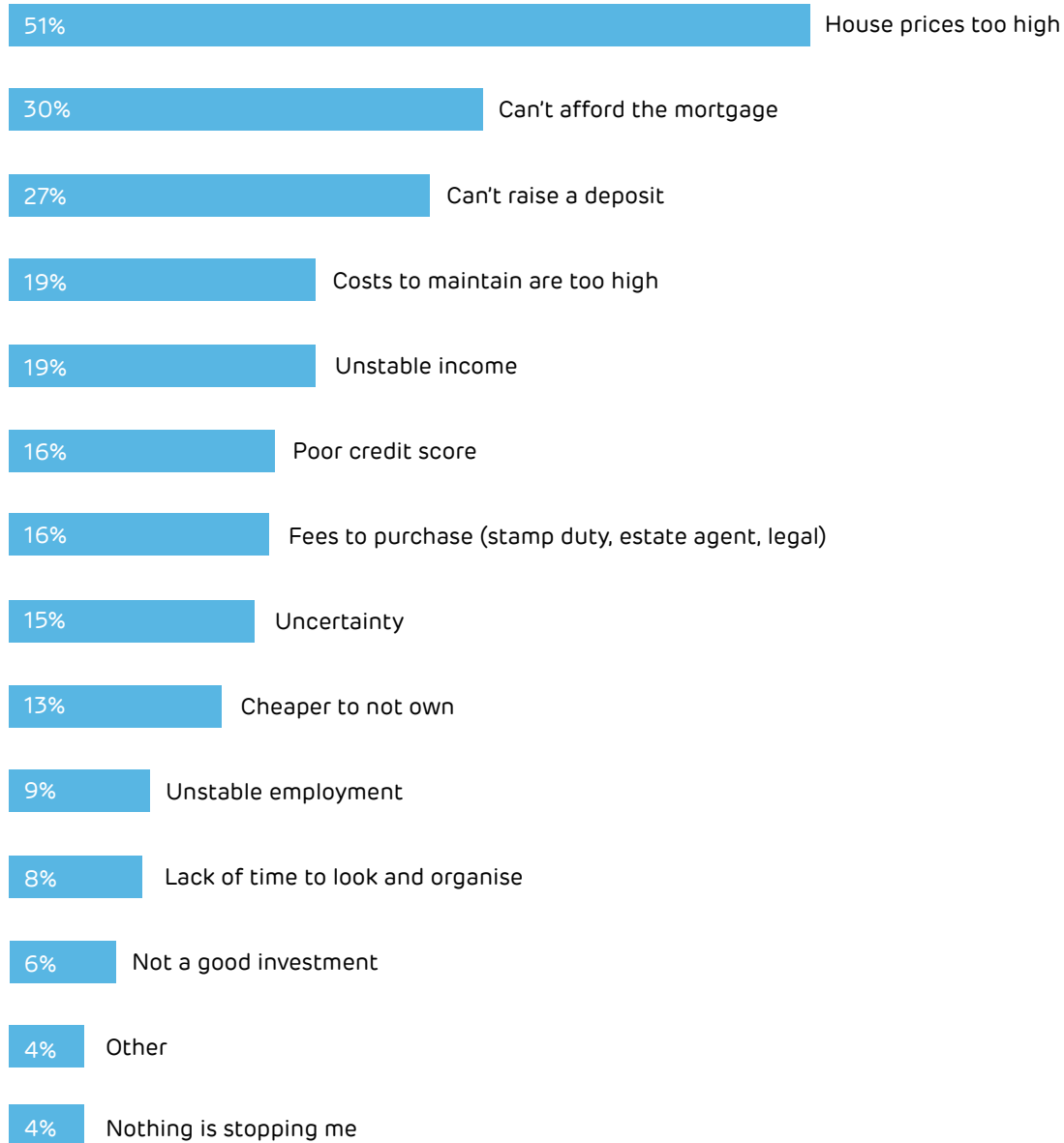
The Halifax research showed that the average London house price in the 12 months to February 2021 was £462,617, with the average deposit as a percentage of the total house price being 24%. According to Zoopla\*\* research released in August 2021, the average cost of a house increased by 7.3% in the last year, with demand stoked by the stamp duty holiday and people reassessing their lives post-lockdown.

Another factor has also emerged to haunt first-time buyers: instability of job prospects and income. While unemployment has fallen since the depths of the lockdown at the end of 2020, with an increase of 0.5% in the UK employment rate to 75.2% and a decrease in the unemployment rate to 4.6% there is still the spectre of uncertainty over covid variants, inflation and interest rate rises. It is clear that London's housing market is broken.

While cities and towns outside the South-East maintain a broad equilibrium between demand and supply and affordability remains at a reasonable ratio, buying a home in London has become beyond the means of far too many people. The barriers are almost exclusively financial, dwarfing the obstacles caused by other issues.

## Barriers to owning a home in London

Q. What is stopping you from owning a home in London?



## The benefits of buying

Comparing the experience of London homeowners and renters has proved a fascinating exercise. While there has been an increase in organisations extolling the virtues of renting, the 1000 Londoners we polled were in no doubt that owning your own home is a life-changing and wholly beneficial experience.

Increasingly it has been claimed that people in their 20s in particular are living a transient lifestyle. Their home is somewhere they pass through temporarily and their investment portfolios range from bitcoin to vinyl records to modern art.

But the homeowners we surveyed demonstrated a number of benefits of a home of their own:

- 72% claim their stability in life is better.
- Quality of life is better for 71%.
- 70% say their relationship or family life is better (particularly those living with a partner and children, of whom 77% say their family life is better).
- 66% are more content with or proud of their home.
- 68% have had better productiveness or efficiency.
- And cost of living is better for 56%.

An increase in productivity derived from owning a home is an intriguing prospect, which can potentially be attributed to the benefits London homeowners have felt during lockdown. With shared flats notorious for hampering productivity and many homeowners enjoying more space and the freedom to make their own decisions over treats like buying a family pet. According to Rightmove,\* demand from tenants looking for pet friendly properties increased by 120% over the year to August 2021 – a level that cannot hope to be satisfied given the restrictions that most landlords impose. Even renters believe that owning a home would be better for them, explaining that this would improve their quality of life and the stability of their lives.

This may explain figures released by the Ministry of Housing, Communities & Local Government in December 2020\*\* which showed that under-occupation – having two or more spare bedrooms – has increased for owner occupiers. Between 1999-00 and 2019-20 the proportion of owner occupiers living in underoccupied accommodation increased from 43% to 52%. The reason is clear: people love living in their own homes, even when they become too big for them.

## Impact of home ownership

Q. Overall, how has owning a home changed the following?

Q. Overall, how do you think owning a home in London would change the following for you?

Owning a home in London does / will be significantly / slightly better for the following factors:

### Value of home



### Stability in life



### Quality of life



### Relationship / family life



### Productiveness / efficiency



### Contentedness / pride



### Cost of living



## What buyers want from their home

London has some important lessons to learn, according to our polling of 1008 25 to 45 year-olds in the Capital. Levels of crime and personal security are 'important' to 47% of those we polled, but are currently rated 'good' by only 33% of those we polled.

The crime rate in London was 83 crime offences per 1000 people between April 2020 and March 2021 – a drop from 102 per 1000 people in 2019-20.\* However, this can be attributed to a fall in crime during the covid lockdown, with offences at 102 per 1000 people in 2019-20.

The other drawback highlighted by most people was 'upkeep and cleanliness', with 36% rating this as 'important' and 27% rating standards as 'good'. Much of this can be attributed to local authorities scaling back street cleaning and rubbish collection with the excuse of covid. On the brighter side, transport links were rated as 'important' by 63% of those polled and 'good' by 66%. The London Overground is growing in importance and recognised by Londoners, with under-35s among its busiest users traversing from north to south.

Parks and green spaces have soared in importance to Londoners during the pandemic in reaction to millions of people being told to stay in their homes other than for exercise and food shopping.

Of those who wanted to move, a survey by the London Assembly Housing Committee found that while 34% want their new home to be out of London, 54% want to remain in the city.\*\*

The Centre for London's 'London Intelligence' research, published in partnership with Savanta in June 2021,\*\*\* also paints a generally happy picture despite three lockdowns over the last year, with 65% happy to be living in London and 79% expecting to be living in the city in a year. In addition, 42% of Londoners told Centre for London there is a strong sense of community in their area, with younger people more likely to be 'positive' about this at 47% compared to 33% of over-55s.



## Positive and important features in local area – Top 5 positive location features

Q. Which of the following location features are particularly good for where you live?

Q. Which of the following are particularly important when selecting a location to live in?

### Transport links



### Parks and green spaces



### Cost of living



### Level of crime and personal security



### High street / shopping malls



## Bottom 5 positive location features

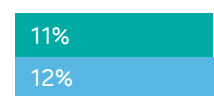
Q. Which of the following location features are particularly good for where you live?

Q. Which of the following are particularly important when selecting a location to live in?

### Outdoor markets and events



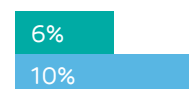
### Theatres and music venues



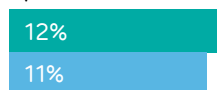
### Overall look and architecture



### Integration of technology



### Sport stadiums and venues



## Wi-Fi rising

Our polling shows that the functional qualities of urban living have risen dramatically to the fore during the covid pandemic.

Wi-Fi is the third most important feature for Londoners (57%), ranking behind access to transport and space, but ahead of storage and daylight. Clearly 18 months of wrestling with erratic Zoom and Teams connections have left their mark, particularly on younger Londoners.

With regards to which factors have increased in importance since the start of the pandemic, Wi-Fi has especially increased in importance for those working (43%, compared to 34% for those unemployed and 34% for those studying). This increased to 48% of those in their 20s). While public parks and green spaces are important to Londoners, private green space does not appear to be as important.

Nor does amenity space, which is ranked as the tenth most important feature for those we polled, which should be noted by the build-to-rent community which sets great store by this. Anecdotally we hear of build-to-rent developments which start out with the best intentions of driving busy events programmes comparable to those in the United States, but which fall by the wayside as the different social habits of Londoners come into play.

Transport continues to be important, which is borne out by Arup's November 2020 City Living Barometer,\* which surveyed more than 5000 residents in London, Paris, Madrid, Berlin and Milan. This showed that the concept of the '15-minute city', where city dwellers enjoy a better quality of life when essential facilities are within 15 minutes walking or cycling distance from their home.

While people may in some cases be less keen to commute, they still see transport to their home location as crucial, even if they are spending more time there after work or at the weekends.

We also saw a disparity in our polling between people who believe their current ability to work from home is adequate, and those who believe this will need to be improved in the future.

## Comparison of current home features and important features

Q. Which of the following home features are particularly good about your current home?

Q. Which of the following features would be particularly important if you were buying a home to live in?

### Access to transport



### Wi-Fi



### Daylight



### Space



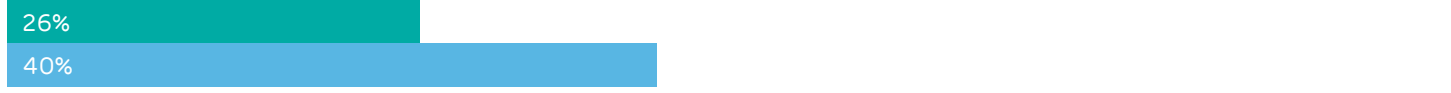
### Storage



### Community



### Space to work from home



### Home technology



### Maintenance



### Amenity spaces



### Cycle storage



### None of the above



## Comparison of current home features and important features – Renters and owners comparison

Q. Which of the following home features are particularly good about your current home?

Q. Which of the following features would be particularly important if you were buying a home to live in?

### Access to transport



### Space



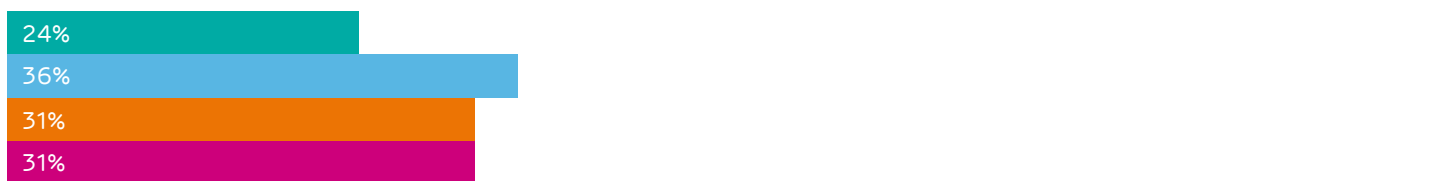
### Daylight



### Wi-Fi



### Community



### Space to work from home



## Comparison of current home features and important features - Renters and owners comparison - continued

Q. Which of the following home features are particularly good about your current home?

Q. Which of the following features would be particularly important if you were buying a home to live in?

### Storage



### Amenity spaces



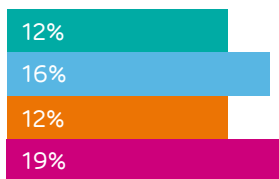
### Maintenance



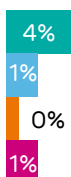
### Home technology



### Cycle storage

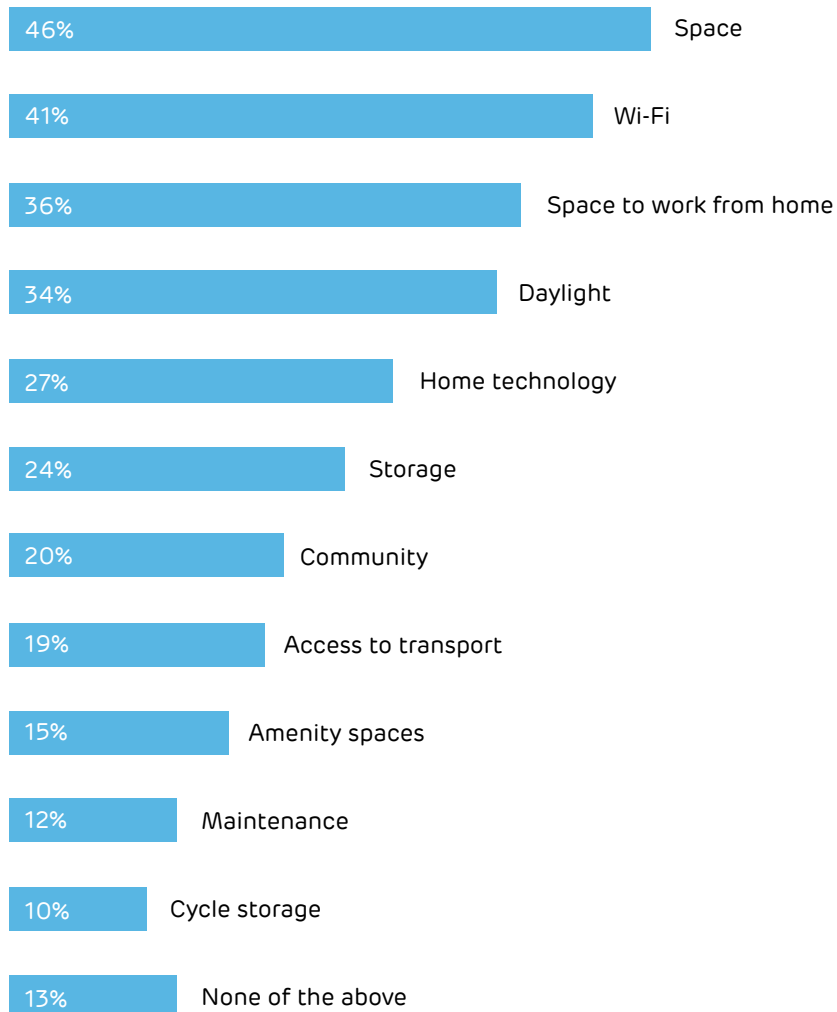


### None of the above



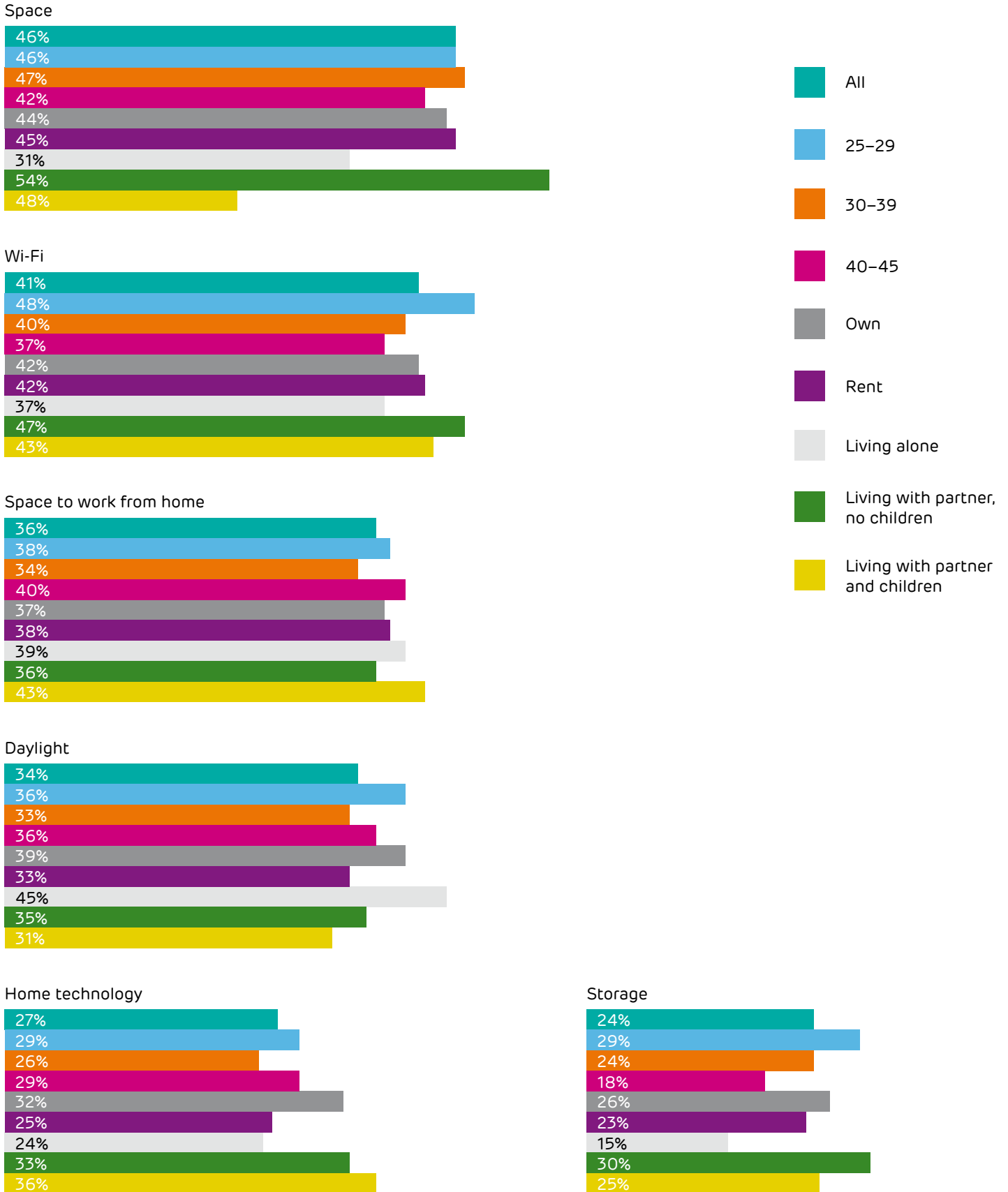
## Change in importance of home features as a result of the pandemic

Q. Which of the following have increased in importance for you since the beginning of the covid pandemic?



## Change in importance of home features as a result of the pandemic - Comparisons

Q. Which of the following have increased in importance for you since the beginning of the covid pandemic?



## Change in importance of home features as a result of the pandemic – continued

Q. Which of the following have increased in importance for you since the beginning of the covid pandemic?

### Community



### Access to transport



### Amenity spaces



### Maintenance



### Cycle storage



### None of the above





## What London needs

The 'new normal' of people leaving the capital in droves to head to the countryside is now proving to be a temporary phenomenon, with people being summoned back to their workplaces two to three days a week, making a long commute as difficult as ever.

In response to these changes, our poll reveals strong views amongst Londoners on the need for affordable housing, combined with their desire to remain in the capital.

Our survey reveals:

- 'There is a greater need for affordable housing to accommodate new norms and ensure the vibrancy of London', with 76% agreeing with this statement.
- 'New housing in London should consider new hybrid working and lifestyle balances', said 79% (and 81% for those working).
- 'I really don't want to move outside of London to afford a home because I would have to sacrifice too much to do so', was a statement that 62% of those polled agreed with.

There is no exodus bias out of London, and if anything, the trend in sentiment back towards the Capital will accelerate as people begin to enjoy Central London, from both a work and social

perspective, once more. The 'new normal' is most emphatically now over. Our audience loves London, with 71% either extremely satisfied or very satisfied living in London and three out of four respondents (75%) agreeing that London is a special place to live in.

At the launch of the London Assembly 2021 Housing Survey, the then chair of the London Assembly's Housing Committee, Murad Qureshi AM, said: "More Londoners want to stay in London's city limits if they move in the next 12 months.

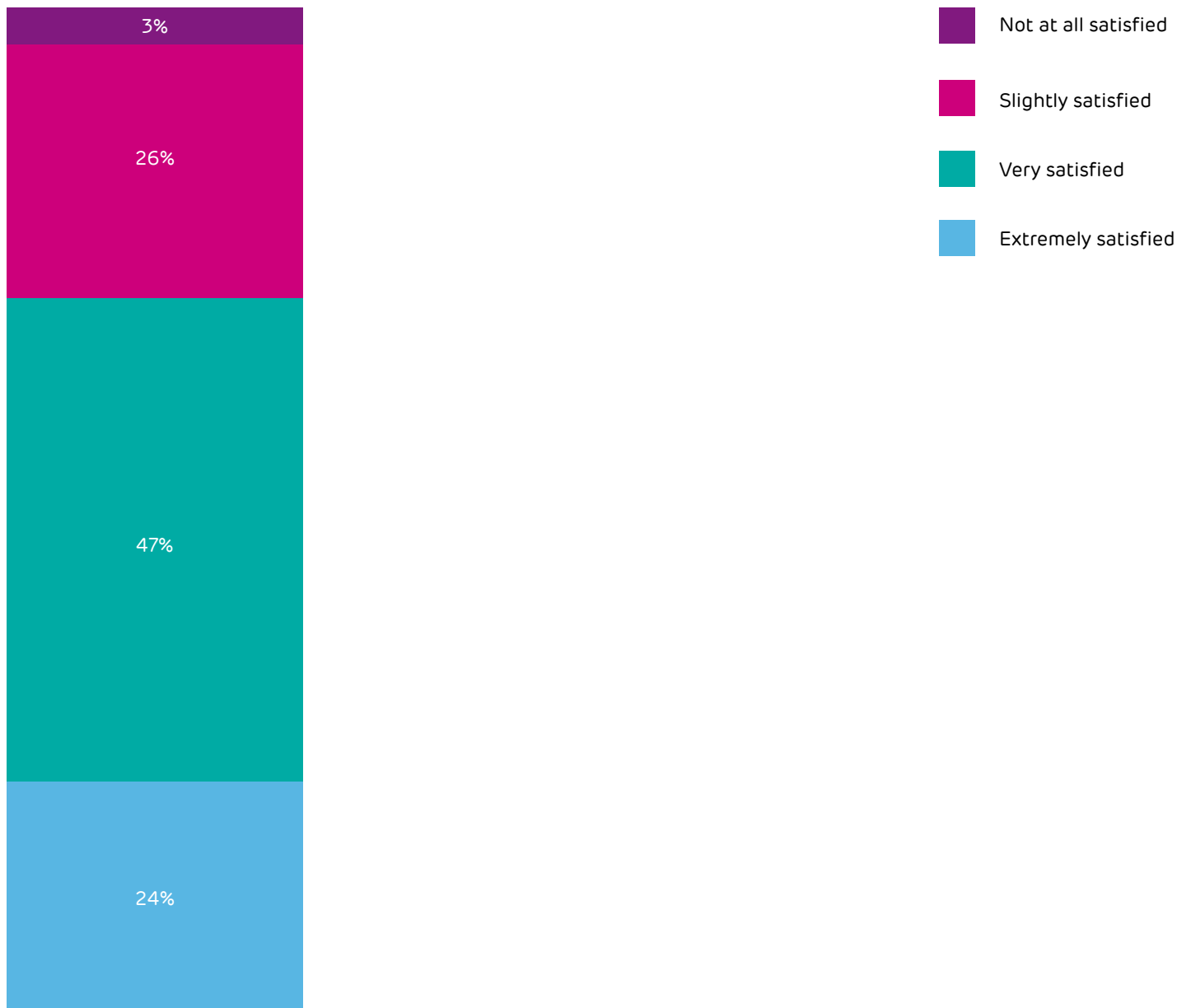
"The optimism around society reopening has caused a shift in desire to stay in the city a year after the pandemic began.

"Many respondents shared how their living situation affected their mental health. It is unsurprising that many Londoners want to move somewhere new."\*

Almost six in ten (59%) respondents polled for our research say they are most likely going to change their primary place of residence over the next 12 months, with more than half (54%) of those in their 40s least likely to change. This increased to 66% for those in their 20s. This is equivalent to over 1.8 million 25 to 45 year old Londoners planning on changing their place of residence.

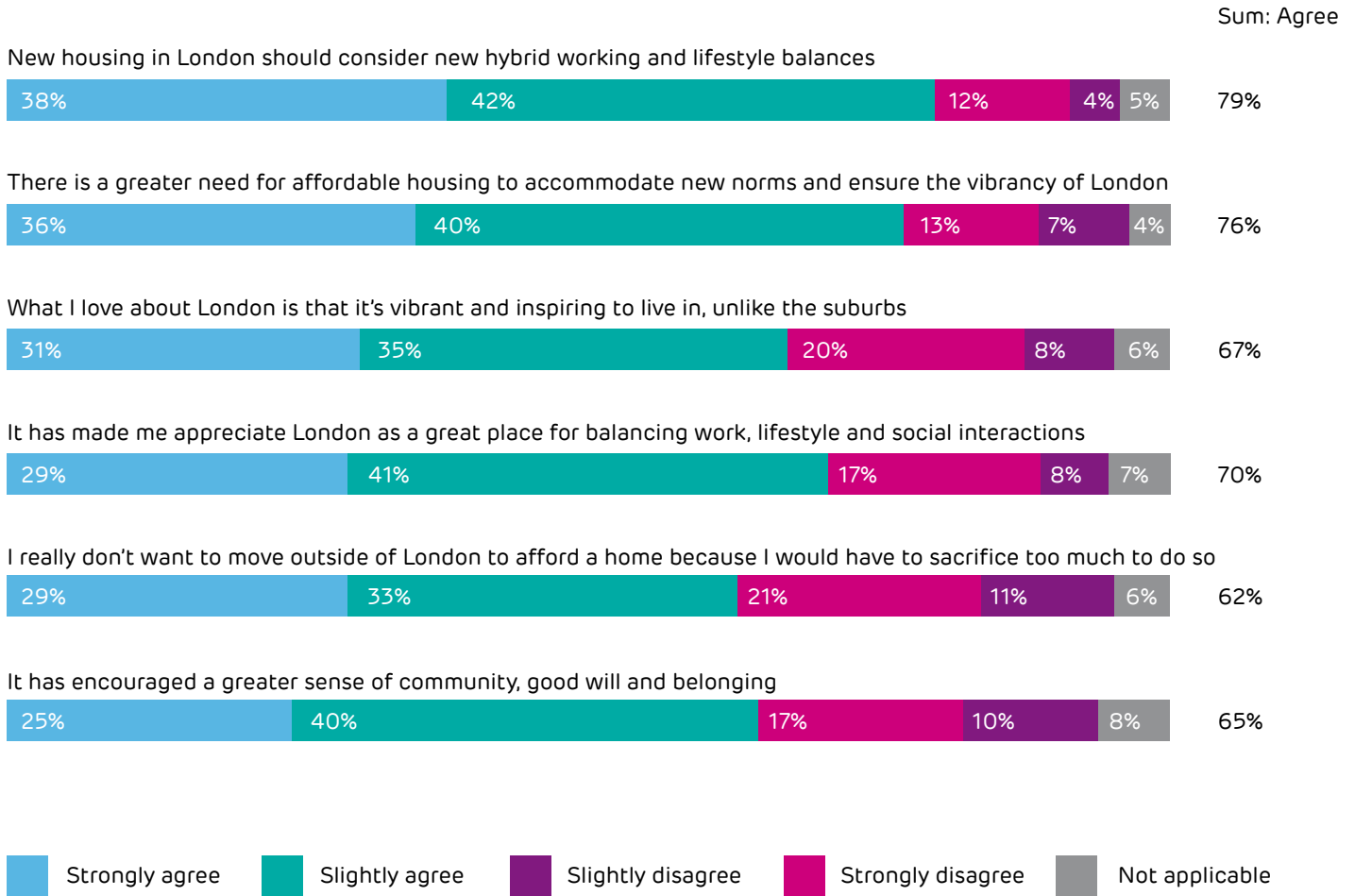
## Level of satisfaction about living in London

Q. How would you rate your overall level of satisfaction about living in London?



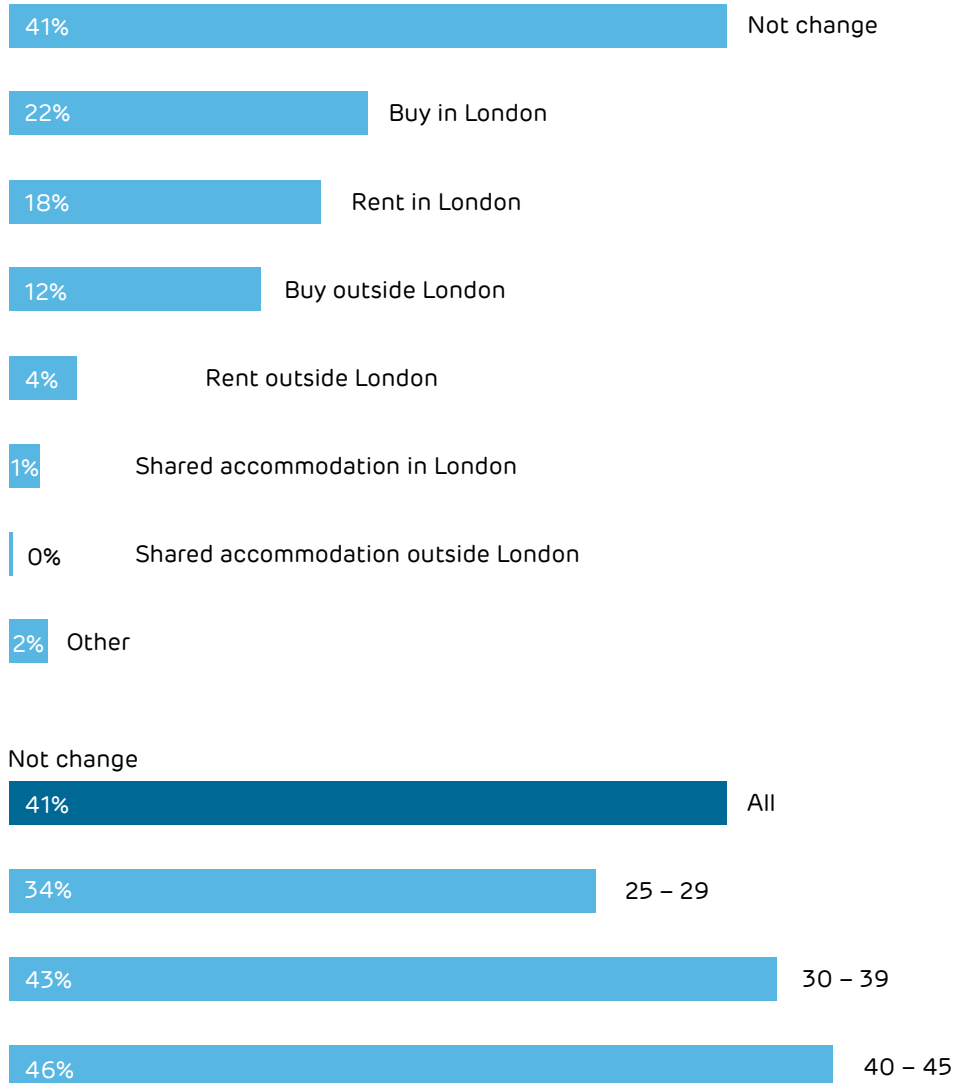
## Opinions on current London housing situation

Q. How strongly do you agree or disagree with the following statements about the covid pandemic?



## Housing plans in the next year

Q. What are you most likely going to do over the next 12 months for your primary place of residence?



## Why renters want to own

The pandemic has changed people's perception of their home and what they want for their local area. While many found their home environment challenging or cramped, others found that their pride in their home was reinforced, as was the importance to them of where they live. This sentiment is borne out by research by the Adam Smith Institute published in September 2021\* that showed that people were increasingly in favour of new housing delivery if they felt it would deliver positive outcomes for their local area.

This shows that:

- 67% back housebuilding if it would bring benefits to their family.
- 68% back housebuilding if it meant local services would see an improvement.
- 64% back housebuilding if it would help protect their local high street.
- 64% back housebuilding if it led to people living closer to better paying jobs, reducing income inequality and boosting wages.

This research cements the importance in housebuilders across the board prioritising the needs of the local communities in which they are building. It is not about simply delivering more homes – they need to be built in the right place for the right people at a price that is affordable and, in turn, will help stimulate the local economy.

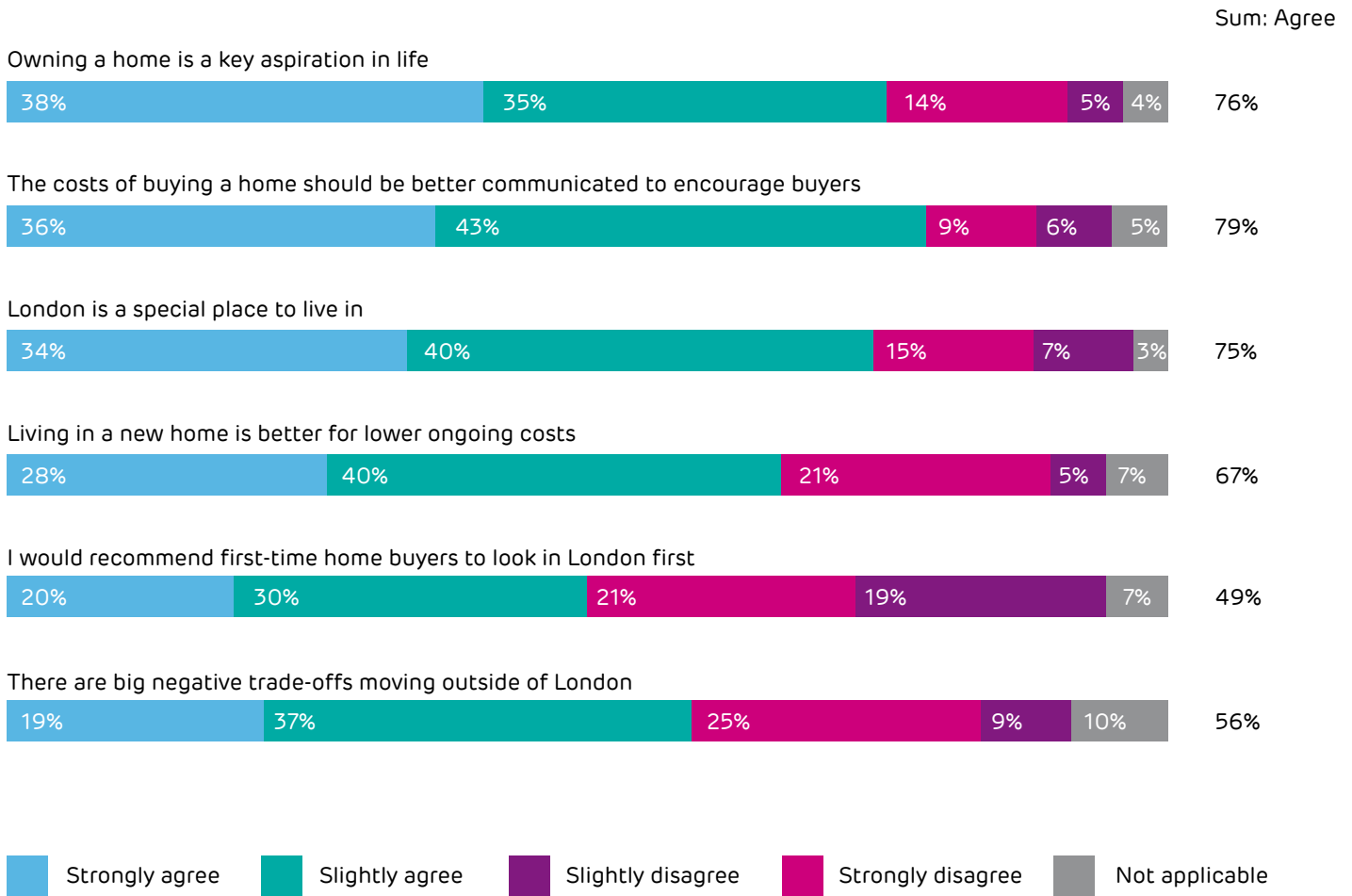
The most obvious and desirable route to anchor people in their community is to enable them to own their own home. In London alone we've found that many of the city makers we speak to feel priced out of the capital. To combat this there needs to be a greater acceleration in housing delivery to bring forward supply more quickly to allow prices to remain manageable for first-time buyers.

Homeownership is readily endorsed by those who already own in London. Pocket Living and FTI Consulting's polling shows that when presented with the statement:

- 'I would recommend first-time home buyers to look in London first', 56% of owners agree.
- 'Living in a new home is better for lower ongoing costs', 69% of owners agree.
- 'The costs of buying a home should be better communicated to encourage buyers', 77% of owners agree'.

## Current feelings towards London and owning a home

Q. How strongly do you agree or disagree with the following statements about buying a property and renting?



## Current feelings towards London and owning a home – Renters vs owners

Q. How strongly do you agree or disagree with the following statements about buying a property and renting?

Owning a home is a key aspiration in life



The costs of buying a home should be better communicated to encourage buyers



London is a special place to live in



Living in a new home is better for lower ongoing costs



There are big negative trade-offs moving outside of London



I would recommend first-time home buyers to look in London first



## **Methodology**

Pocket Living's research was conducted online from 9th to 19th August 2021 with 1008 respondents, representative of those aged 25 to 45 years old and living in Greater London.

The results were weighted to ensure a representative opinion was collected by each London borough, age, gender and general election behaviour.

FTI Consulting's Research team conducted the polling on behalf of Pocket Living.

Please note: As a consequence of rounding up percentage results, the answers to some questions might not always add up to 100%.



# Owning the future

## First-time buyers and the health of the nation

# A portrait of aspirant homeowners in London

LSE London report with Pocket Living and Metropolitan Workshop - March 2020

Kath Scanlon and Fanny Blanc (LSE)

Jonathan Drage, Cameron Reid and James Cook (Metropolitan Workshop)



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London School of Economics  
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Metropolitan Workshop  
Jonathan Drage, Cameron Reid and James Cook

Date: March 2020

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## Acknowledgements

The research team would like to thank survey respondents and focus-group participants for their willingness to share their experience and insights.

## Why this research?

The challenge of housing affordability in London is now one of the top concerns of politicians and public alike. While the issue most obviously affects those on very low incomes, middle-income households are also priced out of the market—especially if they aspire to own their own homes. The nominal cost of buying an average home in the capital has risen by more than 600% in the last 15 years, while the proportion of homeowners has fallen from 57% to 51% (the lowest in the country). Crucial workers such as teachers, chefs and doctors but also accountants and creatives for London’s thriving industries who do not manage to buy homes in the capital may simply move elsewhere, diluting the capital’s skills base and weakening its communities and productivity.

Pocket Living caters almost exclusively for this market, providing affordable (defined as 80% of market price) new housing for first-time buyers in London. Most of its buyers and prospective buyers come from London’s enormous pool of young employed singles and couples. Now sharing flats or living with their parents, they long to buy their own homes. Their experience has much to tell us about the life of renters in the capital and what they hope to find in a long-term home.

This research was conducted by LSE London, a research unit at the London School of Economics, and Metropolitan Workshop architects, together with Pocket Living (who funded the project). The aim was to better understand the housing careers and aspirations of the young Londoners who underpin the economy of our city in order to inform the housing debate and ensure that this crucial demographic is not forgotten.

In July 2019, researchers surveyed individuals who had registered their interest in a Pocket home. The link to an online questionnaire was sent to 14,096 people, of whom 925 responded (6.6% response rate). We also hosted a focus group at the London School of Economics in September 2019. Given the range of expertise in the research team, we probed both social science questions (demographic, financial and economic factors) as well as aspects of design.

This report presents our main findings about

- the housing aspirations of young London professionals
- the factors that influence their housing choices
- the housing journeys of young Londoners before they buy a home

## What we know already

The affordability crisis in London has fundamentally been generated by the failure over decades to build sufficient homes for a growing population in the capital. As the most global city in the UK, London is an attractive destination for students, entrepreneurs and graduates. For decades the capital has experienced large inflows of young people, both from elsewhere in the UK and from abroad.

Figure 1 shows a strong net inflow of people in their twenties (indeed, mostly under 25). Historically this inflow has been offset by outflows of older households, often families. However, since the mid-2000s the pattern has changed somewhat, with outflows from London slowing. Because of these changes in internal migration and increased international flows (at least until recently), overall population has risen rapidly. Partly as a result, homes for younger working households are far less available - and more costly - than before the financial crisis.

The high price of housing in London has constrained people’s ability to form independent households. In particular there has been a fall in the proportion of young people living alone, and an even bigger rise in the proportion of young people sharing with other adults - up by more than a quarter in the decade from 2001 to 2011 (Table 1). The 2021 census is expected to show a continuation of this trend.

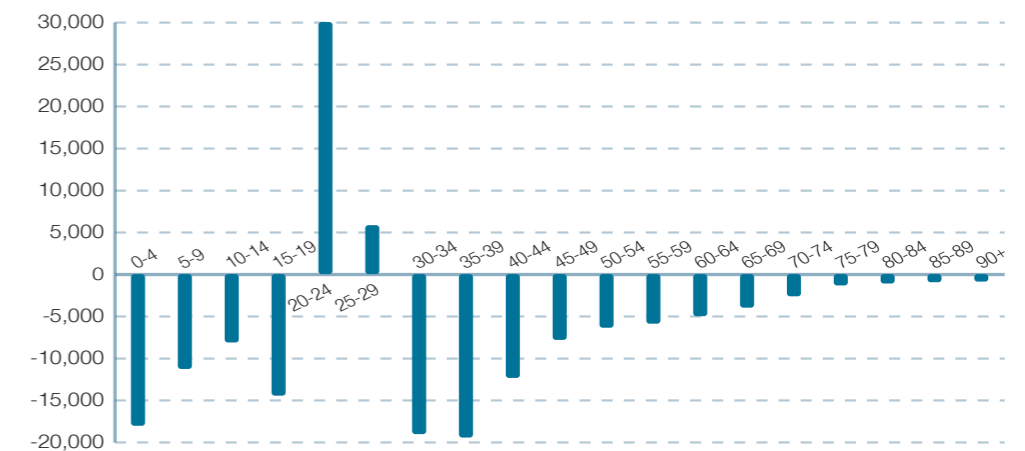


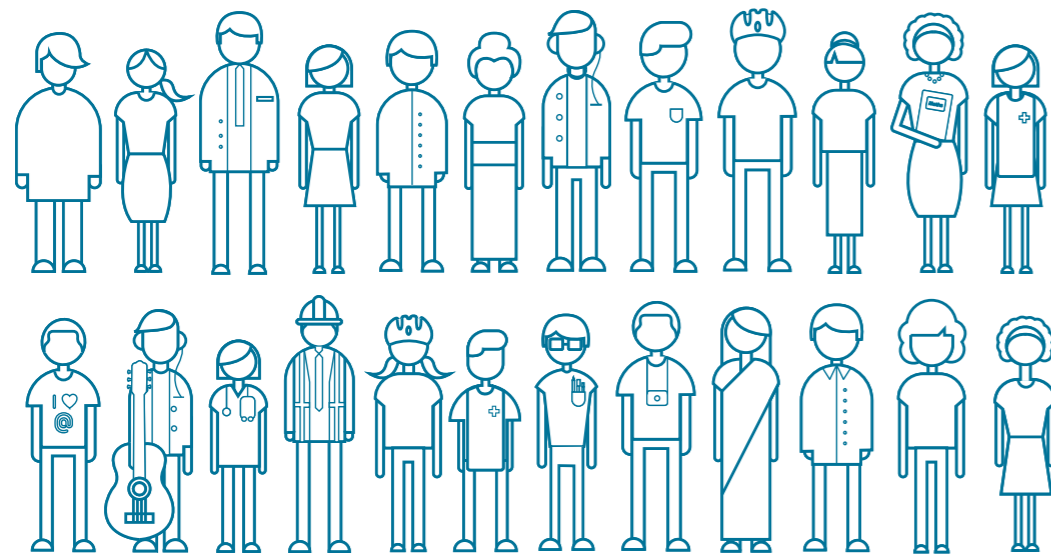
Figure 1 - Net Internal migration flows to London by age group 2018 Source: ONS 2019

Household Type	2001	2011	Change	Percent change
Single living alone	225,978	202,525	-23,453	-10%
Single living in multi-adult household	130,315	166,588	36,273	+28%

Table 1 - Housing situation 2001 - 2011 Source: ONS 2011, 2016

# Who are the aspirant homeowners?

This study investigates an important and under-researched cohort of prospective first-time buyers in London. While the sample is not representative of all such buyers (respondents are taken from the single source of those registered for a Pocket Living home), it is rare to have primary data from such a cohort. The respondents in this report are mostly young, childless, employed people on professional salaries, who aspire to get on the housing ladder.



## Where they came from and where they live now: Embracing the urban

Respondents ranged from life-long Londoners to those who came from the other side of the globe. About a third of the respondents grew up in London (30%), with 35% coming from elsewhere in the UK. Some 17% were from another EU country and 13% had grown up outside the EU. Compared to London's population as a whole, those born in the EU are overrepresented in this sample (17%, vs 11% of London's population as a whole<sup>1</sup>) and non-UK, non-EU nationals are underrepresented (13% in this sample, vs 25% of London's population as a whole).

Pocket is currently most active in six of London's 33 boroughs (Ealing, Southwark, Haringey, Redbridge, Croydon and Barking), and has completed schemes in 12 other boroughs. We expected to find higher concentrations of registrants in boroughs with existing or planned schemes, with a smattering even in boroughs without a Pocket presence (perhaps because they are working elsewhere or hope that Pocket will come to their borough), and this was indeed the pattern. The local authorities most represented were Southwark (9%), Haringey (9%), Wandsworth (8%), Hackney (7%) and Lambeth (7%), all boroughs where Pocket is, or has been, active. This is clearly a group that values urban life: respondents were more likely to live in inner London (57%) than outer (39%), with only a small minority (4%) currently living outside the capital. By contrast, 47% of London's overall population aged 21-40 lives in outer London<sup>2</sup>.

Our survey provides a unique window into first-time buyers' housing journeys in London, which we illustrate using direct quotes from respondents.<sup>3</sup> Our respondents are concentrated in inner London and recognised that they were fortunate to live centrally. Asked what they liked about their homes, dozens responded with the single word 'location.' Indeed, location and accessibility were the features most often mentioned.



“ (I like the fact that it's a 2 minute walk to the train station, close to Tesco and Sainsbury's. ”

“ It is in a good location, less than ten minutes walk from two different stations. ”



# The typical respondent:

Young, single, female

Three quarters of respondents were aged between 20 and 39 years old, and 62% were women. Although Pocket registration is open to both single people and couples, the former dominated: 73% were single. This profile reflects the characteristics of the Pocket offer: most flats are standard 38m<sup>2</sup> one-beds. The annex gives details of eligibility for purchasing a Pocket home.

There was a small minority of respondents in their 50s and a couple were older still. One 50-something focus-group participant, who was in the process of buying his first home, said he was hugely relieved to finally become a homeowner as he couldn't afford to rent his current home after he retired.



“ Mainly shared housing with at least 3 housemates. Moved a lot in the first 5 years but found a place in a good area with cheap rent and nice people to live with but it's now feeling like a student house despite us being in our 30s and 40s. (female, 34, single) ”

# Employment

Pocket registrants know they will have to service a mortgage on a new home, so it is not surprising to find that 87% of survey respondents were in full-time employment and a further 6% were self-employed. Almost all (97%) worked in London. On the whole the respondents were well established: the median time working in London was seven years, and a few said they had been working in the capital for 20 years.

The median time working in London is 7 years and at least half have lived in more than 3 properties



Our survey did not ask respondents to specify their profession but did ask what sector they worked in. In the early 2000s, it was public-sector workers who were seen to be in need of intermediate housing—especially ‘key workers’ such as nurses, teachers and police officers (Llewellyn Davies et al 2003). In our survey just over half the respondents (55%) worked in the private sector, with 10% in the not-for-profit sector. Some 29% worked in the public sector, about double the proportion of public-sector workers in the capital overall at 14% (ONS 2019b). The survey thus hints at the continuing problem of housing affordability for public-sector employees but equally suggests that the original 1990s definition of ‘key workers’ may have been too restrictive.

The household income limit for a Pocket home is set by the GLA in the Annual Monitoring Report and is £90,000/year, but the average income of a Pocket buyer is closer to £42,000/year. On average our respondents earned much less—more than three quarters had individual pre-tax incomes of below £50,000, and 35% earned between £30,001 and £40,000. Those who were married or in a civil partnership on average had slightly higher individual incomes than single people (Figure 2).

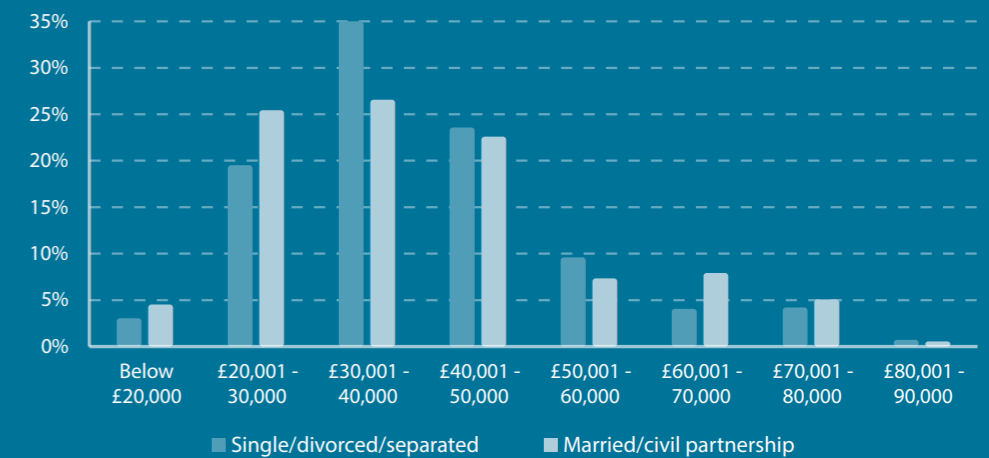


Figure 2: Respondents' individual incomes by marital status

# First-time buyers' finances: Researching, saving, planning...

As well as having the country's highest house prices, London has its highest rents, as shown in the amounts respondents were paying (Figure 3). Even though about half the respondents were living in shared accommodation the median rent payment was £700 per month, and a few people reported paying more than £1700.

Those participants who were able to live in the family home usually spent significantly less on housing than those renting. Of the 164 respondents who lived with their parents, about a quarter did not report paying any rent; including those living rent-free, more than three-quarters paid £400 or less per month. The median rent payment for those living at home was about £175/month.

The internationally accepted rule of thumb is that housing to be considered affordable should cost a third or less of household income (although the Mayor of London's guidelines say that 40% is acceptable). By either definition most of our sample could afford their current rent, with 68% saying that their housing costs accounted for a third or less of their take-home pay. Those who lived alone paid the most: 48% of respondents living in a flat or house by themselves said they spent more than a third of their income on rent, while those living with partners or in shared houses tended to devote a smaller share.

Respondents living in inner boroughs (City of London, Lewisham) tended to pay slightly more rent than those living in outer boroughs (Bromley, Bexley).

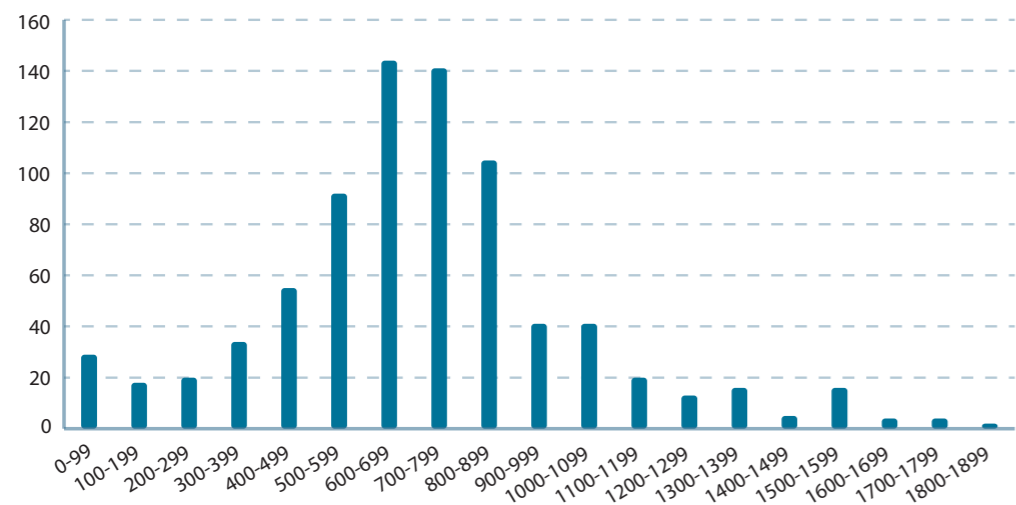


Figure 3: Distribution of monthly individual rents (£)



# ... and hopefully buying

90% of respondents said they were actively saving to purchase a property. The median period they had been saving was four years, but some respondents had been saving for up to 15. People in most income brackets saved between 10% and 20% of their take-home pay (Figure 4) but a significant minority saved more, with about a fifth saying they were able to save more than a third of their take-home pay. Those living with parents could save considerably more than others, with 44% saying they put aside more than 30% of their take-home pay.

41% of respondents said they were making regular sacrifices in order to save for a home. A fifth said that if after five years they had not managed to buy, they would give up on their dream of home ownership—but 39% said they would not do so under any circumstances.

Respondents thought it would take about three years to save enough for a deposit, and their savings target was generally set at £25,000-£30,000. This is only about a quarter of the average down payment of a first-time buyer in London, which was £148,800 in 2019 (GLA 2019). Asked how they would fund their deposit, 28% said they would use savings only, while 26% expected to use a combination of regular savings and Help to Buy. About a fifth expected to count on help from their parents in addition.

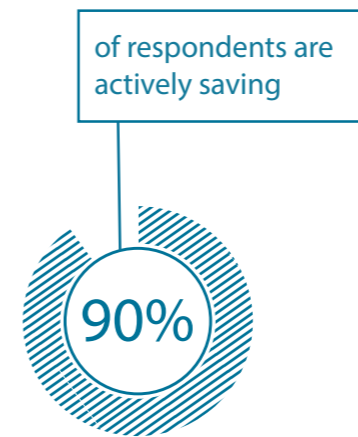
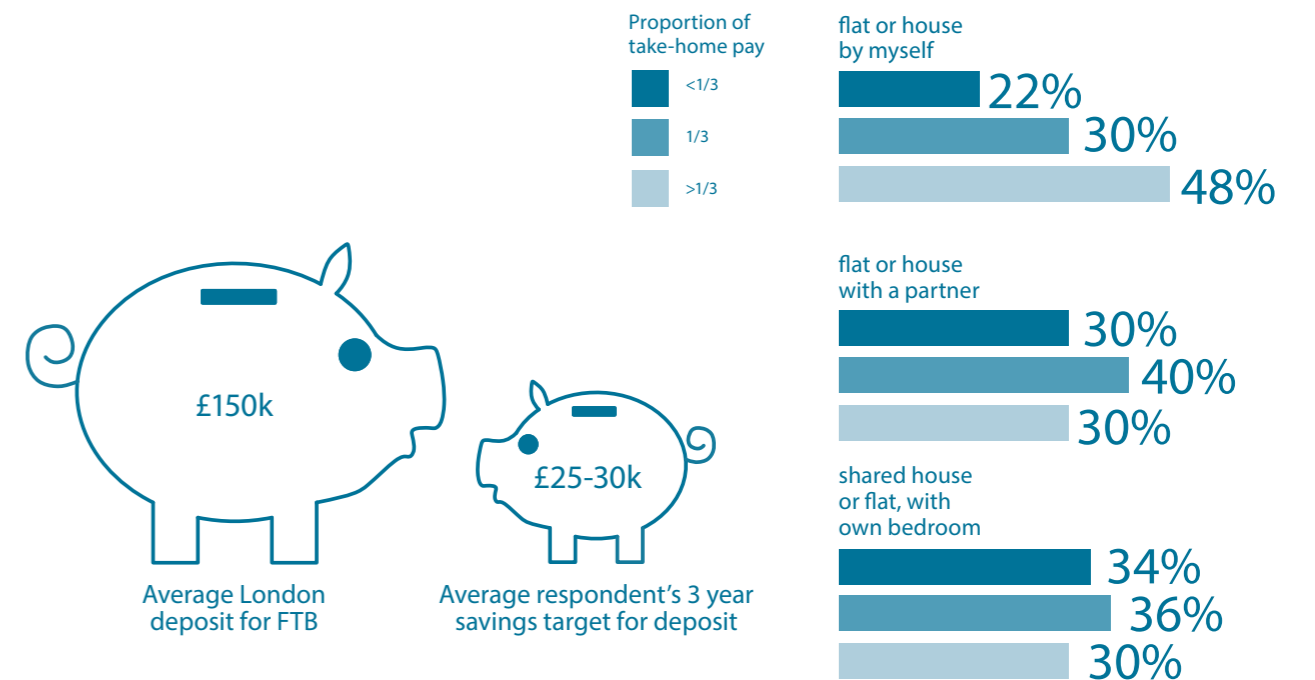


Figure 4: Living situations and rent as % of take-home pay:



# What aspirant homeowners want in a home:

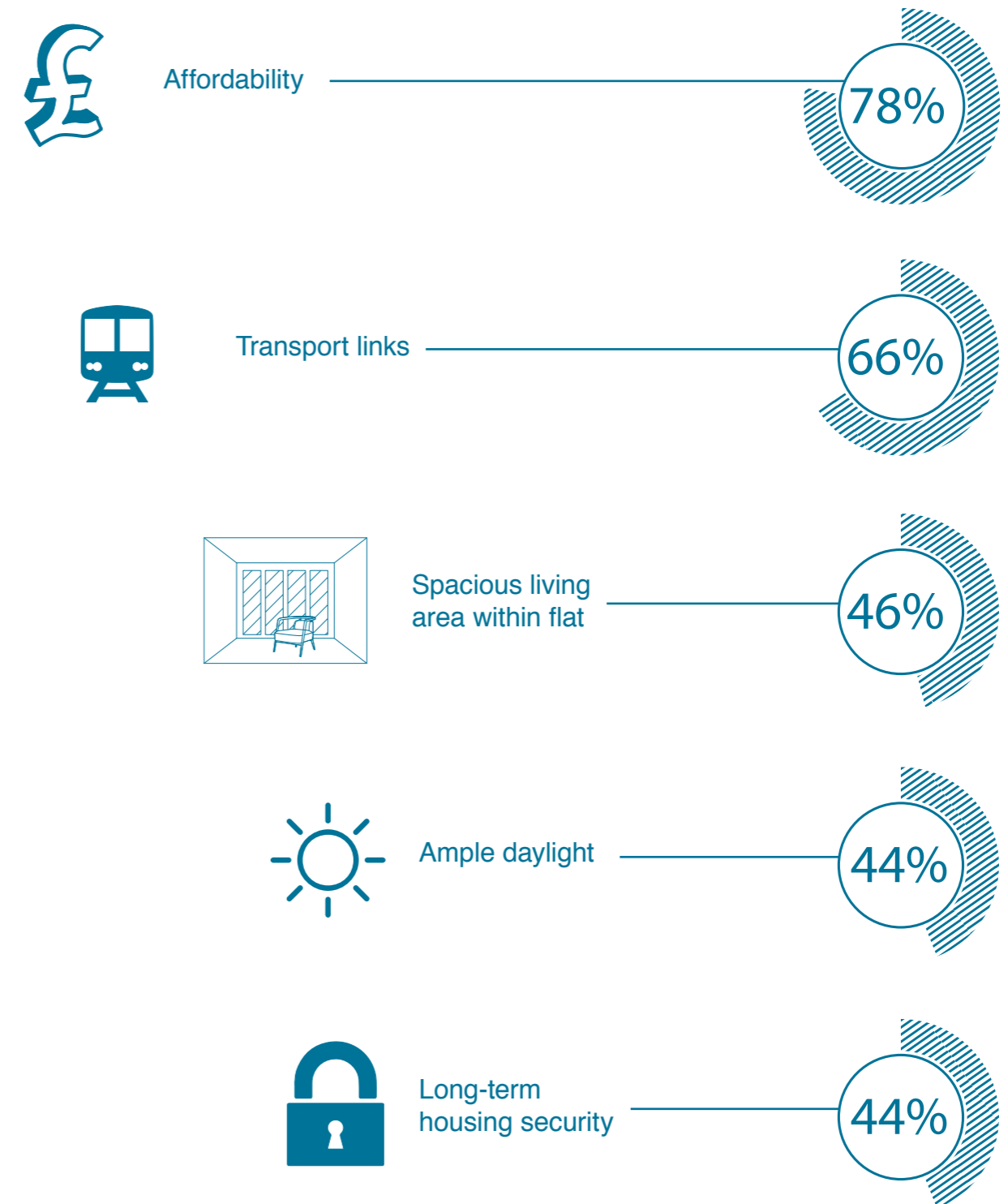
## Affordable accessibility

Our survey asked people which factors they considered important when choosing a new home. The survey listed 22 criteria related to design, price and location. The one most often picked was 'affordability', which 78% of respondents said was very important; this was followed by 'transport links' (66%) and at some distance 'spacious living area' (46%). This is consistent with recent LSE London research into residents of high-density housing in London (a broadly similar demographic), which showed that transport and price were the two most important factors they considered in choosing where to live (Scanlon et al 2018). These considerations—transport links, affordability and space—are also in line with findings of other research into the priorities of first-time buyers (see for example Palframan et al 2018).

Affordability was the single most important criterion for our sample—unsurprising, given that they had all registered interest in an affordable-housing scheme. According to the Office for National Statistics, London was the least affordable region for prospective first-time buyers. In 2017, prospective FTBs in their 20s could expect to spend 13 times their earnings buying a property in the capital, compared with 5.5 times in the North East. The average lower-quartile price for all dwellings across the capital as a whole in March 2019 was £354,050, and for flats and maisonettes was £315,000. These numbers are higher in inner London, where most of our sample live and want to stay.

Transport links were the second most important factor—meaning, for most, accessibility to public transport, as 59% of respondents said they used the tube for all or part of their journey to work. A further 22% cycled (some combining the bike with public transport). About two-thirds said their commute took between 30 and 60 minutes (in line with the London average of 46 minutes, according to the Department for Transport [2019]), and 46% spent over £100 per month on commuting.

Top 5 'very important' factors when choosing a home:





## Spacious living

'Spacious living area within flat' was the factor third most likely to be identified as very important. The importance accorded to spacious rooms reflects many respondents' less-than-satisfactory experience in their current homes: 60% said their bedrooms and other private spaces were too small, and 21% said they had to store some of their possessions elsewhere (often at their family home or with friends).

To get an idea of how much space respondents have in their current accommodation, we asked them what items of furniture fit in their bedrooms, as we thought few would be able to provide figures for floor areas. Most bedrooms could accommodate at least two items of furniture apart from the bed, but some were too small for even a single additional piece.

In our focus group, participants discussed the lack of space in their current homes. Some said they were forced to ruthlessly limit possessions because of space considerations.

“ Because I don't have a lot of space, I don't buy much. I always ask myself, do I need it? Can I store it? ”



are storing possessions with family and friends

21%

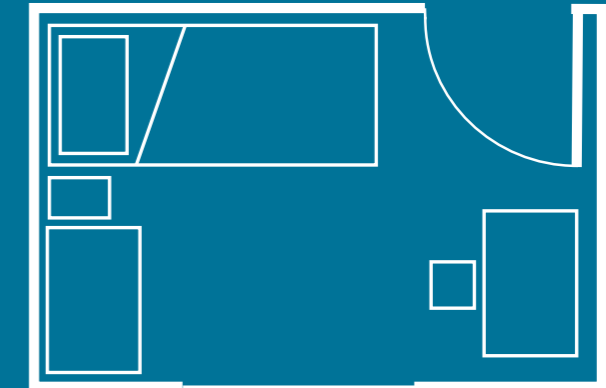


Many respondents living in shared homes had less than 10m<sup>2</sup> of private space

as well as a bed many respondents can only fit two items of furniture in their room

## Typical respondent bedroom sizes

### 6 m<sup>2</sup> single bedroom

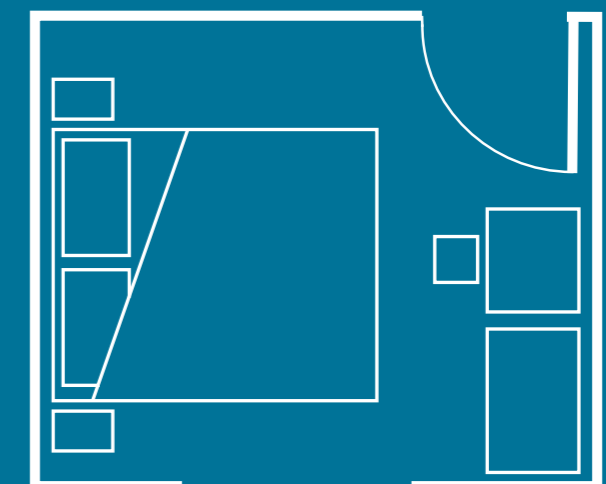


### Minimum sizes of bedrooms in new homes: national standard

Single = 7.5m<sup>2</sup> min.

Double = 11.5m<sup>2</sup> min.

### 10 m<sup>2</sup> double bedroom



### Creating a feeling of space: An architect's view

A sense of space can be achieved by designing a little extra width to the apartment entrance hallway and allowing a view upon entering through to an external window. Full-height windows are a cost-effective way of admitting extra daylight to make rooms feel more spacious.

An open plan kitchen, dining and living space can help apartments feel bigger. Apartment layouts of traditional cellular rooms often lead to corridors which are better omitted and the area given over to living spaces.

The clever design of storage is important. As a practice we try to design homes with slightly more storage than the statutory minimum if we can. In particular, utility cupboards and storage areas should be big enough to be useful. A cluttered home with nowhere to store the vacuum cleaner and suitcases will feel small.

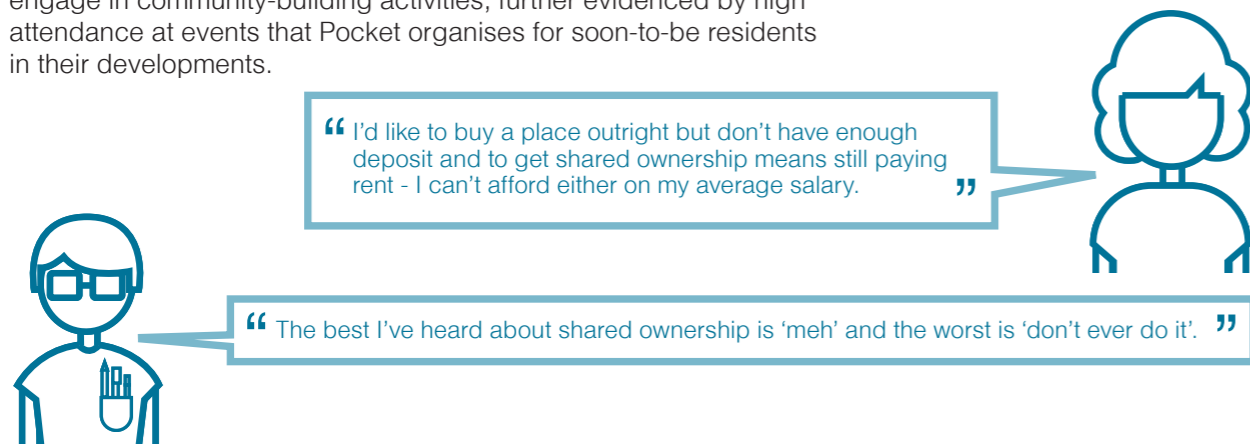
Residential developers do not generally build homes larger than the statutory minimum area and minimum ceiling heights to promote density and allow their homes to be affordable. While areas can serve as an indicator of space, poor design of this space can reduce usable area. Given that many respondents are living in single rooms in buildings that weren't designed for sharers, a purpose-built and well-designed smaller flat can be a huge step forward.

## Attitudes to other housing options: How much do social spaces matter?

Our respondents seemed to have taken a mental step towards home ownership and showed little interest in long term rental options, even those targeted specifically at young professionals. Only 28% said they would definitely consider a purpose-designed rental flat (build to rent) and 6% would consider co-living. There was also a lukewarm feeling about shared ownership, perhaps reflecting its hybrid legal status, the cost of the rental element, and lack of clarity about the distribution of responsibilities between shared owners, landlords (usually housing associations) and building managers (Cowan et al 2015).

London's current housing policy supports the development of purpose-built private rental blocks, which are seen to offer higher quality and better management than traditional buy-to-let. Few of our respondents had personal experience with the build-to-rent offer: despite their growing profile there are still relatively few schemes in London. Operators of bespoke build-to-rent developments see shared social space as a powerful marketing tool: build-to-rent operators and co-living schemes offer rooftop gardens, co-working spaces, dining and food-preparation rooms, cinemas and residents' cafes, all shared. But having access to shared social space did not rank high for our sample, with only 5% saying 'high-quality shared social space' was an important thing they looked for in a home. Partly because of the provision of these facilities, monthly rents in build-to-rent blocks tend to be higher than buy-to-let rents (Scanlon et al 2018). This may lessen their appeal for our respondents, who were prioritising saving for a deposit.

Although shared social spaces were not a priority for respondents, this does not mean they reject neighbourliness. Asked whether they would take part in Pocket-organised community activities, more than 80% of respondents said they would possibly or definitely be interested; just 2% rejected the idea. This suggests a willingness to engage in community-building activities, further evidenced by high attendance at events that Pocket organises for soon-to-be residents in their developments.



## Aspirant homeowners' housing journeys: Sharing, moving and compromising

Moving to a Pocket home would be a step change in most respondents' housing situation, as fewer than a third of them were living in separate households (that is, in a home alone or with a partner). Almost half were sharing a private rented house or flat—usually with two or three other people, though a few shared with more than five—or lodging with unrelated people, even into their 40s (Figure 5).

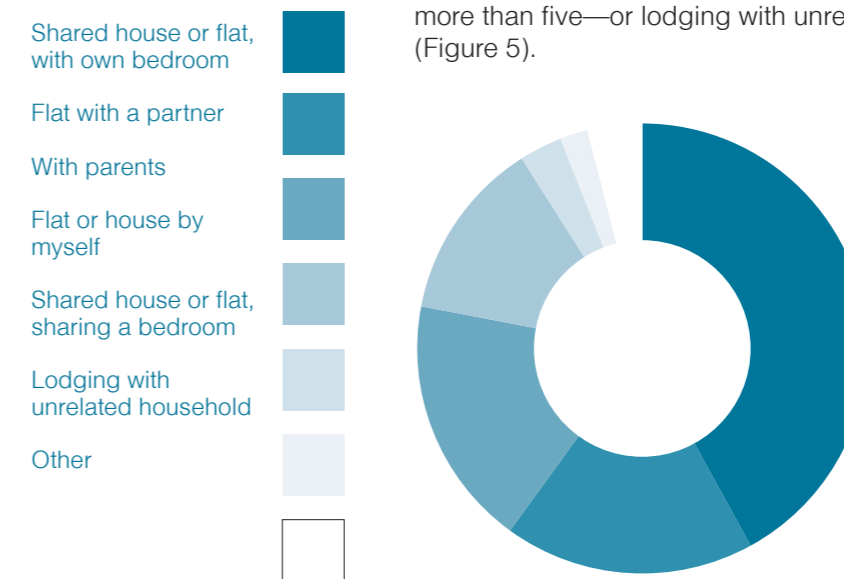
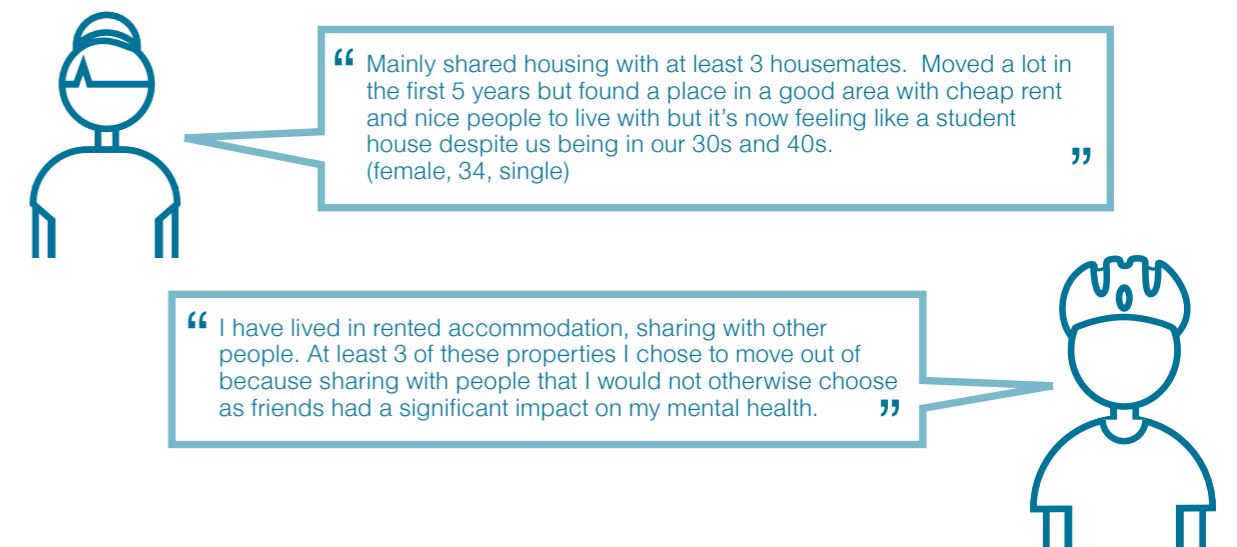
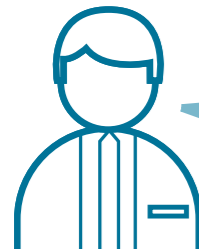


Figure 5: Current living situations

Sometimes these sharing arrangements blossomed into real friendships, but many said they disliked sharing their homes, especially with people they didn't previously know.



Possibly related to the fact that they were sharing accommodation, many said their flats, bedrooms or kitchens were too small. There were complaints about the layout of rented properties (especially the lack of communal space), and the quality of furniture or décor.



“ There isn't enough kitchen storage space, only 1 personal cupboard per person which is too little. There is space for more cupboards but the landlord isn't interested in installing them. Some rooms aren't that big, don't have shelves and the overall storage space isn't that big. Better/cleverer storage would be nicer. I don't like not having underbed storage. I wish we could ask the landlord to store furniture we don't need. Even though desks and a chair were provided for each room, there isn't really space for them as we've all brought chests of drawers. The desks and chairs now take up space in the living room. ”

“ The living room has been cannibalised for another bedroom so unless you hang out in the kitchen it's a bit soulless. ”



of living rooms in shared rental accommodation have been converted into bedrooms\*



\* Ellson 2019

Some 18% of respondents were still living with their parents (a common choice in London for those able to do so). This was more frequent amongst younger people—29% of respondents in their 20s lived in the parental home—but a few were doing so even in their 40s. Respondents who lived in the family home were grateful they could do so, saying it allowed them to save money, but at the same time resented the feeling of dependency it created and felt aggrieved that even as adult professionals they could not afford to live independently. Some had moved into independent accommodation but later returned to their parents' home when affordability became a problem.



“ I'm stuck here for work, (designer) I'm 30 and I live in my mum's box room. I can't save quickly and I can't afford market rent. ”

“ I am 27 and currently live in my mum's (housing association) house sharing a room with my sister. It's shameful that I am living this way at this age. I can't afford to rent at the moment and save for a home. ”



Just over half of those living with their parents said they paid some rent, but for some there was one clear benefit to living at home:



“ It's free :) ”

Currently about half of London dwellings are houses or bungalows, and a substantial proportion of the city's flats are conversions. 58% of respondents either live in houses or are in conversions that were originally built as houses. Only about a third of respondents live in purpose-built blocks of flats. While this reflects the profile of London's housing stock, which is dominated by streets of Victorian and Edwardian terraced and semi-detached homes, it does indicate that most are housed in buildings that weren't designed for multiple occupation. This continual subdivision of older houses is not new but it is the primary rental option for so many young Londoners and for much longer than they ever anticipated.

Apart from those living with parents, our survey sample were almost all renters, with a large majority renting from a private landlord (88%). Private-sector tenancies offer limited tenure security, and respondents' residential histories have often involved regular (often unwanted) moves. The median length of stay in their current home was only about two years. On average respondents had already lived in three properties in London, but some said they had lived in more than ten different properties. Because of too-frequent moves and landlords' restrictions, many respondents said their rented flats didn't feel like proper homes. Some added that they felt like they hadn't really grown up.

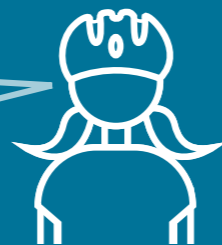


Median length of stay in rental home



“ (My journey so far has been) 2 years in one freezing leaking house with 2 friends, with a very bad landlord who wouldn't fix anything; 8 months in an otherwise very nice flat with a terrible damp problem; 2 months in a house-share that the landlord abruptly took back to move into herself; 1 year in a very nice flat with 3 friends; 3 years in a very nice house-share flat with 2 friends and partner, but impossible to get anything fixed ”

“ It's been terrible. Constantly renting and moving from one place to another. The longest I've lived in one place is just under 3 years. This is due to work commitments but also because of issues that have arisen with either the landlords or the housemates. I've never had anywhere I could call home or felt that I wanted to make a home. It's all just so temporary. ”



“ (My journey so far has been) Dalston in 1999, then Barnes, Balham, Colliers Wood, Blackheath, Kilburn, Bloomsbury, Clapham Junction (male, 45, single) ”

Many respondents described poor conditions in the properties they rented, and/or said they were dissatisfied with the service they received from private landlords and agents. They talked about poor responsiveness on repairs and high fees. On the other hand, a few said they loved their current landlords.



“ High rents, steep landlord charges, tiny rooms, damp, awful neighbours, dreadful sound proofing, weed smoke in the communal areas, litter dumping in communal areas. ”

“ Water leaks through the ceiling when it rains (landlord never fixes properly), small, poorly insulated (freezing in winter, boiling summer), damp and mould issues, no taps in bath so can only use it as a shower, not allowed to put anything on the walls (including posters!), top up meters which make gas incredibly expensive - can only afford to put heating on for two hours max in the winter. ”



“ My landlord is lovely and the house is a great size with a garden. ”

Tenants often felt they were throwing money away by paying rent, and said it would be cheaper to make monthly payments on a mortgage—if only they could scrape enough for a deposit. Many felt a strong sense of unfairness, saying they had studied and worked hard and become successful in their professional lives, but even so they couldn't get on the housing ladder in London.



“ (I've) paid more than £106,000 in rent. Can't save for a deposit to buy anywhere, despite having worked the whole time I've been in London and earning an above-average wage. ”

“ Have always lived in shared accommodation renting a room as unable to afford renting a whole property. Even now as a qualified accountant working in the field I have to keep living in shared accommodation if I am to have any hope of one day managing to put a deposit together for a property. Especially as a single applicant. I feel hopeless. (female, 36) ”



“ Rent, rent and rent! Extortionate rents! ”

## Are young Londoners committed to *this* city?

Asked where they would like to be living in the future, most respondents wanted to stay in London at least for the medium term. Looking ahead five years, the group hoped to remain in the capital, with 57% preferring inner London and 28% preferring outer. Interestingly, the desire to live in inner London was more pronounced among older respondents than younger ones.

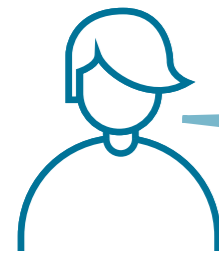
Over the longer term (10 years) more saw themselves away from London, but still nearly two-thirds said they would prefer to stay: the main change was that fewer said they wanted still to live in inner London in ten years' time. As for long-distance moves, only 5% of respondents wanted to move abroad in five years' time but 15% were attracted by this option when looking 10 years ahead.

How realistic are these aspirations? Our focus group participants were well aware of the challenges.

“ Will I ever own a home? With the rent I pay, I can't save much—it would take me 40 years to save enough. ”



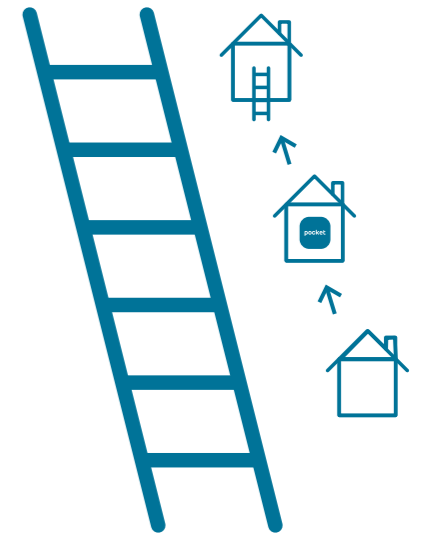
Some saw moving overseas (or at least buying overseas) as an alternative to London's high prices.



“ I'll live in London as long as I can as a renter and save to buy abroad. It's my only option at the moment to be honest. ”

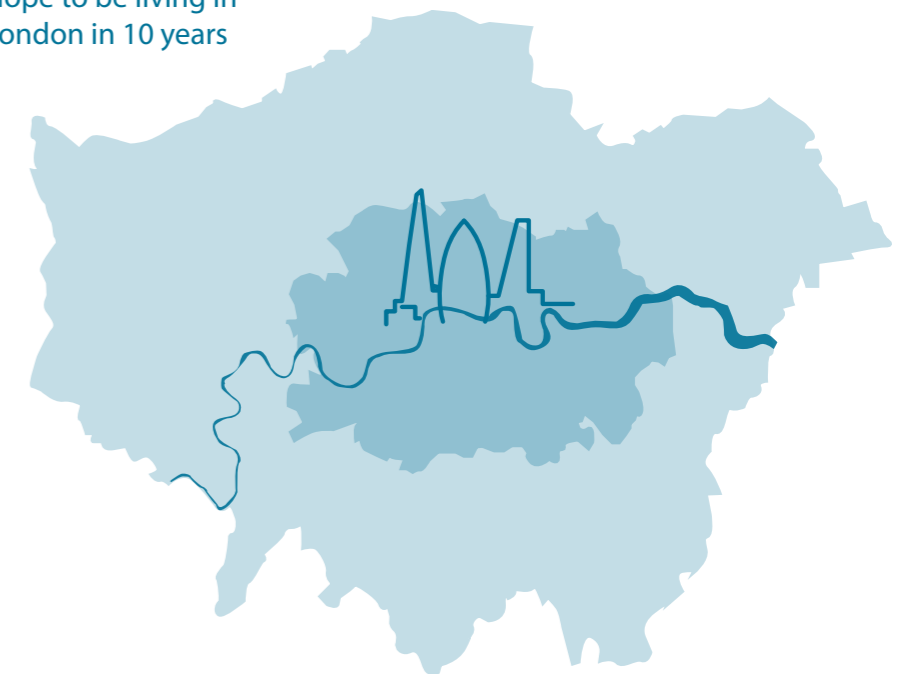
Our respondents generally saw a Pocket purchase as a stepping stone into owner occupation rather than a permanent lifetime home. The highest proportion said they expected to stay between three and six years in a Pocket home; only about 13% said they planned to stay for more than ten.

The highest proportion of respondents expect to stay in Pocket home between 3 and 6 years



**85%** Hope to be living in London in 5 years

**62%** Hope to be living in London in 10 years



# Conclusions

This study gives unique insight into an important and under-researched cohort: prospective first-time buyers in the capital. We need to know about their needs and experiences if cities like London, New York and San Francisco are to thrive. The survey provides the most nuanced and detailed picture available of how prospective homeowners in the capital live now, and how they wish to live.

The research casts light on the compromises people make to be in London. Many live in poor-quality flats or houses, sharing with other adults (not always friends or even people they like) well into adulthood. Since 2001, there has been a 28% increase in single adults living in multi-adult households. Their homes are cramped—many sharers have less than 10m<sup>2</sup> of private space, and 60% say their private spaces are too small. They are expensive, with a median rent of £700 per person for a room in a shared house. Respondents didn't expect to rent as long as they have — the average is 7 years but some have rented for up to 20 years.

Not all our respondents are poorly housed in physical terms—some live in comfortable homes in accessible neighbourhoods. But regardless of the quality of the dwelling, these young Londoners find long-term renting unsatisfactory: they lead peripatetic lives, keeping possessions in bags under the bed and negotiating the use of communal space, moving not when they decide to but rather when it suits their housemates or their landlords.

What are the alternatives? These households would not qualify for social housing, nor would most of them expect it. The nascent Build to Rent sector offers well-designed flats with tenure security and professional management and can work well for those who are happy to be tenants, but rents are generally higher than local buy-to-let properties, making it harder for prospective home buyers to save for a deposit. Co-living suits a younger age group but offers even less space than shared flats.

These alternatives hold little appeal for our respondents. They do not want to be secure tenants; they want to be London homeowners. However there is a mismatch between their aspirations and the housing on offer. They would buy in Zone 3 or 4, but even in these areas house prices are well beyond their means. 90% of our respondents are actively saving, but the gap between the average deposit for first-time buyers in London (£149,000) and what they expect to save (£30,000) is enormous. Without help of some kind—eg through Help to Buy and/or affordable schemes like Pocket—they fear they will never be able to purchase in the capital.

They do have choices. They could move beyond London's boundaries and commute; they could leave the area entirely. They have chosen to remain in the city, many sharing or living with parents in to their 30s or even 40s to save for a deposit. Some will of course manage to acquire a Pocket home or buy a shared-ownership flat; a few may find their circumstances transformed by an unexpected inheritance. But many—perhaps most— will eventually have to choose between renting into the long term or moving out of the neighbourhoods where they now live, and possibly out of London entirely. The choice is particularly stark for those hoping to buy on a single income, like most of our respondents. It is notable that our sample was dominated by single women, who made up only 8% of first-time buyers in the country in 2015/16 (vs 18% for single men). The gender aspects of demand for intermediate housing could be worth exploring further.

Does it matter that these people can't afford to buy homes in the capital? After all, everyone's choices are constrained by their resources, and ordering and illuminating our choices is one of the functions of a market. But market forces alone may not generate the best outcomes for our communities and the city as a whole. Those individuals who are able to purchase affordable homes clearly benefit: they can leave behind the insecurity of renting and put down roots. As important, society at large benefits from having young people and middle-income people living in urban centres. It supports the economy: London needs workers like teachers and police officers, chefs and nurses in order to function as a city. It also fosters genuinely mixed communities rather than an unbalanced combination of the very rich and the very poor, it enables the growth of creative and business clusters, and allows urban workers to live low-carbon, sustainable lifestyles. All these are good for the whole community. All of London stands to lose if we cannot help those most committed to making their lives here to meet their housing aspirations.

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## Endnotes

1. LSE London analysis of GLA Datastore figures on country of birth of Londoners, from 2011 Census
2. LSE London analysis of GLA Datastore figures on age of Londoners by year, from 2011 Census
3. Unless otherwise indicated, quotes are from free-text responses to the survey questions, 'Please tell us something about your housing journey in London so far'; 'What do you like about your current home?' and 'What do you dislike about your current home?'

## Annex: Who qualifies for a Pocket home

Pocket's allocation criteria reflect the official definitions of affordable housing from the National Planning Policy Framework (MHCLG 2019b) and the requirements of local authorities. To qualify as NPPF-compliant affordable housing, the homes must go to households with local connections and with incomes under a certain ceiling; they must also carry a discount of at least 20% as compared to market prices or rents. Anyone may register interest with Pocket, but to qualify for a home, individuals must either live or work in London. While registrations are accepted from individuals living anywhere in the capital, Pocket's agreements with the boroughs where it develops stipulate that buyers can only purchase homes in the borough where they currently live, or where they work. The GLA provides debt funding to Pocket to underwrite land acquisition from its affordable-homes fund. Pocket is not active in every borough.

Both single people and couples can register, although singles are always prioritised over couples in the allocation process. Registrants must be 'first-time buyers' (that is, they can't own any other property when they apply) and have a household income of under £90,000 (the ceiling for eligibility for affordable housing under the 2019 draft London Plan). The average income of a Pocket buyer is much lower, at £40,000. Help to Buy is available on some schemes.

Buyers are not permitted to resell within the first year, and when they do sell the property on they must find a buyer who meets the same eligibility criteria. All Pocket schemes are car-free, and the homes do not provide individual gardens.



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SEPTEMBER 2020

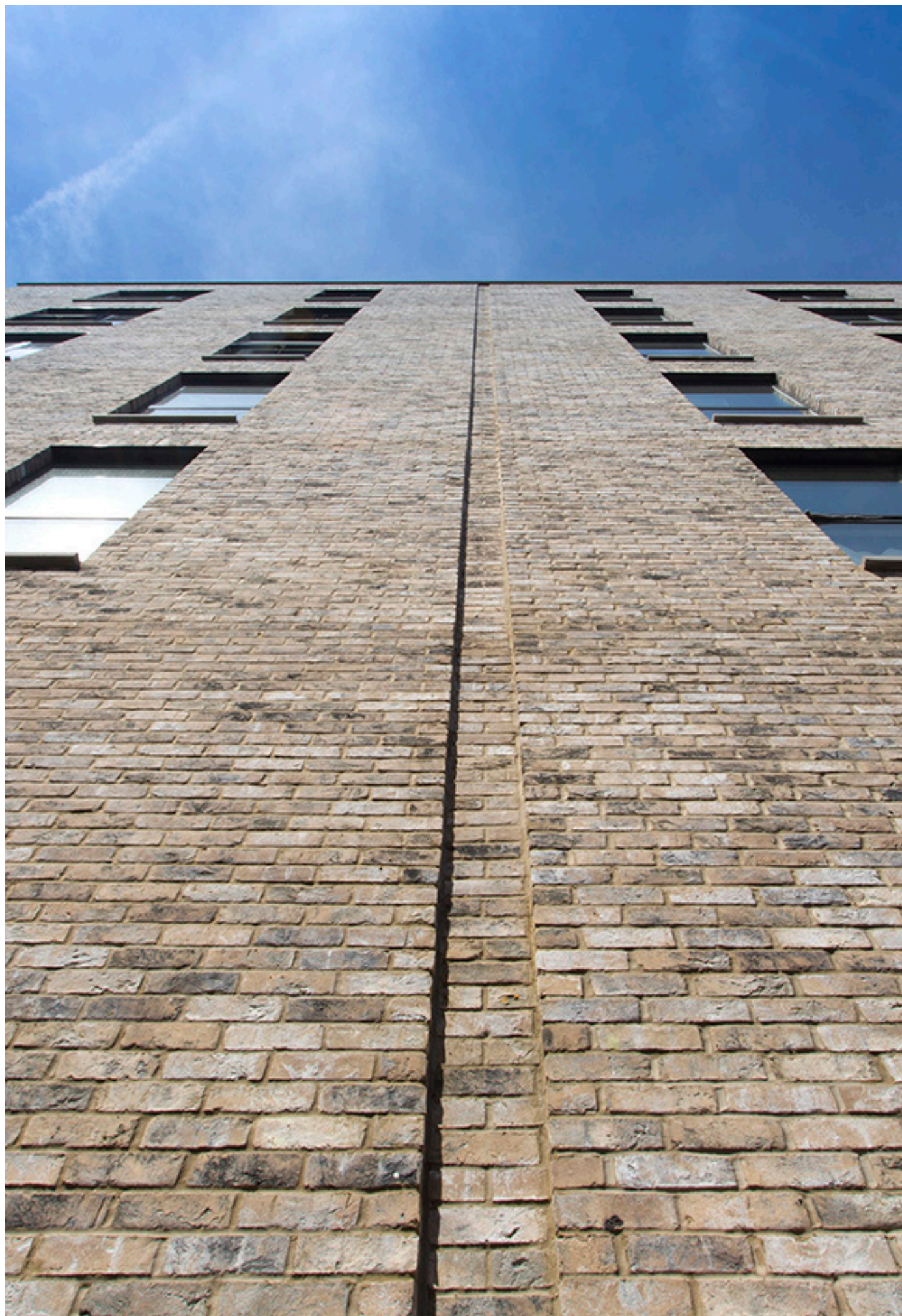
# Small Sites: Unlocking housing delivery



LICHFIELDS

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## **Executive summary**

This report analyses why small sites are not playing a more meaningful role in the UK's housing delivery. Based on a sample of 60 developments across London, 10% of the small sites granted planning permission in the Capital in the last three years, it considers the journey of developments on small sites through planning and the constraints and challenges that they encounter.

As the Government looks to reform the planning system, increase housing delivery and increase the role of urban land, the research and its findings have nationwide relevance and provide the evidence to help inform discussions on planning reform<sup>1</sup>.

<sup>1</sup>MHCLG 2020, Planning for the future.



The current planning system is complicated, favours larger developers and often means that much needed new homes are delayed.

**MHCLG, August 2020 Summary paper**

# Key figures

60

The Sample is made up of 60 planning permissions for between 10 and 150 homes.

2,666

The Sample constitutes 2,666 homes including 485 affordable home.

60 weeks

The average determination period for planning applications for development on small sites is well over a year – c. 60 weeks from validation to planning permission.

1

Only one of the 60 permissions was determined within the statutory 13 week period and just two met the Government's 26 week planning guarantee.

2 years

A fifth of permissions took longer than two years from validation to decision (eight times the statutory 13 week period).

23 weeks

Even once the decision to grant permission has been made at committee, with the S106 heads of terms as part of the committee report, it takes 23 weeks to finalise the S106 agreement and issue a planning permission.

71 weeks

The more complicated the affordable housing requirements the longer planning takes: permissions with mixed tenure affordable housing took 71 weeks compared with 56 weeks for permissions with only intermediate homes.

17 weeks

Where viability assessments are not required it takes half the time to get to committee. BUT the time taken (17 weeks) is still protracted.

75%

In 75% of the cases, affordable housing and viability was one of the main issues in determination, with a third of the cases delayed by protracted debates over land value.

23%

Just under a quarter of permissions on small sites require two or three successive planning applications to secure permission supporting the need for a more proportionate, less complex approach.

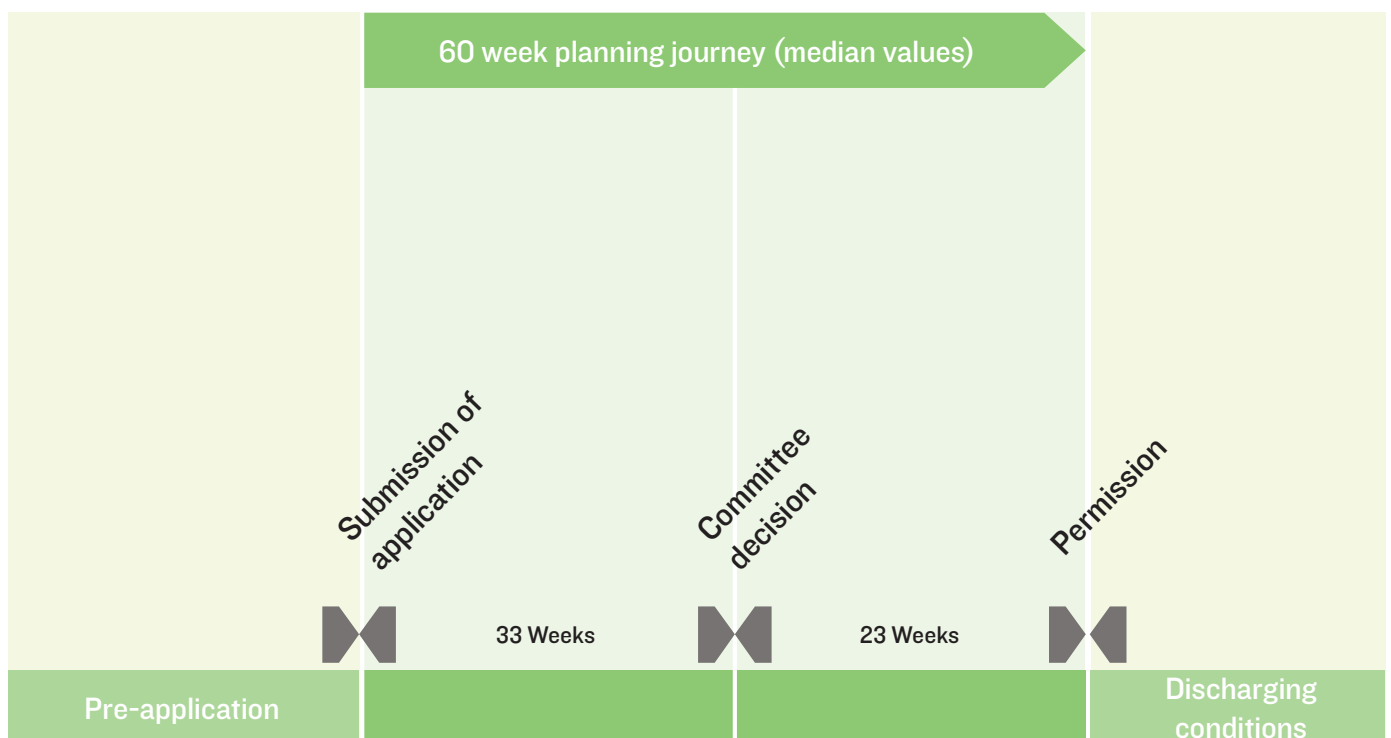
40%

Two fifths of the first time permissions require major amendments during determination.

The current one-size-fits-all planning system is disproportionately complex and cumbersome for small sites. The system is inadvertently causing delays in the determination of applications, inhibiting development viability and limiting the delivery of new homes on small sites. It in part explains why there are now comparatively few small developers left building homes.

A series of recommendations are drawn from the research findings to help inform ongoing discussions on planning reform to help harness the housing delivery potential of small sites. The recommendations include:

- The NPPF should go further in its recognition of the importance of small sites, requiring local authorities to take a proportionate approach to planning for small sites and supporting their swift delivery
- Granting Permission in Principle (PiP) on brownfield sites which are smaller than 0.25 hectares, well-served by public transport/local amenities and where at least 40% of the homes will be affordable through a payment in lieu or a single tenure on-site intermediate affordable housing component.
- To expedite and aid delivery, ensure that the technical consents stage of the PiP process is akin to prior approval; it should be a consideration of any required assessments and NOT the merits of the proposal against the local plan.
- Speed up delivery with a streamlined process after a determination with planning conditions kept to a minimum, especially pre-commencement, and deemed approval of conditions six weeks after their submission.
- In advance of more substantive changes to the SIO6 process, the Government should enforce firm deadlines for the conclusion of SIO6 agreements to ensure faster delivery of new homes.
- Tenure simplicity for small sites. For small brownfield sites (less than 0.25 hectares) that exceed the affordable housing threshold, and in advance of more substantive reform, the NPPF should stipulate two affordable housing routes: a payment in lieu or on-site delivery of single tenure intermediate affordable homes to avoid protract negotiations on tenure and mix expectations hindering both permissions and implementation.





# Foreword



Small sites were once an important contributor to the UK's wider housing supply. Thirty years ago, 40% of the country's homes were delivered by small builders. Today it's only 12%. Property development has become the domain of big business and big sites.

In *Planning for the Future*, the Government's White Paper has recognised the challenges faced by small sites and small developers and is proposing ways to address these. This research provides a timely contribution to the debate about what measures are necessary to unlock small sites.

As Chief Executive of a company focused on delivering affordable homes on small sites, I know there is huge potential for SMEs to step up and play a meaningful role in housing delivery plus make a proper contribution to affordable housing. By taking an in-depth look at the journey of small sites in the Greater London area this research shows that the current one-size-fits-all approach to planning on large and small sites just doesn't work.

Of the small sites analysed in this randomised sample, 98% took longer than the statutory period of determination, with the average delay being more than four times longer than the statutory requirement of 13 weeks.

As a small developer, time is your enemy. In part because you only have so many active sites at any time so delays really cause havoc with your finances. But also, because unlike

larger developers you are having to put more equity into projects, so planning delays in a very real sense cost you money. This is exacerbated by the higher cost of finance with the interest bill rising with every extra week spent securing planning permission. In short, protracted and uncertain planning journeys often mean the difference between make or break.

This research by Lichfields shows that in three quarters of the sites analysed, viability and affordable housing was a principal delaying issue. A third of the sites were stalled due to disagreements between councils and developers over land values and the affordable housing offer. We are asking small sites to do too much. Judging them on the same basis as large sites when they have little space to physically and viably accommodate multiple tenures inhibits delivery and creates disputes.

To end on a positive note. Small sites can and frankly should deliver homes faster, including affordable homes. Pocket has been delivering 100% affordable homes on small sites now for fifteen years. Why? – because we take a simple approach to tenure and deliver beautiful buildings.

Small sites can play a role and with a clear and simple path we could witness a renaissance in small, beautiful buildings that thread our streets and give places distinction and identity.

**Marc Vlessing,**  
**Chief Executive Officer, Pocket Living**



It is a very important time for planning and the house building industry. The Government is proposing major reform to the planning system to help increase the delivery of new homes and boost economic recovery. Smaller developments on urban sites have a critical role to play but are inhibited by a complex and cumbersome planning system that fails to differentiate between small and large schemes.

Lichfields is pleased to have teamed up with small sites specialist Pocket Living to investigate the planning and delivery of new homes on small sites and the issues faced by smaller developers. Our analysis draws upon a sample of 60 developments at small sites across London. It interrogates how long it takes to obtain planning permission and deliver new homes, whether there are delays, and if there are, what is causing them.

The conclusions are compelling. It is clear that the planning process is taking far too long on small sites and the challenges associated with dealing with viability and affordable housing issues are the main causes of delay. Too few planning permissions for small sites are being delivered, especially where developers are tasked with delivering multiple types of affordable housing on small sites and where applicants are required to accept non-viable affordable housing levels to secure permissions.

The study makes timely recommendations to inform discussion around the Government's White Paper, Planning for the Future, to help unlock the huge potential of small sites and small developers in the delivery of new homes on brownfield sites in the future.

**James Fennell,**  
**Chief Executive, Lichfields**



# 1.0 Introduction

There has been much speculation as to why the role small developers and small sites has declined over the last decade but to date there has been no detailed site level analysis which seeks to understand the causes. This analysis of housing permissions on small sites in London has been undertaken by Lichfields in conjunction with small sites specialist Pocket Living. The purpose of the research is to help understand why small sites are not playing a more meaningful role in the delivery of new homes and affordable housing. The London-based analysis enables lessons to be drawn for future housing development on small sites more widely. This is especially pertinent as the Government<sup>3</sup>, and the Mayor of London<sup>4</sup> enact planning reforms to increase housing delivery and consider how development can help the post-COVID-19 economic recovery.

Housing delivery on small urban sites remains a national priority and a national challenge. Policy makers recognise the potential offered by small sites and acknowledge the limitations imposed by the current system. In Planning for the Future (August 2020), the Government recognises both the importance of urban housing delivery and the constraints and challenges imposed by planning processes. The Government is proposing two immediate changes to the system that they consider would significantly help the delivery of small sites; increasing the affordable housing threshold to 40 or 50 homes and extending Permission in Principle to 150 homes. This research shows that reform is certainly needed but a threshold approach is only an interim measure and more fundamental change is necessary to support the growth of small site development and boost housing delivery.

Small sites data is not collected nationally. London is the only region which maintains a record of small sites' planning performance for the last three years. This is the first time a detailed analysis has been undertaken to understand their journey through the planning system.

The research focuses on the journey of developments of between 10 and 150 homes on residential sites smaller than 0.25 hectares. The research is not concerned with

developments under ten homes which fall below the current threshold for affordable housing. It is based on a sample of 60 planning permissions approved across London in the three years to 1 April 2020 drawn from the Greater London Authority's London Development Database. The sample size equates to over 2,666 homes with planning permission and constitutes 10% of the planning permissions on small sites in the capital during this period that meet our assessment criteria<sup>5</sup>.

The Government's White Paper places a greater emphasis on the delivery of housing in urban areas. The proposed new standard methodology for assessing housing need would result in three quarters of housing delivery being in urban local authorities<sup>6</sup>. Many of these developments will be on small sites with fewer than 150 homes; speeding up their delivery is critical to meeting the Government's housing target and delivering the homes we need. As such, the London data set provides some useful lessons as to where the current challenges lie.

The analysis identifies the timeframes for determination of planning applications on small sites and the constraints and delays these applications are encountering. The aim is to shine a light on this important area of the development sector.

<sup>3</sup> <https://www.gov.uk/government/news/pm-build-build-build>

<sup>4</sup> <https://www.london.gov.uk/what-we-do/housing-and-land/buying-home/intermediate-homes-london>

<sup>5</sup> The assessment criteria on which the research is based are outlined at Section 3.0.

<sup>6</sup> MHCLG 2020. Changes to the current planning system-Consultation on changes, 2020.

## 2.0

# Background and Policy Context

The Government is committed to a national housebuilding target of 300,000 new homes annually and one million homes by the end of this Parliament<sup>7</sup>. The Government has also been clear that the house building industry is key to the country's economic recovery from the COVID-19 pandemic<sup>8</sup>.

The "Planning for the Future" policy paper (August 2020) sets out the Government's ambition to secure well-planned development on brownfield land; encouraging greater building in urban areas with an emphasis on good design. It recognises that the current system is unfavourable to small developers; highlighting that smaller firms feel the complexities of a one-size-fits-all planning system. The risks and delays inherent to the current system are challenges to building more homes (ibid).

Alongside the White Paper, the Government is consulting on two short term changes that they consider would significantly help the delivery of development on small sites; increasing the affordable housing threshold to 40 or 50 homes (for a period of eighteen months) and extending Permission in Principle to developments of fewer than 150 homes.

It is well recognised by policy makers<sup>9</sup> and the house building industry<sup>10</sup> that small sites can collectively play an important role in delivering the homes needed in London and other UK cities. As recognised by the HBF (ibid) and in the Government's latest consultation "Changes to the current planning system", development on small sites is typically delivered faster than larger schemes; ensuring that permissions quickly become homes. Smaller developments tend to be built in single phases and are not reliant on new infrastructure delivery. They do not suffer from delays in bringing homes to market (the absorption rate), as identified in the Letwin review<sup>11</sup>.

The Government consultation<sup>12</sup> highlights the challenges faced by small builders:

Thirty years ago small builders were responsible for 40% of new build homes compared with 12% today. The membership of builders' professional bodies has also dropped in that period from over

12,215 to 2,710. In a recent survey (NHBC, 2017 Small house builders and developers, current challenges to growth) of over 500 small firms, they cited their main challenges as the planning process and its associated risks, delays and costs. The survey showed:

- 38% (the highest number) voted this their main challenge and 31% the second highest;
- the majority of firms said the costs of the planning process were getting worse;
- almost two-thirds said the length of time and unpredictability of the system were a serious impediment to homebuilding.

The potential for small sites to make a greater contribution to housing delivery has been acknowledged by the Government in its amendments to the NPPF and by the Mayor of London, through introducing a small sites policy to the draft New London Plan. Indeed, the draft plan targets a 14% increase in annual delivery from small sites over the plan period compared to the 2004 to 2016 trend for London as a whole<sup>13</sup>. Supporting smaller builders has also been a central plank of Government housing policy for at least a decade; most recently through initiatives such as the ENABLE Build loans. This £1bn loan guarantee scheme was launched through the British Business Bank in 2019 to support finance for smaller housebuilders and to help address the challenges faced by smaller housebuilders in accessing finance.

Unfortunately, this national and strategic recognition has not resulted in a material uplift in the delivery of housing on small sites. Instead, there has been a sustained decline in housing delivery on small sites over many decades. SME builders now account for just one in ten new homes in the UK, compared to a peak of nearly half in the early 1980s (ibid). In London, there was a 50% decrease in small housing developments between 2006 and 2016.

This progressive diminution in housing development on small sites is partly due to long term consolidation in the housebuilding industry and economic factors, but is also considered to be a function of the planning system imposing complex planning policy on small sites. Local Plans contain

<sup>7</sup> Planning for the Future 2020. Lichfield's calculations of the new Standard Methodology for calculating Housing Need currently being consulted on implies a higher target of 337,000, an aggregate of all local authorities' housing need nationally.

<sup>8</sup> Johnson, B (2020) Build Build Build Economy Speech: 30 June 2020

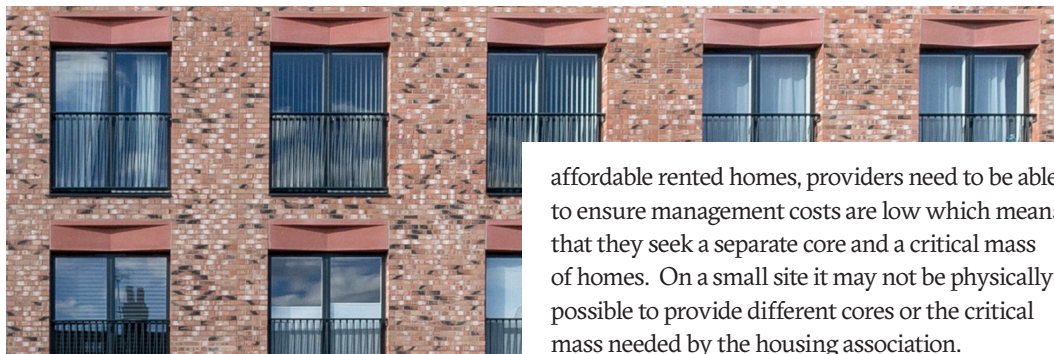
<sup>9</sup> MHCLG 2020, Changes to the current planning system and GLA 2019, EIP draft New London Plan Policy M20

<sup>10</sup> HBF 2017, Reversing the decline of small housebuilders

<sup>11</sup> MHCLG, 2018 Independent review of build out

<sup>12</sup> MHCLG 2020, Changes to the current planning system

<sup>13</sup> Lichfields 2019 New London Plan panel report blog



affordable rented homes, providers need to be able to ensure management costs are low which means that they seek a separate core and a critical mass of homes. On a small site it may not be physically possible to provide different cores or the critical mass needed by the housing association.

an array of policies addressing matters such as land use, affordable housing, sustainability, amenity space, design and transport. There can be tensions between these policy aspirations, especially on small sites where there is limited space to accommodate such competing demands.

In Lichfields' experience there is little, if any, difference in the approach adopted by planning authorities in the determination of small and larger scale developments. Developers of small sites must meet the same policy requirements as developers of large sites but struggle with smaller site areas and development quantum, limited design flexibility and more sensitive margins due to their size.

The policy landscape for affordable housing in particular is varied and complex. In the case of London, every borough has a different approach to viability and affordable housing, creating uncertainty for small housing developments. This can make it difficult to price land and the potential variation in costs for on-site affordable housing is often the difference between a development being viable, and therefore delivering homes and affordable homes, or becoming unviable, resulting in unimplemented and lapsed permissions and empty sites. Similarly, the often-constrained nature of small urban sites can make accommodating different housing tenures and typologies, securing a Registered Provider (RP) partner to manage a small number of affordable homes, and addressing land use matters (such as re-providing commercial space) and other policy requirements, extremely challenging. Accommodating multiple tenures is not just a strain financially but is physically challenging. For

In reviewing the London Plan<sup>14</sup>, the Mayor found that the reasons for low housing delivery from small sites tends to be planning based rather than economic; a result of restrictive and competing policy objectives, particularly relating to limiting density on infill sites, maintaining building heights and footprints and applying inflexible residential amenity and amenity space requirements. It is no surprise that the number of small developments halved in London between 2006 and 2016.

Research by Estates Gazette<sup>15</sup> found that smaller developments in London (between 10 and 25 homes) experience higher rates of refusal than larger developments. The rate of refusal on smaller developments has risen particularly sharply since 2015 (Estates Gazette, London Residential Refusals on the Rise, 2018).

The planning system for small sites is, therefore, often complex, cumbersome and adds significant time and cost risks to small developments. Accordingly, the average scale of housing development with planning permission in the UK has increased in size by 17% in less than a decade<sup>16</sup>. The cost and risk of planning is disproportionately high for small sites (ibid), meaning that in relative terms, there is less commercial risk in investing in larger scale developments.

Against this background, our research investigates why housing developments on small sites are not delivering a meaningful contribution to housing supply. It considers the salient planning issues informing, and delaying, the decision making process and explores whether viability and affordable housing requirements, in particular, are inhibiting development.

<sup>14</sup> [https://lichfields.uk/media/3784/london-plan-insight\\_january-2018.pdf](https://lichfields.uk/media/3784/london-plan-insight_january-2018.pdf)

<sup>15</sup> Estates Gazette 2018. London residential refusals on the rise.

<sup>16</sup> [https://www.hbf.co.uk/documents/6879/HBF\\_SME\\_Report\\_2017\\_Web.pdf](https://www.hbf.co.uk/documents/6879/HBF_SME_Report_2017_Web.pdf)

# 3.0 Methodology

## Population and Sample Size

The research is based on analysis of a sample of 60 recent planning permissions on small housing sites in London, taken from the Greater London Authority's (GLA's) London Development Database (LDD).

For the purpose of this research small developments are classified as residential and mixed-use developments containing between 10 and 150 homes<sup>17</sup>. The lower parameter in this range (10 homes) reflects the NPPF's threshold for major applications and the upper parameter (150 homes) is the scale of development required for Mayoral referral in London.

The overall population of planning permissions in the LDD covers 675 small sites across London that are smaller than 0.25 hectares and gained planning permission in the three years to April 2020. These 675 planning permissions together include 21,646 homes; equating to an average of 32 homes per permission. Of these, 88 permissions provided solely affordable housing and are subsidised by affordable housing grant, so are omitted from our sample. The residual sample of 60 developments therefore represents just over 10% of the remaining 587 planning permissions.

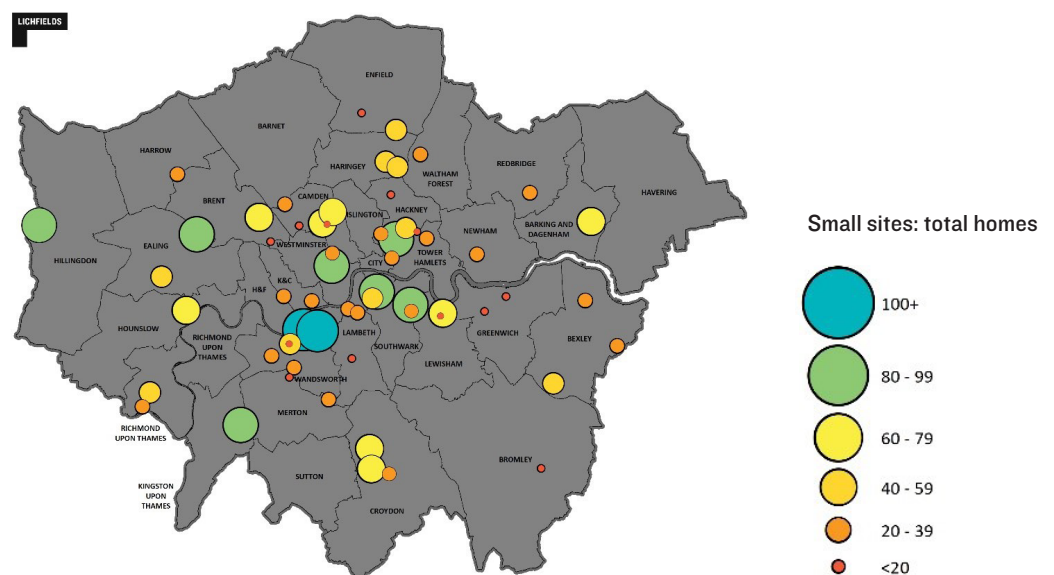
### The 60 developments which form the sample meet the following criteria:

- Residential and mixed-use developments of between 10-150 homes
- Site area under 0.25 hectares
- Developments that received full planning permission in the last three years (permissions dated 01 April 2017 – 01 April 2020)

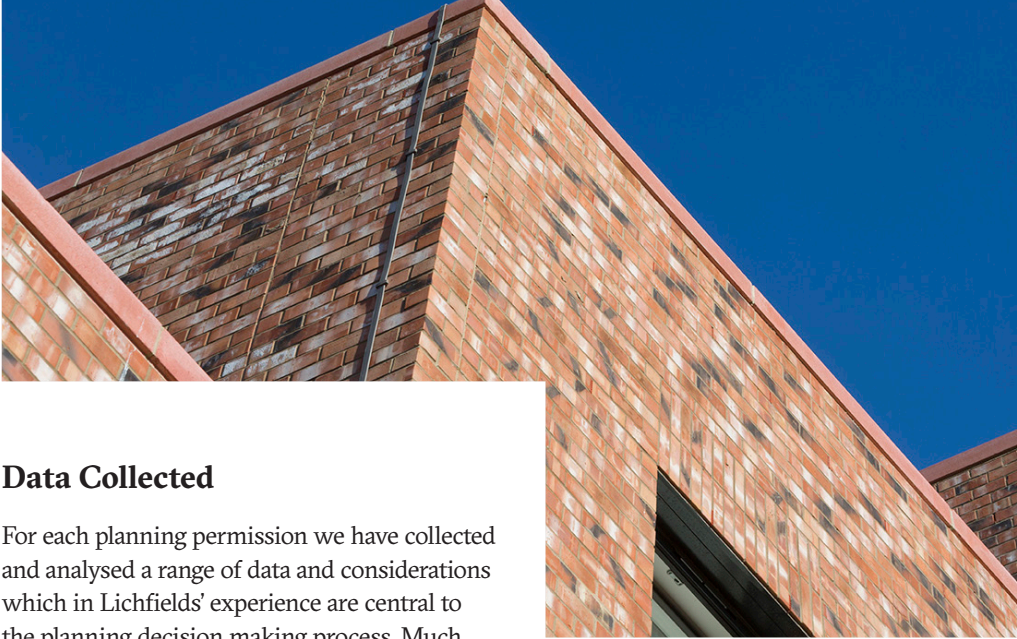
To ensure the research reflects experiences across the capital and is based on a geographically distributed sample, we have selected seven or eight developments each from eight octiles across Inner and Outer: North, South, East and West London. The analysis includes slightly more inner London sites as there are more small sites (as a whole) developed in Inner than Outer London boroughs.

The approach to the sample of sites is outlined at Appendix 1.

### Location of 60 planning permissions sampled by development size



<sup>17</sup> Use Class C3 dwelling house.



## Data Collected

For each planning permission we have collected and analysed a range of data and considerations which in Lichfields' experience are central to the planning decision making process. Much of the data has been obtained directly from the GLA's London Development Database (LDD). This includes the application reference, location and key planning milestones and parameters. Information from the LDD has been cross-checked and the development's viability position has been considered on a case by case basis.

In addition to data from the LDD, each planning permission has been analysed to capture key parameters from publicly available council committee reports and minutes, application forms, Community Infrastructure Levy forms, decision notices and planning application documents. For each permission, we have noted the top three planning concerns considered in these documents. These have been codified into seven common topics:

1. Viability and affordable housing
2. Residential amenity impacts
3. Architecture and design
4. Parking/ Transport issues
5. Land use/mix
6. Height and scale
7. Other (including heritage, dwelling mix, amenity/ play space provision, environmental/ sustainability issues).

Alongside these planning considerations, we have identified whether each planning permission was granted via an application or on appeal; whether the permission follows multiple planning applications; and whether it required major or minor amendments during its determination period. We have defined major amendments during the determination period as formal amendments to a live planning application requiring re-consultation.

A number of affordable housing parameters have also been recorded for each planning permission. Each permission's affordable housing quantum and tenure have been identified and we have highlighted where a payment in lieu of on site affordable housing has been agreed instead. The analysis notes whether each application followed the Mayor of London's fast-track or viability tested route and, where relevant, includes further data on viability negotiations.

A full list of the data collected for each of the 60 planning permissions sampled is contained at Appendix 2.



# 4.0 Sample Profile

The 60 planning permissions sampled from the LDD on the basis of the methodology outlined in the preceding section reflect the range and diversity of small residential developments across London. The following provides a summary of the sample's profile.

The sample of planning permissions includes a range of development sizes within our definition of 'small sites', though most fall towards the lower end of the range. The median number of homes approved in the 60 planning permissions is 33 homes. The sample is composed of the following developments:

- 18 × no. developments of between 10 and 25 homes (30%)
- 23 × no. developments of between 26 and 50 homes (38%)
- 19 × no. developments of between 51 and 150 homes. (32%)

In total, the sample of 60 planning permissions includes 2,666 homes. The 60 planning permissions together include 485 affordable homes (18% of the approved homes in the overall sample) and more than £25 million in commuted payments in lieu of on-site affordable housing.

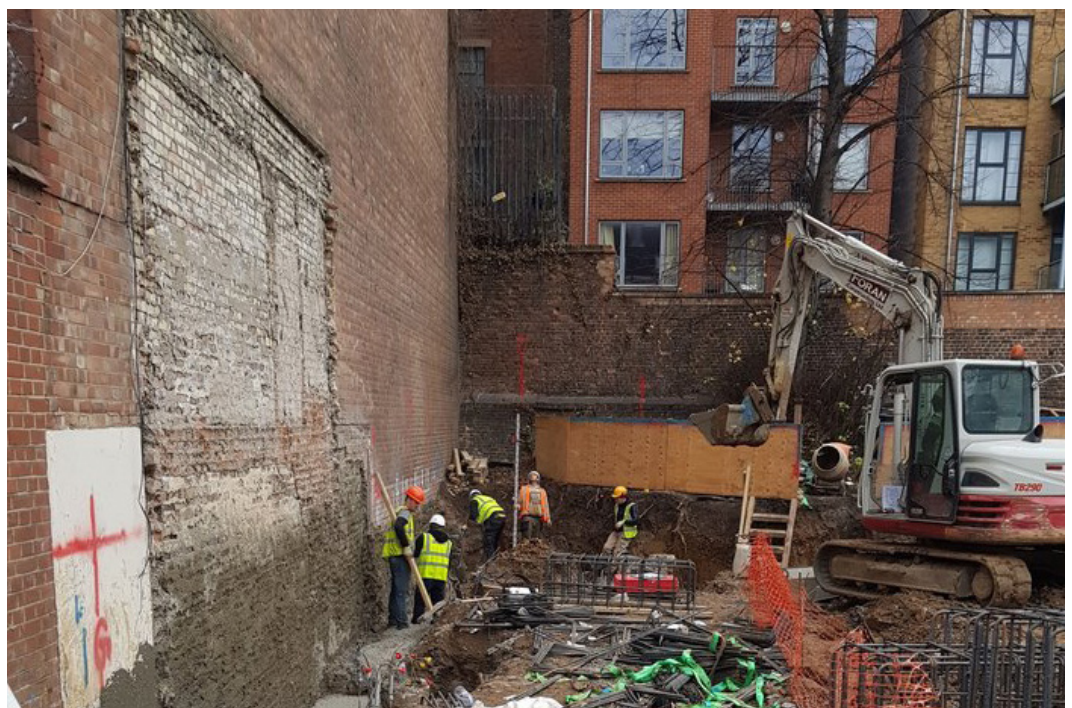
Many of the permissions in the study are for development on vacant land, or on land not currently being used productively, including brownfield sites such as former garages, car breaker yards, former petrol stations and infill sites. Many of these sites offer little to their local areas and in many cases they detract from the area's townscape and the local environment.

Almost a quarter of the planning applications were submitted multiple times before they were finally granted planning permission:

- 77% of the sample were first time applications
- 15% were second applications
- 8% were third applications

Of the 60 planning permissions, 95% were secured locally on application and 5% were secured after a planning appeal.

The majority of the planning permissions in the sample required amendments during their determination. 40% required major amendments and 30% underwent minor amendments (as outlined at Section 4.0 major amendments are defined as those requiring re-consultation).



# 5.0 Are Planning Applications on Small Sites Taking Too Long?

## Summary: Determination of Planning Applications for Development on Small Sites

1. The determination of small planning applications is taking well in excess of the statutory period; just one application was determined within 13 weeks
2. 98% of applications are taking longer than 13 weeks from validation to planning committee
3. The median time from validation to planning committee is 33 weeks. This is in addition to often-protracted pre-application engagement
4. Section 106 negotiations on small developments are taking a disproportionately long time, the period from committee to permission now takes a median of 23 weeks. The median period from validation to issuing the planning permission (following signing of the S106 agreement) on a small application is now well in excess of one year (60 weeks; c. 14 months)
5. The slowest 20% of the planning applications sampled took longer than two years from validation to issuing the planning permission; this is more than eight times the statutory 13 week period and more than four times the 26 week 'planning guarantee' for one fifth of planning applications on small sites
6. Almost a quarter (23%) of small developments require two or three successive applications to secure permission
7. Almost half (40%) of the remaining first time permissions require major amendments during determination

60 weeks

On average from validation of an application to permission

One application made for a former garage in South East London for a development of 14 homes including five affordable homes took more than four and a half years to reach a decision. This included a period of two and a half years finalising the Section 106 agreement.

The analysis reveals that small sites are not being determined expediently. 98% of applications reviewed fell outside the statutory determination period of 13 weeks. A significant proportion of applications are taking years to determine. The extended time taken for the determination of planning applications on small sites may explain in part why fewer small sites are coming forward in London and other UK cities.

A primary focus for the research is, therefore, quantifying and interrogating the time taken in determination. It has considered, firstly, the time taken from validation to achieving a resolution to grant planning permission at planning committee, and secondly, the period from validation through to securing a decision following completion of a legal agreement.

# 33 weeks

on average from validation to committee

The average periods taken to determine the sampled planning permissions are as follows:

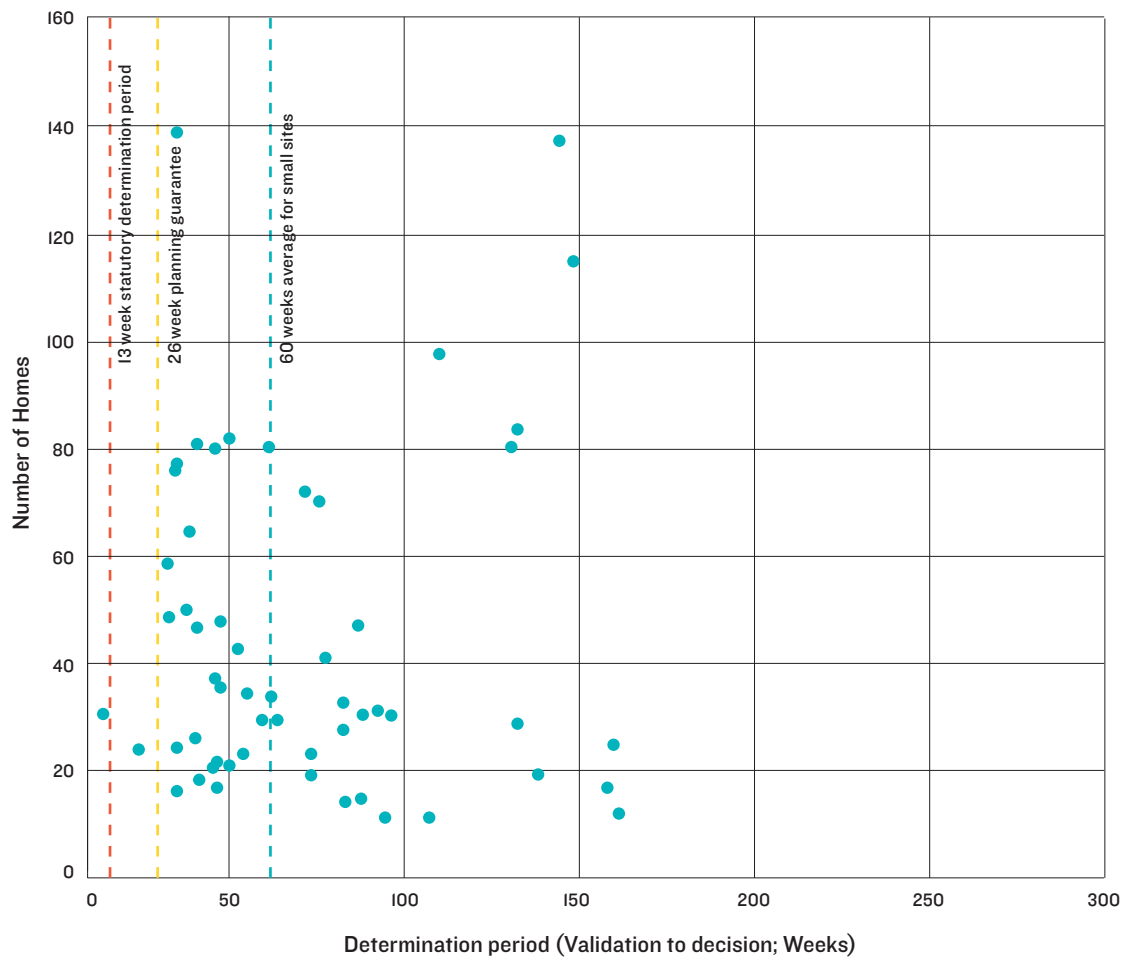
- Average (median) timeframe from validation to committee: 33 weeks.
- 25% of the permissions took longer than 57 weeks from validation to committee.
- Average (median) timeframe from committee to permission: 23 weeks.
- 25% of the permissions took longer than

43 weeks from committee to permission.

- Average (median) overall timeframe from validation to decision (including s106): 60 weeks.
- 25% of the permissions took longer than 90 weeks from validation to decision.

The chart on page 8 illustrates the

Determination period for the 60 sampled planning permissions



Source: Lichfields analysis

determination period for the 60 sampled planning permissions; plotting the development scale against the determination timeframe (in weeks) and highlighting the median time taken from validation to committee.

There is no overall correlation between development quantum and determination period. Many of the smaller applications experienced the longest determination. For example, eight of the planning permissions of fewer than 20 homes took more than 80 weeks between validation and permission being issued. This suggests that even the smallest developments are encountering the same planning challenges and delays as larger developments.

The Town and Country Planning (Development Management Procedure) (England) Order 2015 establishes a statutory determination period of 13 weeks between validation and decision for 'major' planning applications (in excess of 10 homes) that do not require EIA. All 60 of the sampled planning permissions meet these criteria, so a determination period of 13 weeks should have applied (unless an alternative timeframe was agreed between the applicant and planning authority). Where a planning application does take longer than this statutory period, the Government has defined a 'planning guarantee' which requires a decision to be made within 26 weeks of an application's validation<sup>18</sup>.

The determination periods for the 60 planning permissions sampled are outlined below in the context of these targets:

- 98% of the small planning permissions fell outside the statutory 13 week target (59 of the 60 permissions analysed)
- A single application was determined within the 13 week period (a 30 home development which was itself a second application at the site. The Council accepted the financial viability assessment following an earlier refusal and the site was not required to provide either on site affordable housing or a

payment in lieu)

- 97% of the permissions were determined outside of the 26 week period set by the Government's planning guarantee (58 of the 60 permissions)

On average, the developments sampled on small sites took almost 8 months from validation to committee (as above, a median period of c. 33 weeks) and approximately 14 months from validation to permission, post S106 agreement (a median of 60 weeks). A considerable portion of this timeframe (c. 23 weeks) covers the post committee period before the planning permission is issued during which the Section 106 agreement is completed. This process is taking on average six months.

The period to committee is longest where an application includes no affordable housing or a payment in lieu. We would expect this to be the result of the process taken between a developer and a Planning Authority to conclude it is not possible to provide on site affordable housing or a payment in lieu for viability reasons.

A large portion of the determination period is once the decision has been made to grant planning permission and involves negotiating the S106 agreement; the median time for the S106 is 23 weeks, which is itself longer than the statutory determination period. It is shorter where there is no affordable housing provided, either on site or through a payment in lieu; the affordable housing element of the S106 discussions appears to prologue negotiations, even though the heads of terms will have been agreed at committee.

It is now commonplace that the S106 heads of terms are included in the officers' committee report. This will include the areas to be covered by the S106 as well as the quantum for each financial obligation. It will also often include the timing of payments. Typical S106 heads of terms include: transport contributions such as improvements to access and local roads, provision of a travel plan and contributions to local Controlled Parking Zones; carbon offsetting arrangements; and employment and training obligations. It may also

**23 weeks**

time from committee  
to permission

<sup>18</sup> Determining a planning application Paragraph: 002 Reference ID: 21b-002-20140306.

**98%**

of small sites miss the statutory 13 week target for determination

include arrangements for the operation of the development's affordable housing such as how it will be marketed and maintaining the homes as affordable. Often the most complex and time-consuming Section 106 clauses relate to affordable housing timing (although on small sites this should be straightforward) and the detail of how review mechanisms will operate.

The practice of including heads of terms in committee reports has been adopted to add transparency and clarity, and speed up planning permissions. Once a committee has resolved to grant permission agreeing the final S106 should be straightforward, but as this research shows this is not the case and it is taking too long, in some cases longer than the determination period up to committee.

The most delayed 20% of the planning applications took longer than two years (104 weeks) between validation and reaching a planning permission (11 x no. permissions secured on application and one at appeal). This is an alarming statistic. The determination process took more than eight times the statutory 13 week period and more than four times the 26 week 'planning guarantee' for one fifth of the planning permissions on small sites.

Lichfields' experience is that prior to submission, pre-application engagement with a planning authority can typically add a further 3 to 6 months to the planning programme for small developments. The Government's Planning Practice Guidance highlights the value of pre-application engagement, noting that it is intended to improve the efficiency and effectiveness of the planning system, though it

can add considerably to a project's timeframe.

Similarly, a planning permission is not implementable until planning conditions and obligations have been discharged and the CIL liability formalised. This can typically take a further 6 months following receipt of a decision and prior to development commencing on a small site.

Allowing for these periods of pre-application engagement and post-decision mobilisation, it can frequently take two years or more between commencing pre-application engagement and a development on a small site becoming deliverable.

A large proportion of the sampled permissions were second or third applications for the same site. Almost a quarter (23%) required two or even three successive planning applications before permission was granted. Even for these 'follow up' permissions the planning journey was not significantly shorter with the median determination period from validation to permission taking 53 weeks compared with 60 weeks for the overall sample. Within this period, the median time taken after the committee, seemingly used to agree Section 106 payments, was even longer than the overall sample, 26 weeks rather than 23.

In some cases, the earlier applications on these small sites were withdrawn by the applicant, though where earlier applications had been refused, the reasons for refusal most commonly related to height and scale, design, residential amenity effects and affordable housing provision. In many cases, a follow up application was then progressed which



2 years

Most delayed fifth of applications take to permission



sought to address the earlier reasons for refusal on these sites. These second applications should ostensibly have been dealt with promptly and positively by the local authority. However, in several cases, where a revised application was progressed, the determination period for that second application was still protracted due to other 'new' planning issues being introduced by the local authority or, more frequently, owing to further protracted viability and affordable housing negotiations. There is often a lack of consistency and a rather disjointed approach to the determination of these successive applications.

Around half of the remaining first time permissions also required major amendments and associated (re)consultation during their determination process. The most common changes to these applications related to the development's height, scale and density, their architecture and design and their affordable housing provision. Many of these developments had previously been the subject of pre-application engagement, yet major amendments were still frequently required during their detailed consideration. The need for amendments frequently stems from issues that arise during the consultation process, technical reviews of application documents or more detailed interrogation of drawings and documents by Officers during the determination

process than happens at the pre-application stage. These amendments can also be a function of a change in Case Officer or a change in the stance of Officers following pre-application engagement or during the determination stages of a project.

The frequent requirement for successive applications and/or major amendments during an application's determination period clearly add to the prolongation in delivering developments on small sites. The need for repeated attempts and amendments can of course be caused by the applicant's approach to a project, but it often reflects inconsistency, changes in stance and the challenges of balancing complex and conflicting policy requirements on the part of the local authority. These repeated attempts and amendments are a drain on resources (both for the applicant and the local authority), and are delaying and limiting the contribution small sites can make to housing delivery. A simpler and more consistent planning system is required to significantly reduce the need for repeated applications and amendments to applications on small sites.

# 6.0

## What are the Key Planning Issues?

75%

of permissions have viability and affordable housing as one of their principal planning considerations

### Summary: Key Planning Issues Encountered on Small Sites

1. Viability and affordable housing forms one of the principal planning considerations in the majority of the planning permissions sampled
2. There is evidence of extensive negotiations on viability and affordable housing matters in many cases and a lack of agreement on land value matters is particularly apparent in around one third of the applications
3. The other key planning issues frequently identified were, in order: Residential amenity impacts, architecture and design, parking/transport issues, land-use mix and height and scale

One application made in 2016 by the owner of a high street site in North London for a development of 19 homes including 2 affordable homes took more almost two years to get to committee.



Planning applications are assessed across a range of policy considerations. The current one-size-fits-all system means that small sites are expected to meet the same range of policies as larger sites. The analysis has already highlighted that in practice such a high bar is resulting in long drawn out negotiations as smaller sites struggle to achieve compliance. Dispute and time wastage which can sometimes lead to deadlock appear to be systemic in the determination of planning applications for development on small sites. This makes it important to understand what the main issues and trends are across small sites to establish what drives the delays in delivery.

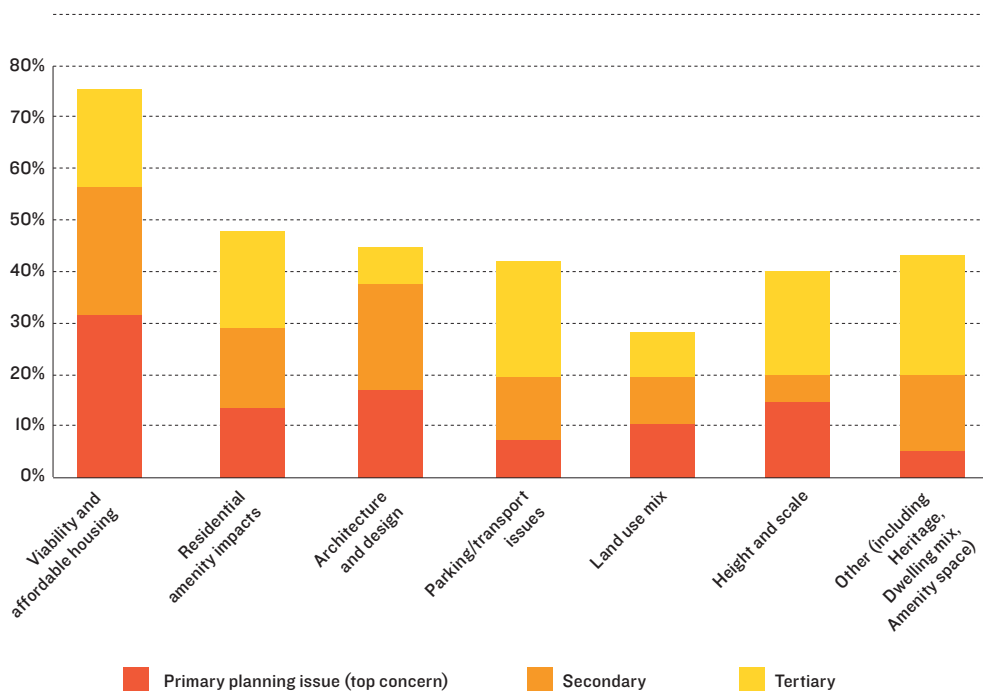
To simplify this analysis, typical planning issues have been codified and the top three salient planning considerations have been identified for each application. The planning considerations have been identified based on textual analysis of officers' committee reports and published planning committee minutes. They are primarily based on the position of officers but also take into account committee discussions and third-party objections, where applicable.

The chart below plots the key planning issues associated with the sample of 60 planning permissions on small sites, identified in order.

Viability and affordable housing is identified as one of the three key planning issues in 75% of cases. For just under a third (32%) of the planning permissions this was the most important issue considered; in a further 25% of permissions it was the second most important issue, and in 18% of cases the third most important consideration.

Our analysis of the committee reports for the sample of 60 planning permissions illustrates that in many cases, extensive negotiations were required between applicants and the planning authority (and their respective viability consultants) on viability and affordable housing matters. In all of these cases, the sites were not able to achieve a policy compliant mix and number of affordable homes requiring the need for a negotiation and a pragmatic agreement. This appears to be a major cause of the delays in determining applications, as is discussed in more detail at Section 7.0.

**Top planning considerations**





Just seven permissions from the sample of 60 (12%) benefitted from the Mayor of London's fast-track approach to affordable housing<sup>19</sup>. A recurring theme in the 'viability tested' planning permissions was the lack of agreement on land value matters. This is the case for 18 (30%) of the permissions.

Just under half of applications found residential amenity impacts the most important planning issue. This was only the primary issue however for 13% of applications.

Architecture and design was the primary issue for 18% of applications, and a top three issue in 45% of cases. Height and scale was the primary issue for 15% applications, but a top three issue for only slightly more (20%).

Parking and transport issues were in the top three issues for 42% of sites, however they were the primary issue in just 7% of permissions. Parking and transport was raised as an issue, and highlighted as a primary issue, more frequently in Outer London than Inner London (raised in the case of 16 permissions in Outer London and just 9 in Inner London). This would suggest that the more urban the environment and the more accessible a site, the less of an issue this becomes.

For non-first time permissions (i.e. the 14 permissions for small sites where planning permission had previously been refused) the primary issue continued to be viability and affordable housing in 36% of cases (compared with 33% for first time applications). This suggests that viability and affordable housing issues and challenges remain persistent irrespective of whether an application is a first time submission or an amended form of development. It was in these cases where deadlock was occurring between the Local Authority and the developer. The frequency with which the other planning issues was highlighted as a concern remained consistent between first time planning permissions and resubmissions. In contrast, residential amenity was a primary concern in 29% of non-first time planning permissions, compared with just 13% of first time applications.

It is clear from this review that affordable housing, tenure and viability forms a primary concern associated with the determination of planning applications for development on small sites. There are a number of other supplementary considerations that also come into play, but in more cases, the primary planning consideration informing, and frequently delaying, the decision making process surrounds viability and affordable housing. This reflects Lichfields' experience of working on applications on small sites. It is not just a matter of financial viability, but the ability to physically accommodate multiple tenures on a small, constrained site that causes delay.

<sup>19</sup> The Mayor's Affordable Housing and Viability SPG and draft London Plan include policy whereby applications that exceed the threshold for affordable housing (35% or 50% on public or former industrial land) do not have to undergo viability assessments or include a late-stage review mechanism. In some boroughs though the local affordable housing policy requirement may exceed 35%.



60%

of the permissions  
on small sites  
include on site  
affordable housing

# 7.0 Viability, Affordable Housing Provision and Section 106 Agreements

## Summary: Viability and Affordable Housing on Small Sites

1. Small sites are delivering affordable housing outcomes: 60% of the permissions included on site affordable housing, 27% included a payment in lieu and 13% included neither
2. The more complex the affordable housing requirements, the longer planning takes: The planning permissions with mixed tenure affordable housing (low cost rent and intermediate) on site experienced longer determination periods than developments with a solely intermediate affordable housing component (70 weeks compared to 58 weeks respectively)
3. Disagreements over land value are a key trend: Just under one third of the permissions encountered protracted viability negotiations focused on the land value. These discussions inevitably extended their determination period
4. The Section 106 regime for small sites is not working: The signing of the legal agreement takes on average 23 weeks.

One application made by a developer to replace former offices in South London with a development of thirty homes including nine affordable homes took two and a half years to be determined (from validation to decision). The key issue described in the committee report was viability as the applicant and the council repeatedly disagreed on the benchmark land value.

The research has identified that viability and affordable housing form a primary issue and a principal constraint. However, despite this there is evidence that planning permissions for small sites are bringing forward affordable housing:

- 60% of the planning permissions in the sample include on site affordable housing (36 × no. planning permissions); 11 agreed only intermediate housing, 4 only affordable rent or social rent and 21 both intermediate housing and low cost rented housing.

- 27% of the permissions include a payment in lieu of affordable housing (16 × no. planning permissions);
- 13% of the permissions provide no affordable housing or a payment in lieu (8 × no. planning permissions).

Where payments in lieu of on-site affordable housing provision were agreed, this was principally justified through a combination of viability evidence, the demonstrable inability to secure a Registered Provider partner to manage the affordable homes and/or development specific constraints, particularly the challenges



**Table I: Decision making timeframes by affordable housing position**

Affordable housing position		No. of Planning Permissions in Sample	Average (Median) Determination Period: Validation to Committee (weeks)	Average (Median) Determination Period: Validation to Permission(weeks)
Fast-track		7 x no. permissions (245 homes)	17 weeks	60 weeks
Viability tested	On site affordable housing (viability tested)	29 x no. permissions (1,705 homes)	33 weeks	71 weeks
	Payment in lieu of A.H agreed	16 x no. permissions (440 homes)	32 weeks	49 weeks
	0% A. H and no payment in lieu	8 x no. permissions (276 homes)	41 weeks	54 weeks
	Total: viability tested	54 x no. permissions (2,421 homes)	35 weeks	60 weeks
Overall total		60 x no. permissions (2,666 homes)	33 weeks	60 weeks

of accommodating dedicated entrances and access arrangements for different tenures on small sites. For 40% of permissions no affordable housing was delivered on site, including 27% which secured payments in lieu. For 35% of permissions, developers were expected to deliver both intermediate and low cost rented housing on site, compared with just 18% of permissions which agreed to deliver solely intermediate housing alongside market housing.

Commutated payments were most commonly secured for smaller scale developments at the

lower end of the range. The average (mean) scale of the 16 permissions with payments in lieu was 28 homes. The average scale of the permissions with on site affordable housing was 46 homes.

The remaining 13% of developments where neither affordable housing nor a payment were secured were predominantly justified on the basis of viability evidence. In some cases the developments included other public benefits which offset a requirement for affordable housing and in two cases the provision of affordable workspace was instead provided on site.

**90%**

of the permissions  
were not eligible for  
the fast track

The data from the 60 sampled planning permissions allows the developments' affordable housing position to be considered against the timeframe for their determination. This is summarised in table 1.

The timeframe between validation and committee for small site applications which were not viability tested is considerably swifter. The analysis reveals it takes half the time to get to Committee if viability assessments are not required, 17 weeks compared to 35 weeks. However, it still exceeds the statutory timescale which is 13 weeks.

The analysis reveals an even greater challenge for small sites whether tested by viability or not: Section 106 completion. For a planning permission to be determined, a resolution to grant permission at Committee is not sufficient. Determination requires a signed Section 106 Agreement before a Decision Notice can be issued.

There is no relationship between a development following the Mayor's fast-track<sup>20</sup> or viability tested route and the length of the overall determination period. The s106 drafting process is protracted for developments on small sites irrespective of the viability position and affordable housing but is faster where it does not include affordable housing. The determination process including Section 106 completion is over a year at 60 weeks.

Many of the planning permissions with the longest determination periods were developments where low cost rented and intermediate homes were provided on site alongside market housing. The average (median) determination period for viability tested applications with mixed tenure affordable housing on small sites was 71 weeks whereas those applications with a solely intermediate affordable housing component on average took 56 weeks. In the case of seven of the mixed tenure planning permissions, the determination period from validation to a decision was more than 100 weeks.

As outlined in Section 6.0, 18 of the planning permissions experienced extensive discussions on benchmark land value matters (this includes permissions with on site affordable housing and those where payments in lieu were agreed). The benchmark land value is set through the viability negotiation and there is evidence of a divergence of views between the Local Authority and the developer depending on how prescriptive the requirements set by the Authority are.

The time taken to reach agreement on the benchmark land value had a marked effect on determination timescales. The average (median) determination period between validation and decision for these applications was 71 weeks, compared to an average of 56 weeks (median) for those applications where there is no evidence of discussions on benchmark land value. This would suggest that in many instances the planning system for small sites is now too complicated for developers to price land effectively. This is leading to disputes and could be a barrier to entry for new developers to enter the small sites sector.

Overall, the majority of applications for small sites find it challenging to achieve planning policy requirements relating to the affordable housing level and tenure mix within a development. There is evidence highlighted in the issues analysis that protracted negotiations are now commonplace and associated with land value matters and affordable housing provision. This results in significant delays which inevitably lead to costs being incurred by both developers and Local Authorities.

<sup>20</sup> These applications are recognised in their committee reports as following the Mayor of London's fast track route where a viability assessment is not required, and they do not require late stage viability reviews.



# 8.0

## Summary and Conclusions

SME builders and small sites have historically been significant contributors to the country's housing supply. Following a progressive reduction in their housing output during recent decades, small sites currently fail to fulfil their housing delivery potential. In the future, SME builders and small sites should play a far more important role in bringing forward the homes needed in London and other UK cities.

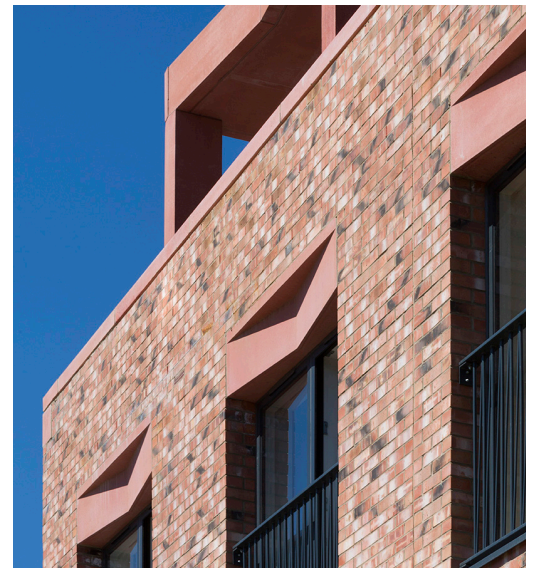
Based on a sample of 60 developments across London, Lichfields' research considers the determination periods for small developments, their salient planning issues and the viability and affordable housing challenges<sup>21</sup>.

The data shows:

1. The median time taken to determine planning applications for development on small sites (validation to decision) is c. 60 weeks (almost 14 months)<sup>22</sup>
2. The median time taken for these applications to be considered at committee is 33 weeks.
3. S106 negotiations are then taking a disproportionately long time - on average, a further 23 weeks (median)
4. 98% of the applications took longer than the statutory 13 week determination period. Just one application was determined within the statutory period and just two met the Government's 26 week planning guarantee
5. The most delayed 20% of permissions took longer than two years between validation and decision - eight times the statutory 13 week period and four times the 26 week 'planning guarantee'
6. Almost a quarter (23%) of developments on small sites require two or three successive applications to secure permission
7. Almost half of the remaining first time permissions require major amendments during determination

8. The single most common planning issue relating to, and inhibiting, determination of these small applications is 'viability and affordable housing' (raised in 75% of cases)
9. Viability negotiations on small sites are materially extending the determination timeframe. Applicants and Councils frequently disagree on benchmark land values and other viability parameters. Applicants are often required to accept non-viable affordable housing levels to secure permission

The research has shown that the planning system remains disproportionately complex and cumbersome for small urban sites. Developments on small sites face the same planning policy expectations as major regeneration projects with far greater site constraints and viability limitations and without the design flexibility or the quantum of private homes to cross subsidise affordable housing delivery. The current one-size-fits-all planning system is causing delays in the determination of planning applications, it is impacting development viability and it is inhibiting the delivery of new homes on small sites. A more focused, streamlined and commercially realistic approach to planning applications for development on small sites is required; enabling applications to be determined efficiently and effectively, and permissions delivered quickly.



<sup>21</sup> Small and medium developments are defined here as including 10-150 conventional C3 residential homes. The permissions sampled were approved in the three year period from 1st April 2017.

<sup>22</sup> This is in addition to pre-application engagement (which is typically a further 3 to 6 months), discharging planning conditions/ obligations and calculating/ paying CIL.

# 9.0 Implications for Future Policy

The Government's underlying ambition to simplify and streamline the planning process, speed up housing and affordable housing delivery, and focus on good design is to be welcomed. However the precise mechanisms required to achieve this step change in the planning system require careful evaluation and far more detail.

This report evidences the concerns which form many of the White Paper's objectives and starts to identify some of areas in which potential solutions should be targeted. A number of key themes can be drawn from the research:

1. Under the current planning system, it is taking far too long for planning permissions to be secured for development on small sites. The timeframe for agreeing section 106 agreements is particularly protracted; often doubling the time taken for an application to be permitted
2. Viability and affordable housing policies are the principal constraint on small developments, causing delays in determination
3. But, even where there are no viability discussions, applications are still taking too long to determine and far exceed statutory timescales
4. The competing demands of a standardised policy regime which lacks proportionality and imposes a 'one size fits all' approach is delaying and inhibiting the approval and delivery of new homes on small urban sites

The research clearly shows that the main challenge to delivering homes on smaller sites is that the planning system asks too much of small developers and small sites particularly in relation to tenure and mix (i.e. the policy requirement to provide a range of housing types and multiple tenures on all sites over ten homes). This is a physical challenge as well as viability issue. The research makes clear that the principle of development is not the major barrier to housing delivery on smaller sites.

The vast majority of small site developers are not able to deliver homes efficiently when they are required to achieve a policy compliant mix of tenures. The same policies are applied to sites delivering hundreds or even thousands of homes with no consideration of proportionality or the practicalities of delivery. Small sites often do not have the space to accommodate separate cores and the servicing regimes associated with meeting the requirements for multiple tenures. Therefore, small site developers are required to go through a lengthy viability assessment process to demonstrate that mixed tenure developments are non-viable and impractical. The analysis has shown this results in long delays as negotiations between Local Authorities and developers over land value and housing mix take place.

Additionally, the majority of small developers are not affordable housing specialists and are therefore required to find an affordable housing provider to take on their obligations. Typically however this is for only a handful of homes. It is often unviable or unattractive for Registered Providers due to being costly to manage and market or due to the lack of scale. The absence of an affordable housing partner often means that planning permissions for development on small sites can remain on paper and unbuilt. This would merit further research and analysis as a follow up to this study.

The Government's proposals in 'changes to the current planning system' to increase the affordable housing threshold could have a significant short term impact on the delivery of small sites, as could the extension of Permission in Principle. This research shows that the changes should go further to ensure a more proportionate and pragmatic approach to the delivery of small sites. Consideration is needed for those small sites that exceed the new 40/50 home threshold but will still struggle to incorporate multiple tenures. Permission in Principle is a good start but does not give small developers the certainty that they need. The analysis shows that the principle of development is rarely the problem. The Technical Consents stage of Permission in Principle should be just that – consideration of any necessary technical



assessments, not lengthy evaluation of proposals against the Local Plan.

In advance of more substantive changes to (or abolition of) S106 agreements, there should be firmer deadlines for the conclusion of S106 agreements to ensure faster delivery of new homes. If the agreement is not finalised within a month of committee the applicant should be able to make a unilateral undertaking.

It has become a circular problem. The planning system is too complex for developers to price small sites effectively. The sites that are brought forward therefore fail to achieve policy compliancy. The Authority and the developer are only then able to negotiate a pragmatic proposal that might unlock the site. The research highlights significant delays and permissions requiring multiple applications. This indicates that the outcomes of negotiations that are required to meet planning policy requirements are too often not pragmatic. The antidote must be greater simplicity.



Alongside, the White Paper, the Government is consulting on a proposal to temporarily increase the threshold where affordable housing will

be required to forty or fifty homes from the current level of ten homes. This is intended to help stimulate house building with a particular focus on SMEs. The elevated threshold would take some dispute out of the system and would encourage new entrants to operate at this level but it would also push disputes to sites which sit around the threshold of forty or fifty homes.

The Government indicates this temporary measure will alleviate the pressure on SME developers post Covid-19, though this analysis would suggest that there are better ways of addressing the problem. Put another way, the problem is not that small sites cannot deliver housing or indeed affordable housing, they are just inhibited from doing so by the current system. The need is for a simpler approach to small sites which offers both developers and planning authorities a clear route to gaining a permission.

The conclusions from the analysis present a compelling basis for change. Planning for the Future (August 2020) recognises that the current planning system is complex, favours larger developers and causes delays in the delivery of much needed new homes. The Government's proposed reforms seek to transform the system into a more positive and straightforward framework to enable planning decisions to be made efficiently and consistently; resulting in viable, deliverable and good quality new developments. As part of these reforms, the planning system should look to harness the housing potential of small sites.

The research has identified some key trends in the planning process for small brownfield sites:

**The planning process is taking too long and far exceeds the statutory timetable**

- The median determination time is 60 months; just one application met the statutory timeframe
- A quarter of the applications took longer than 90 weeks to determine and a fifth took more than two years

- The median time from validation to committee was 33 weeks with a further 23 weeks to agree the S106 agreement and issue the permission

**Affordable housing is a key planning issue (in three quarters of cases) and a cause for delay**

- The more complicated the affordable housing requirement, the longer planning takes: mixed tenure affordable housing permissions took 71 weeks compared with 56 weeks for permissions with only intermediate homes
- Where viability assessments are not required the time taken to get to committee is halved, but at 17 weeks, still exceeds the statutory deadline

**Once the decision to grant planning permission has been made the S106 process takes far too long**

- The median time to agree the S106 agreement is 23 weeks

**It is clear that if small sites are to make a meaningful contribution to housing delivery, a more proportionate approach is required to planning for small sites and a more pragmatic and proportionate approach is needed to deliver affordable housing:**

**A proportionate approach to planning**

- The NPPF should go further in its recognition of the importance of small sites requiring local authorities to take a proportionate approach to planning for small sites and supporting their swift delivery
- The government's extension of the threshold for affordable housing should only be temporary and it should be extended at the earliest opportunity.
- Permission in Principle should be granted on brownfield sites smaller than 0.25 hectares which are well-served by public transport/local amenities and where 40% of the homes will be affordable through a payment in lieu or on-site intermediate housing

- Local authorities should only be able to refuse a PiP where they can robustly demonstrate that residential development would result in an unacceptable level of harm that outweighs the benefits of making the best use of previously-used brownfield sites and delivering new housing
- The technical consents stage of PiP should be akin to prior approval and should only be a consideration of any required assessments and not the merits of the proposal against the Local Plan
- Planning conditions should be kept to a minimum, especially pre-commencement, with deemed approval six weeks after submission.
- In advance of more substantive changes to S106, there should be firmer deadlines for the conclusion of S106 agreements to ensure faster delivery of new homes. If the agreement is not finalised within a month of the planning committee the applicant should be able to execute a unilateral undertaking

**A pragmatic and proportionate approach to affordable housing**

- For small brownfield sites (less than 0.25 hectares) that exceed the affordable housing threshold, and in advance of more substantive reform, the NPPF should stipulate two affordable housing routes: a payment in lieu or on-site delivery of single tenure intermediate affordable housing
- When the Government ends the temporary extension to the affordable housing threshold, this should apply to all small brownfield sites of less than 0.25 hectares

# Appendix 1: Sample of 60 Small Sites

The research is based on a sample of 60 sites across London with planning permission granted between 01 April 2017 and 01 April 2020 for 10 - 150 homes.

To ensure the sample reflects experiences across the capital and is geographically distributed, developments have been sampled from 8 defined octiles across London (Inner and Outer North, South, East and West London).

The London boroughs included in each octile and the number of permissions sampled from each area are summarised below:

## **Inner London Boroughs: (32 sites sampled)**

- Inner NW London boroughs (Camden, Westminster, Kensington & Chelsea): 8 × planning permissions on small sites
- Inner NE London boroughs (Tower Hamlets, Hackney, Newham, Islington): 8 × planning permissions on small sites
- Inner SW London boroughs (Hammersmith & Fulham, Wandsworth, Lambeth): 8 × planning permissions on small sites
- Inner SE London boroughs (Southwark, Lewisham, Greenwich): 8 × planning permissions on small sites

## **Outer London Boroughs: (28 sites sampled)**

- Outer NW London boroughs (Brent, Barnet, Harrow, Ealing, Hillingdon): 7 × planning permissions on small sites
- Outer NE London boroughs (Haringey, Enfield, Waltham Forest, Redbridge, Barking & Dagenham, Havering): 7 × planning permissions on small sites
- Outer SW London boroughs (Kingston, Sutton, Merton, Richmond, Hounslow): 7 × planning permissions on small sites
- Outer SE London boroughs (Bromley, Bexley, Croydon): 7 × planning permissions on small sites

The classification for Inner/Outer boroughs is taken from the GLA's own definition (Map 2.2 of the London Plan). The boroughs have then been organised within each geographical area (the four sub-regions of both inner and outer London are each of a broadly comparable geographical area).

The focus of the research is on small new build urban housing developments. Consequently, alongside the core criteria relating to site area, residential quantum and the timing of the permission, the sample of developments has omitted the following development types:

- Developments involving the conversion or extension of existing buildings.
- Large mixed-use developments where the majority land use is non-residential.
- Developments where the planning application is a phase of a much larger masterplan.
- Outline applications.
- Reserved Matters applications forming part of a larger outline scheme.

# Appendix 2: Data and Parameters Collected

The research has been based on a series of key data and parameters collected for the 60 sites in the sample. The data and parameters have been obtained directly from the GLA's London Development Database and via analysis of the planning applications themselves (i.e. from publicly available council committee reports and minutes, application forms, Community Infrastructure Levy forms, decision notices and planning application documents).

The following data and parameters have been collected for each of the 60 planning permissions:

## **Data and Parameters obtained from the London Development Database**

(\*corroborated/updated with direct research)

- Site identifiers (e.g. site name/no., street, postcode, etc.)
- Existing homes\*
- Proposed homes\*
- Proposed non-residential floorspace\*
- Existing total floorspace\*
- Proposed total floorspace (incl. residential)\*
- Proposed total affordable homes\*
- Proposed total affordable housing percentage\*
- Decision agency
- Decision date (following S106)

## **Data and Parameters obtained via Primary Analysis of Planning Applications:**

- Developer
- Affordable housing tenure split
- Whether permission secured on application or appeal
- Number of successive recent applications
- Amendments (major/minor)
- Validation date
- Committee date
- Determination period
- Determination within/beyond statutory timescale

- Key planning issues: codified based on seven common planning considerations:
  - Viability and affordable housing
  - Residential amenity impacts
  - Architecture and design
  - Parking/ Transport issues
  - Land use/mix
  - Height and scale
  - Other (including heritage, dwelling mix, amenity/ play space provision, environmental/ sustainability issues).
- Threshold approach to affordable housing (fast track or viability tested)
- Viability position and overview/ chronology of viability and affordable housing discussions



# Owning the future

## First-time buyers and the health of the nation

## Foreword by Marc Vlessing Founder of Pocket Living

First-time buyers have suffered in silence during the covid pandemic. Many of them are city makers: the young doctors, nurses and teachers who have kept vital services running in the face of unprecedented disruption since March 2020. Many are in the private sector, working from home in the technology or media industries in less-than-ideal conditions, sharing kitchen tables with flatmates while trying to drown out their friends' Zoom calls and missing out on mentoring from senior colleagues. But almost all of them maintain a desire to own their own homes in London despite being thwarted by a range of obstacles, from affordability to instability of work.

What shines through in polling carried out by FTI Consulting is Londoners' love of their capital. While 2020 was dominated by premature stories of a flight to the country – as if hundreds of years of urbanisation would be reversed over an 18-month period – the second half of 2021, and I predict the whole of next year, will see a new embrace of London itself.

At Pocket Living we cater almost exclusively to first-time buyers in London, providing affordable (defined as 80% of market value) new housing. Most Pocket buyers come from the large pool of young employed single person households. The demand is huge.

We are already seeing people who decamped to the country and regional towns being summoned back to the capital, with the expense of a long commute now added to their costs. We also need to remember that there are millions of Londoners who are in no position to move out of the capital or enjoy the luxury of working from home. A nurse, doctor or teacher cannot work from home and they also want to enjoy all the benefits of owning their own property – we need to create an environment through which they can achieve their dream. Traditionally, 'quality of life' in London would have been equated with theatres, music venues and architecture. Today's city makers have more practical concerns, with Wi-Fi having rocketed to the top of their priorities.

I am intrigued that our research doesn't just show that owning a home is convenient for these people. Owning a home also creates a multiplier effect, creating a long-term improvement in their lives. For example, our research tells us that people who get on the housing ladder in London with a first home go on to move into their next home with a high average of 2.6 bedrooms. That's progress. It's clear from our research that helping people get on the housing ladder is absolutely key to the social and economic health of the nation: from short-term well-being, to supporting people in their careers to enhancing their future well-being.





## Executive summary

'Owning a home is a key aspiration in life' said 73% of the renters we polled in our August 2021 research. It is a firm reminder that home ownership is a key goal for many people in London despite the hurdles placed in their way, before, during and after the covid pandemic.

Our research was conducted online from 9th to 19th August with 1008 respondents, representative of those aged 25 to 45 and living in Greater London. The results were weighted to ensure a representative opinion was collected by each London borough, age, gender and general election behaviour.

Among first-time buyers we polled there was a frustration with the obstacles placed in their way, with just 28% claiming to be saving every month, 21% unable to raise a deposit on an average gross income of less than £40,000.

Assuming a 10% deposit on a £490,000 home a first-time buyer would have to borrow at least 10 times their salary to afford their first home in London without Help to Buy. The biggest obstacles to buying in London are prices being too high, with 51% of the people polled agreeing with this. These people are torn – 71% are extremely satisfied or very satisfied living in London and three out of four respondents (75%) agree that London is a special place to live in.

This threatens to generate a resentment among the people London needs most – the 25 to 45 year-olds who have made the city their home and who form the key workforce of most of the capital's companies and public sector agencies. There is strong support for affordable housing and a desire to remain in London: 76% of our respondents agreed that there is a greater need for affordable housing to ensure the vibrancy of London. Almost two thirds (62%) agreed with the statement: "I really don't want to move outside London to afford a home because I would have to sacrifice too much to do so".

This is a city of haves and have nots, with the Bank of Mum & Dad having gained huge prominence in the last 10 years. So much so that 11% of our respondents currently own their properties outright (i.e. without a mortgage), with the most likely explanation being a gift from parents or grandparents to fund a purchase. As well as showing the restrictions on home ownership in London, our polling also shows people's preferences when they do manage to get into a position to buy a home.

Having their own space was the most important criteria for 69% of respondents. Given that many people have been living in homes of multiple occupation during the pandemic and were restricted in doing anything other than exercising and shopping for food, this shows the impact of lockdowns. Less than half of those polled (47%) said their current rental situation provides them with adequate space, giving an impression of Londoners pressed almost to breaking point by the conditions of the last 18 months.

More than anything, the research shows how homeowners have benefited from buying their own property. While renters look on enviously, 72% of the 25 to 45 year-old Londoners who have bought a home claim to have more stability, 71% a better quality of life and over half claim (56%) to be financially better off.

Post pandemic, with a population of city makers and key workers worn down by the restrictions and hard yards of the last 18 months, there has never been a greater demand for home ownership in London for a population with so many restrictions in their way. With 68% of the first-time buyers we polled going as far as to say their productivity and efficiency would be increased if they owned a home, the benefits for Government in hearing this message are also loud and clear.

## London's home ownership profile

In our polling, 38% of respondents own their home and 26% do so with a mortgage (with 70% of these homeowners having a mortgage). This shows the prominence of the Bank of Mum & Dad, with equity pouring into the housing market – for those who have financial support, that is.

Unfortunately, for the city makers and key workers who do not have a financial crutch, the picture in London is very different. Just 32% in their early 20s own their own homes in London, in contrast to 45% of respondents in their late 40s who own their own property.

The largest proportion of people we polled rent. More than half (52%) are renting – with 34% doing so from a private owner and the balance from registered social landlords or local authorities. This translates to 1.6 million people aged 25 to 45 currently renting their home in London.

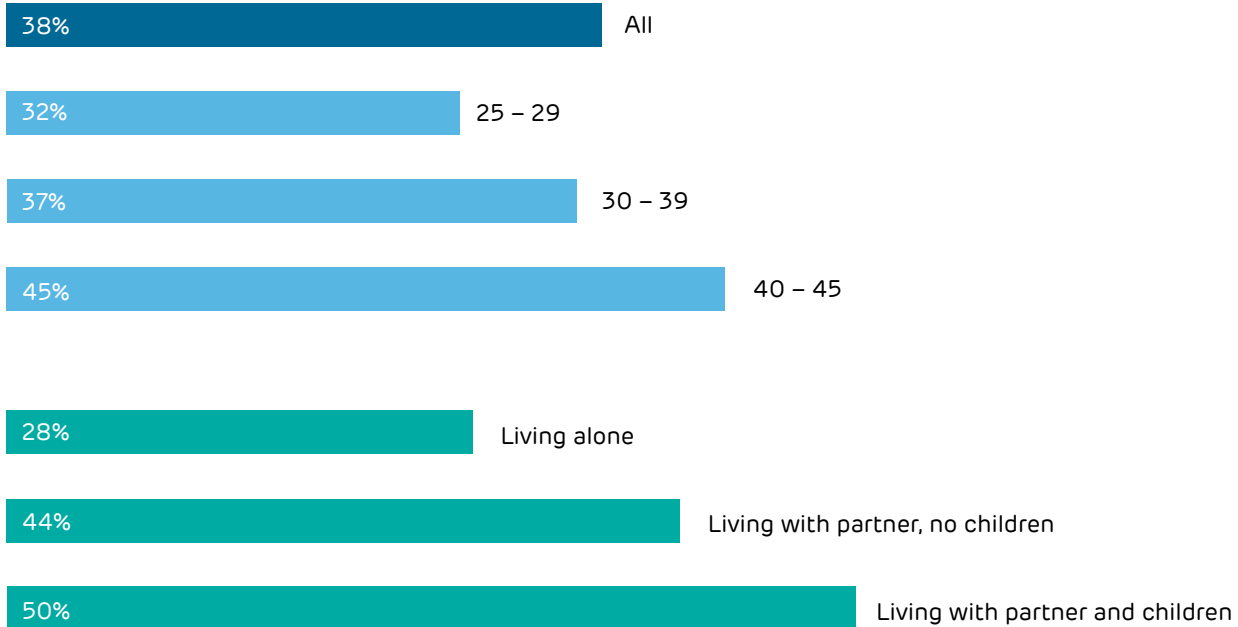
Key statistics include:

- The average price paid for a first home was £490,000.
  - These people bought around five years ago on average.
  - 62% had a deposit of 20% or less (10% deposit was the mode, with 21% of buyers).
  - Over two in three had support from others for their deposit.
  - 31% had no support and 34% were helped by their parents.
- Those who currently do not own their home are earning, on average, an income of £37,000:
- This is a ratio of 1:13 compared to the average house price. This is the same for first-time buyers.
  - The ratio falls to 1:12 for those who do not own their home but are currently employed.
  - For those who own their home, that ratio is 1:5.

## Home ownership

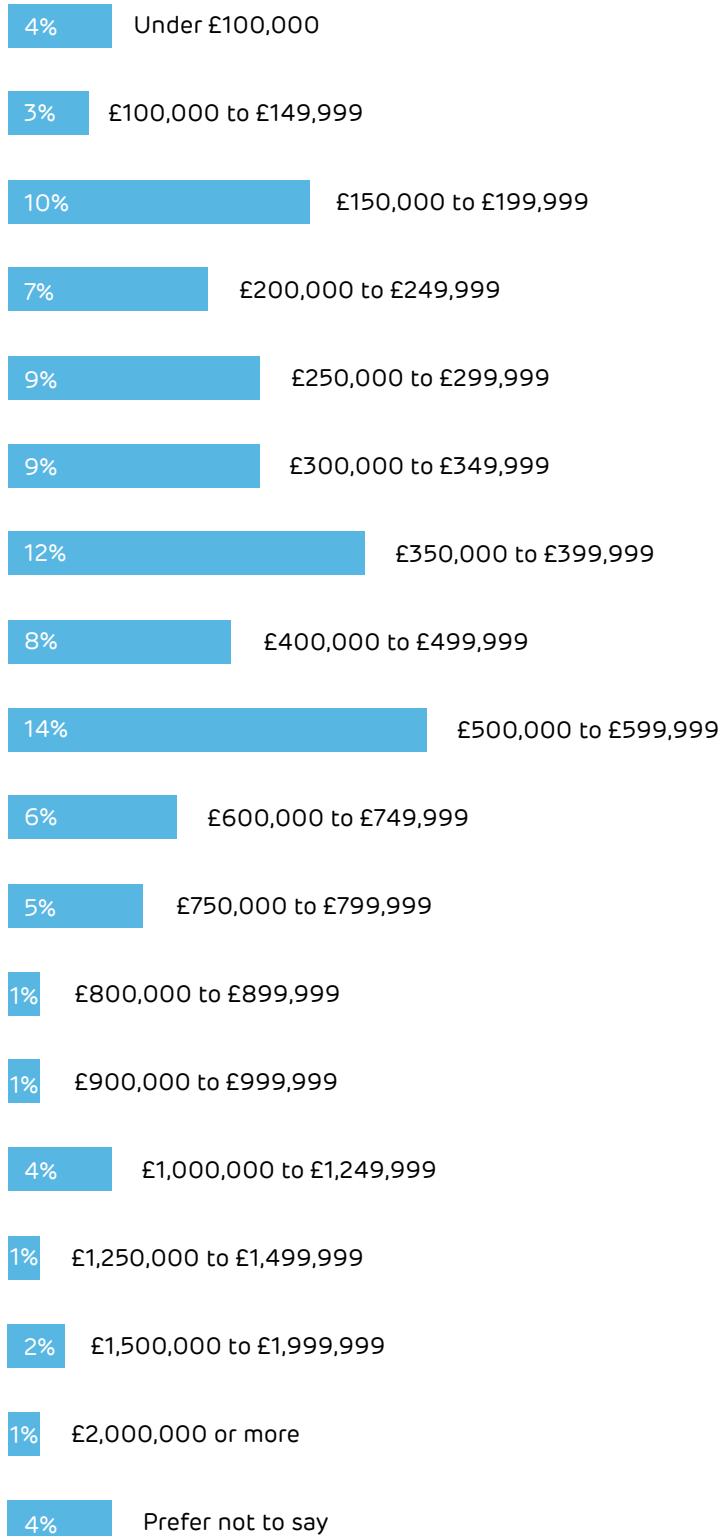
Q. Who owns the home you live in?

Own their own home



## Purchase price of current home

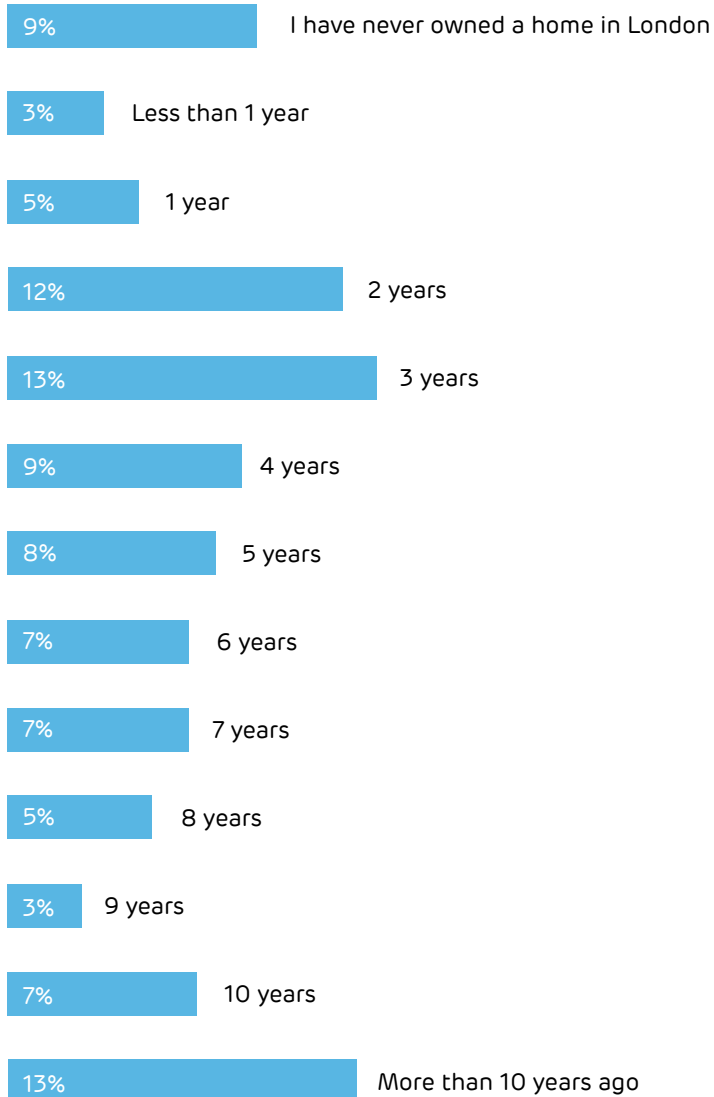
Q. What was the purchase price for the home you are living in now?



Average  
£490,543

## First London home owned

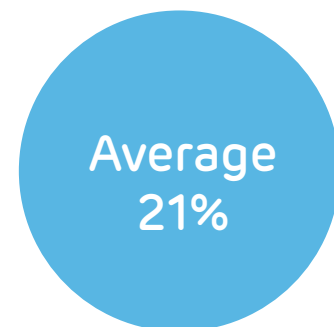
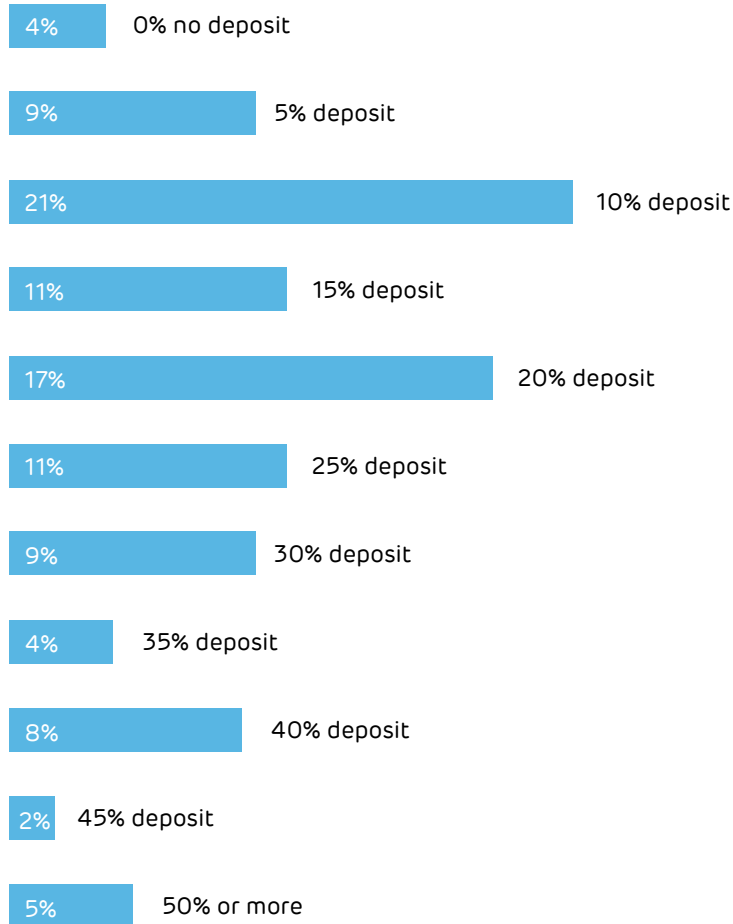
Q. How many years ago did you own your first home in London (with or without a mortgage)?



Average  
5.8 years

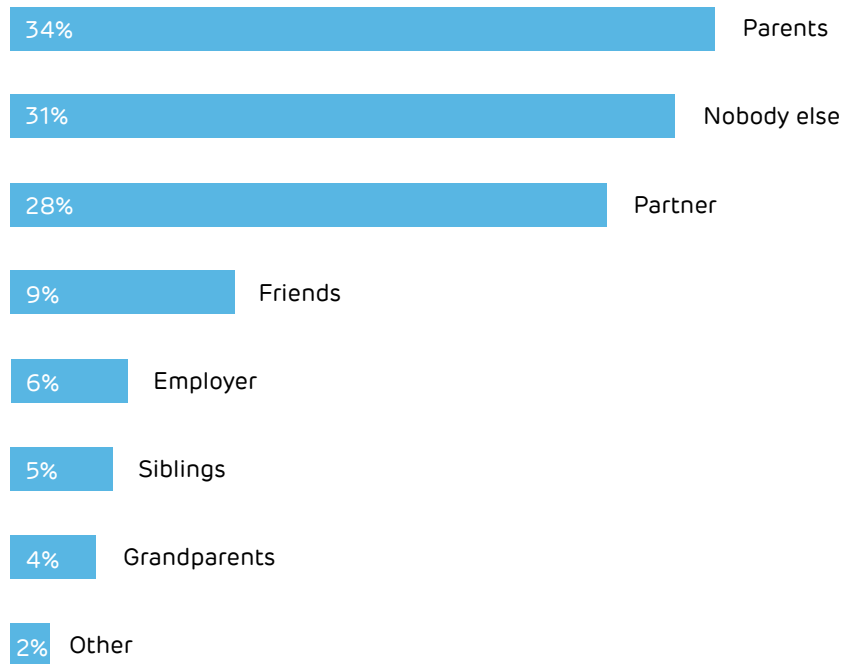
## Deposit percentage

Q. What was the percentage of your deposit against the purchase value of your home for the first mortgage you had?



## Source of deposit

Q. Who helped financially with your deposit?



## The threat to London

London can never be complacent about population growth or the loyalty of its residents. In the decades after the Second World War London emptied out, with its population falling from 8.6 million people in 1939 to 6.8 million in the 1980s,\* when the capital suffered from high unemployment and was still scarred by bomb sites.

A renaissance has taken place since then, with the financial services and then the tech world booming, culminating in the global extravaganza of the 2012 London Olympics and the city's population growing to almost 9 million in 2019. But since the pandemic and Britain's departure from the European Union the picture has looked less confident, with the Economic Statistics Centre of Excellence estimating that up to 1.3 million people born abroad left the UK in 2019/20, including 700,000 who left London.\*\*

According to estate agents Hamptons, Londoners bought 60,000 homes outside the capital in the first half of 2021 – and many of those people were first-time buyers.\*\*\* This was the highest half-year figure since Hamptons' records began in 2006 – and first-time buyers made up a quarter of those buying outside the M25.

According to our research, London could potentially lose 15% of 25 to 45 year-olds in the next 12 months, with 12% overall considering buying outside of the city.

This equates to approximately half a million 25 to 45 year-olds likely to leave the city in the next year. The good news, however, is that of those who are looking to move home, the biggest preference is to buy in London, with the next preference being to rent in London. In fact, people are more than twice as likely to buy or rent in London for their next move than they are to buy or rent outside London. In the second half of 2021 this is beginning to be played out in real world data, with Rightmove data\*\*\*\* proving that the easing of covid restrictions and government incentives are driving demand in London.

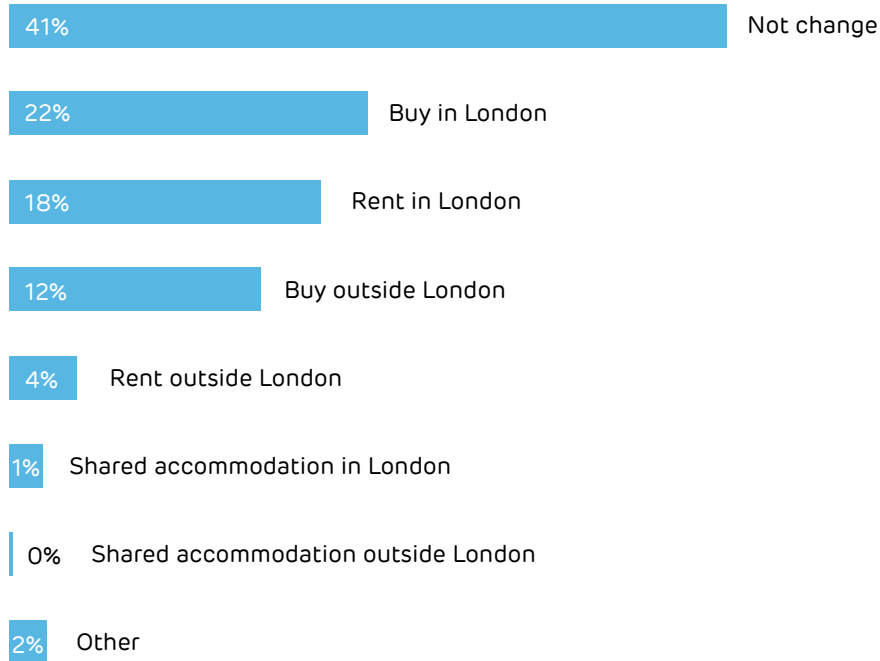
By April 2021 inner London had seen a 30% jump in buyer demand compared with January, with Outer London seeing a 34% rise. The situation is fragile: covid has caused people in their 20s and 30s to reappraise their lifestyles – but their heart is drawing back to the capital after a period of doubt.

London continues to be a magnet, after all.

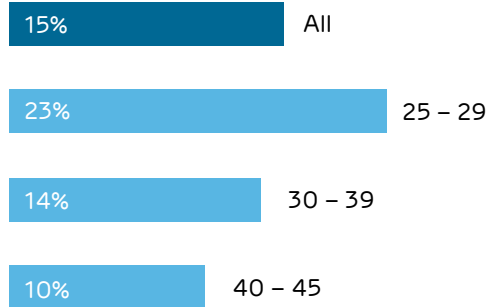


## Housing plans in the next year

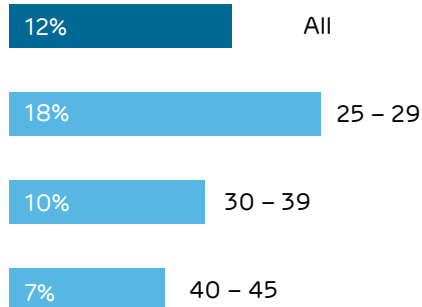
Q. What are you most likely going to do over the next 12 months for your primary place of residence?



### Leave London



### Buy outside London



## Housing plans in the next year – Owners vs renters

Q. What are you most likely going to do over the next 12 months for your primary place of residence?

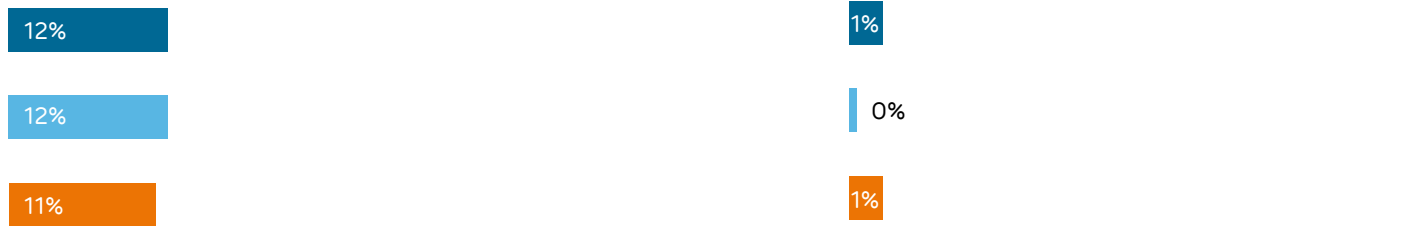
### Not change



### Buy in London



### Buy outside London



### Shared accommodation in London



### Rent in London



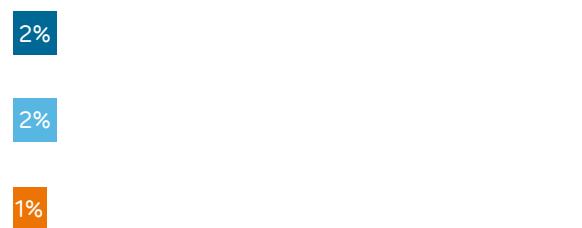
### Shared accommodation outside London



### Rent outside London



### Other



Base Size: 1008 adults aged 25-45 living in the Greater London region, broken down by those aged 25-29 (364), 30-39 (573) and 40-45 (70) and by those who are living alone (114), living with their partner but no children (224) and those living with their partner and children (320)

## Financial frustration

Buying a home in London has rarely been more difficult, with house prices dramatically out of sync with most people's earning power, capacity to raise a deposit and cost of living.

Our polling showed that the biggest obstacle to non-home owners is 'house prices being too high' at 51%, 30% claim they can't afford a mortgage and 27% are struggling to raise a deposit. Only 4% of those we polled claim nothing is stopping them from buying a home.

As background on the deposit issue, only 22% of renters claim to be saving money (compared to 34% for owners) and, on average, 26% of their income is spent on 'rent or service fees', showing them to be on a treadmill they must feel they might never escape.

At the turn of the Millennium a typical professional couple needed to raise a £20,000 deposit to buy a home in London. According to the Halifax,\* in the 12 months to February 2020, the average deposit put down by first-time buyers in the capital was calculated at £111,321, but in the 12 months to February 2021 the amount needed for a deposit in London was shown to have risen by £20,000 to £132,685.

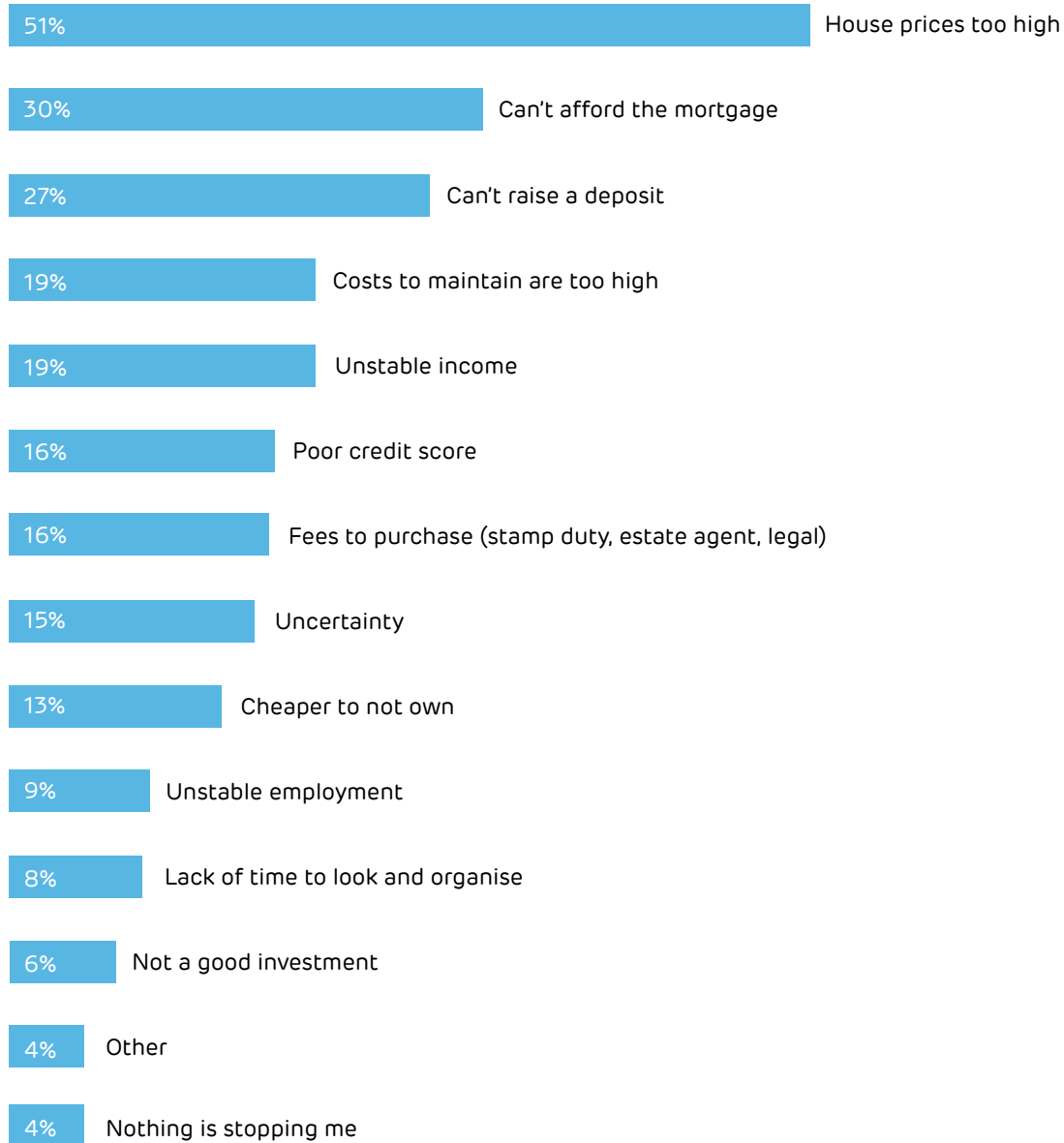
The Halifax research showed that the average London house price in the 12 months to February 2021 was £462,617, with the average deposit as a percentage of the total house price being 24%. According to Zoopla\*\* research released in August 2021, the average cost of a house increased by 7.3% in the last year, with demand stoked by the stamp duty holiday and people reassessing their lives post-lockdown.

Another factor has also emerged to haunt first-time buyers: instability of job prospects and income. While unemployment has fallen since the depths of the lockdown at the end of 2020, with an increase of 0.5% in the UK employment rate to 75.2% and a decrease in the unemployment rate to 4.6% there is still the spectre of uncertainty over covid variants, inflation and interest rate rises. It is clear that London's housing market is broken.

While cities and towns outside the South-East maintain a broad equilibrium between demand and supply and affordability remains at a reasonable ratio, buying a home in London has become beyond the means of far too many people. The barriers are almost exclusively financial, dwarfing the obstacles caused by other issues.

## Barriers to owning a home in London

Q. What is stopping you from owning a home in London?



## The benefits of buying

Comparing the experience of London homeowners and renters has proved a fascinating exercise. While there has been an increase in organisations extolling the virtues of renting, the 1000 Londoners we polled were in no doubt that owning your own home is a life-changing and wholly beneficial experience.

Increasingly it has been claimed that people in their 20s in particular are living a transient lifestyle. Their home is somewhere they pass through temporarily and their investment portfolios range from bitcoin to vinyl records to modern art.

But the homeowners we surveyed demonstrated a number of benefits of a home of their own:

- 72% claim their stability in life is better.
- Quality of life is better for 71%.
- 70% say their relationship or family life is better (particularly those living with a partner and children, of whom 77% say their family life is better).
- 66% are more content with or proud of their home.
- 68% have had better productiveness or efficiency.
- And cost of living is better for 56%.

An increase in productivity derived from owning a home is an intriguing prospect, which can potentially be attributed to the benefits London homeowners have felt during lockdown. With shared flats notorious for hampering productivity and many homeowners enjoying more space and the freedom to make their own decisions over treats like buying a family pet. According to Rightmove,\* demand from tenants looking for pet friendly properties increased by 120% over the year to August 2021 – a level that cannot hope to be satisfied given the restrictions that most landlords impose. Even renters believe that owning a home would be better for them, explaining that this would improve their quality of life and the stability of their lives.

This may explain figures released by the Ministry of Housing, Communities & Local Government in December 2020\*\* which showed that under-occupation – having two or more spare bedrooms – has increased for owner occupiers. Between 1999-00 and 2019-20 the proportion of owner occupiers living in underoccupied accommodation increased from 43% to 52%. The reason is clear: people love living in their own homes, even when they become too big for them.

## Impact of home ownership

Q. Overall, how has owning a home changed the following?

Q. Overall, how do you think owning a home in London would change the following for you?

Owning a home in London does / will be significantly / slightly better for the following factors:

### Value of home



### Stability in life



### Quality of life



### Relationship / family life



### Productiveness / efficiency



### Contentedness / pride



### Cost of living



## What buyers want from their home

London has some important lessons to learn, according to our polling of 1008 25 to 45 year-olds in the Capital. Levels of crime and personal security are 'important' to 47% of those we polled, but are currently rated 'good' by only 33% of those we polled.

The crime rate in London was 83 crime offences per 1000 people between April 2020 and March 2021 – a drop from 102 per 1000 people in 2019-20.\* However, this can be attributed to a fall in crime during the covid lockdown, with offences at 102 per 1000 people in 2019-20.

The other drawback highlighted by most people was 'upkeep and cleanliness', with 36% rating this as 'important' and 27% rating standards as 'good'. Much of this can be attributed to local authorities scaling back street cleaning and rubbish collection with the excuse of covid. On the brighter side, transport links were rated as 'important' by 63% of those polled and 'good' by 66%. The London Overground is growing in importance and recognised by Londoners, with under-35s among its busiest users traversing from north to south.

Parks and green spaces have soared in importance to Londoners during the pandemic in reaction to millions of people being told to stay in their homes other than for exercise and food shopping.

Of those who wanted to move, a survey by the London Assembly Housing Committee found that while 34% want their new home to be out of London, 54% want to remain in the city.\*\*

The Centre for London's 'London Intelligence' research, published in partnership with Savanta in June 2021,\*\*\* also paints a generally happy picture despite three lockdowns over the last year, with 65% happy to be living in London and 79% expecting to be living in the city in a year. In addition, 42% of Londoners told Centre for London there is a strong sense of community in their area, with younger people more likely to be 'positive' about this at 47% compared to 33% of over-55s.

## Positive and important features in local area – Top 5 positive location features

Q. Which of the following location features are particularly good for where you live?

Q. Which of the following are particularly important when selecting a location to live in?

### Transport links



### Parks and green spaces



### Cost of living



### Level of crime and personal security



### High street / shopping malls



## Bottom 5 positive location features

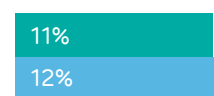
Q. Which of the following location features are particularly good for where you live?

Q. Which of the following are particularly important when selecting a location to live in?

### Outdoor markets and events



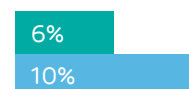
### Theatres and music venues



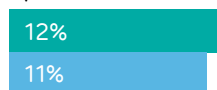
### Overall look and architecture



### Integration of technology



### Sport stadiums and venues





## Wi-Fi rising

Our polling shows that the functional qualities of urban living have risen dramatically to the fore during the covid pandemic.

Wi-Fi is the third most important feature for Londoners (57%), ranking behind access to transport and space, but ahead of storage and daylight. Clearly 18 months of wrestling with erratic Zoom and Teams connections have left their mark, particularly on younger Londoners.

With regards to which factors have increased in importance since the start of the pandemic, Wi-Fi has especially increased in importance for those working (43%, compared to 34% for those unemployed and 34% for those studying). This increased to 48% of those in their 20s). While public parks and green spaces are important to Londoners, private green space does not appear to be as important.

Nor does amenity space, which is ranked as the tenth most important feature for those we polled, which should be noted by the build-to-rent community which sets great store by this. Anecdotally we hear of build-to-rent developments which start out with the best intentions of driving busy events programmes comparable to those in the United States, but which fall by the wayside as the different social habits of Londoners come into play.

Transport continues to be important, which is borne out by Arup's November 2020 City Living Barometer,\* which surveyed more than 5000 residents in London, Paris, Madrid, Berlin and Milan. This showed that the concept of the '15-minute city', where city dwellers enjoy a better quality of life when essential facilities are within 15 minutes walking or cycling distance from their home.

While people may in some cases be less keen to commute, they still see transport to their home location as crucial, even if they are spending more time there after work or at the weekends.

We also saw a disparity in our polling between people who believe their current ability to work from home is adequate, and those who believe this will need to be improved in the future.

## Comparison of current home features and important features

Q. Which of the following home features are particularly good about your current home?

Q. Which of the following features would be particularly important if you were buying a home to live in?

### Access to transport



### Wi-Fi



### Daylight



### Space



### Storage



### Community



### Space to work from home



### Home technology



### Maintenance



### Amenity spaces



### Cycle storage



### None of the above



## Comparison of current home features and important features – Renters and owners comparison

Q. Which of the following home features are particularly good about your current home?

Q. Which of the following features would be particularly important if you were buying a home to live in?

### Access to transport



### Space



### Daylight



### Wi-Fi



### Community



### Space to work from home



## Comparison of current home features and important features - Renters and owners comparison - continued

Q. Which of the following home features are particularly good about your current home?

Q. Which of the following features would be particularly important if you were buying a home to live in?

### Storage



### Amenity spaces



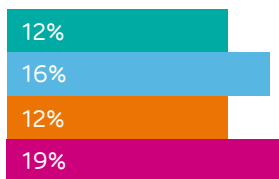
### Maintenance



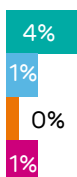
### Home technology



### Cycle storage

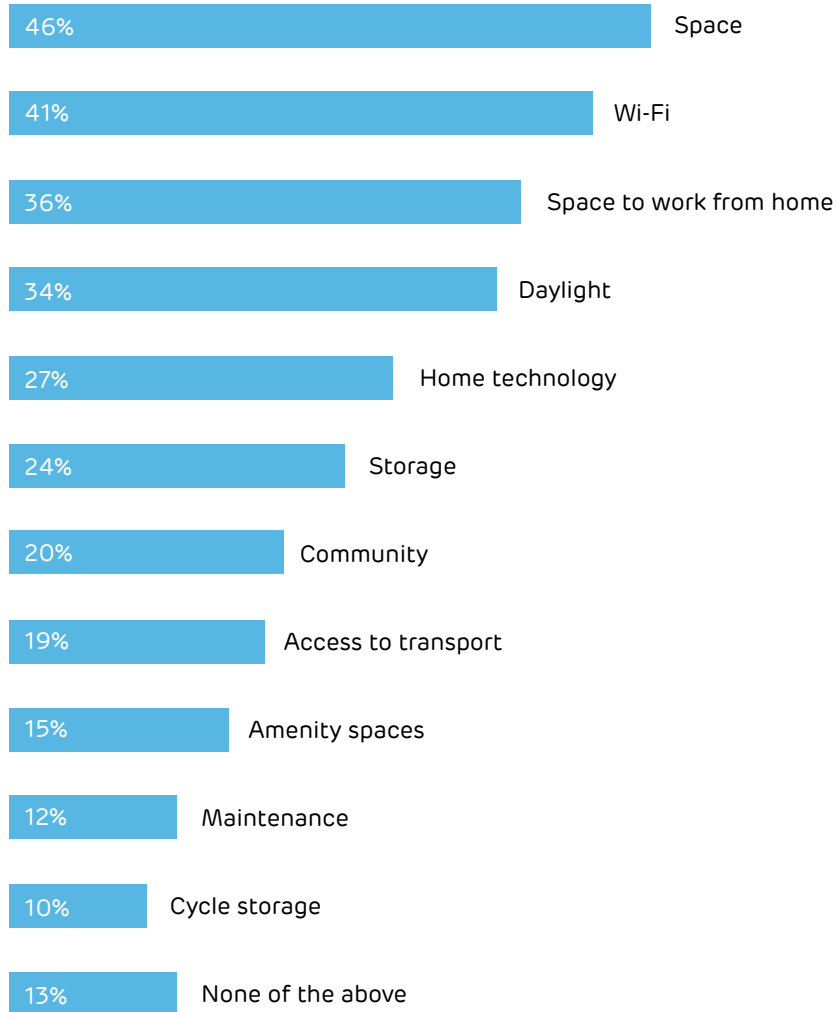


### None of the above



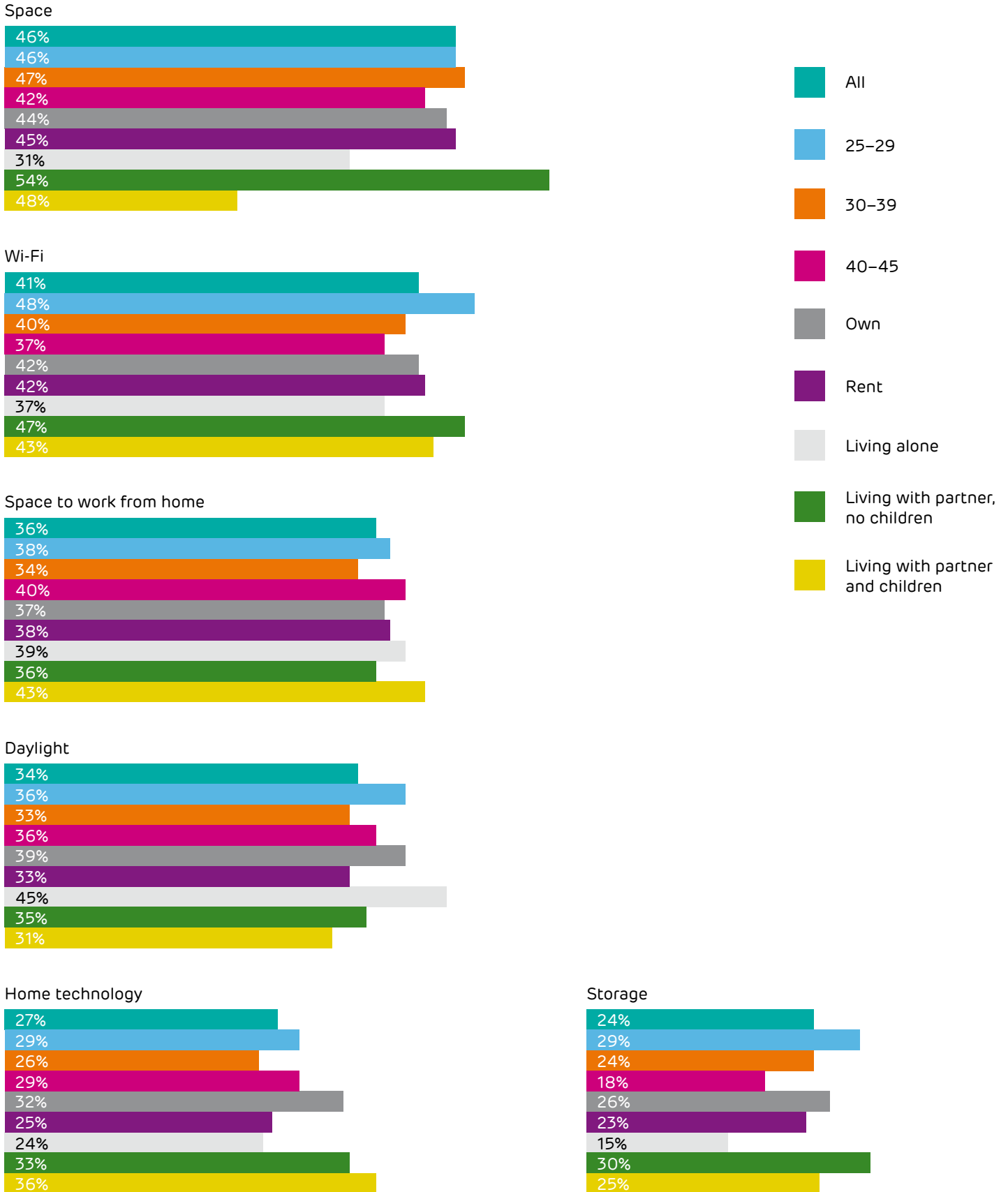
## Change in importance of home features as a result of the pandemic

Q. Which of the following have increased in importance for you since the beginning of the covid pandemic?



## Change in importance of home features as a result of the pandemic - Comparisons

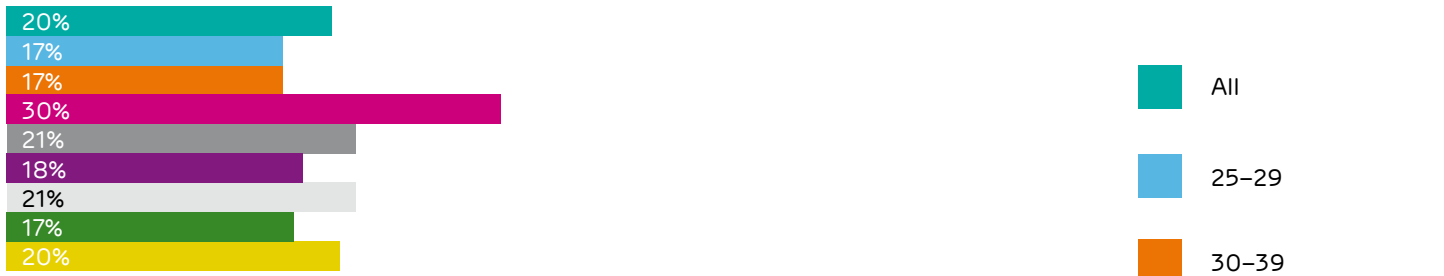
Q. Which of the following have increased in importance for you since the beginning of the covid pandemic?



## Change in importance of home features as a result of the pandemic – continued

Q. Which of the following have increased in importance for you since the beginning of the covid pandemic?

### Community



### Access to transport



### Amenity spaces



### Maintenance



### Cycle storage



### None of the above



## What London needs

The 'new normal' of people leaving the capital in droves to head to the countryside is now proving to be a temporary phenomenon, with people being summoned back to their workplaces two to three days a week, making a long commute as difficult as ever.

In response to these changes, our poll reveals strong views amongst Londoners on the need for affordable housing, combined with their desire to remain in the capital.

Our survey reveals:

- 'There is a greater need for affordable housing to accommodate new norms and ensure the vibrancy of London', with 76% agreeing with this statement.
- 'New housing in London should consider new hybrid working and lifestyle balances', said 79% (and 81% for those working).
- 'I really don't want to move outside of London to afford a home because I would have to sacrifice too much to do so', was a statement that 62% of those polled agreed with.

There is no exodus bias out of London, and if anything, the trend in sentiment back towards the Capital will accelerate as people begin to enjoy Central London, from both a work and social

perspective, once more. The 'new normal' is most emphatically now over. Our audience loves London, with 71% either extremely satisfied or very satisfied living in London and three out of four respondents (75%) agreeing that London is a special place to live in.

At the launch of the London Assembly 2021 Housing Survey, the then chair of the London Assembly's Housing Committee, Murad Qureshi AM, said: "More Londoners want to stay in London's city limits if they move in the next 12 months.

"The optimism around society reopening has caused a shift in desire to stay in the city a year after the pandemic began.

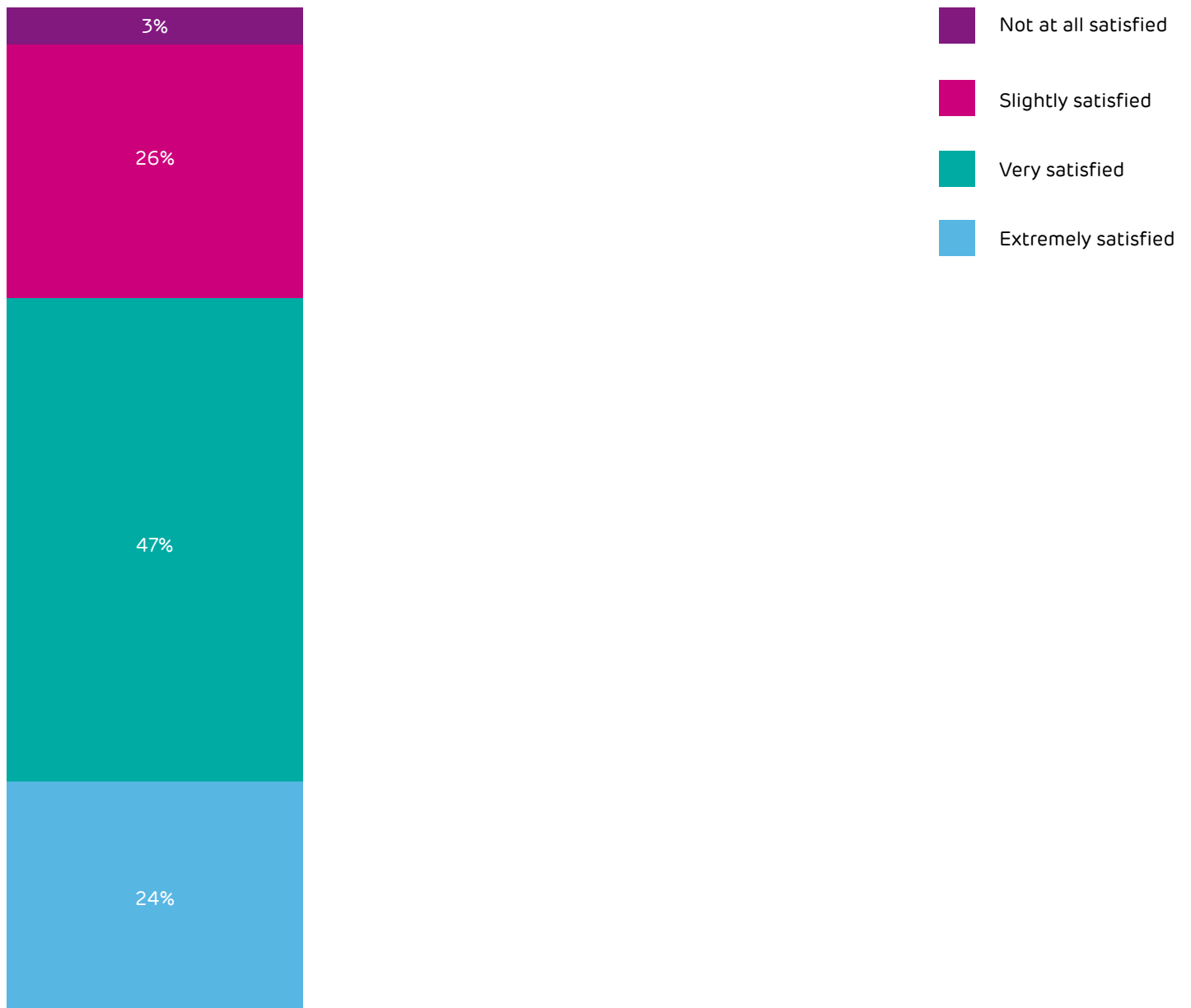
"Many respondents shared how their living situation affected their mental health. It is unsurprising that many Londoners want to move somewhere new."\*

Almost six in ten (59%) respondents polled for our research say they are most likely going to change their primary place of residence over the next 12 months, with more than half (54%) of those in their 40s least likely to change. This increased to 66% for those in their 20s. This is equivalent to over 1.8 million 25 to 45 year old Londoners planning on changing their place of residence.



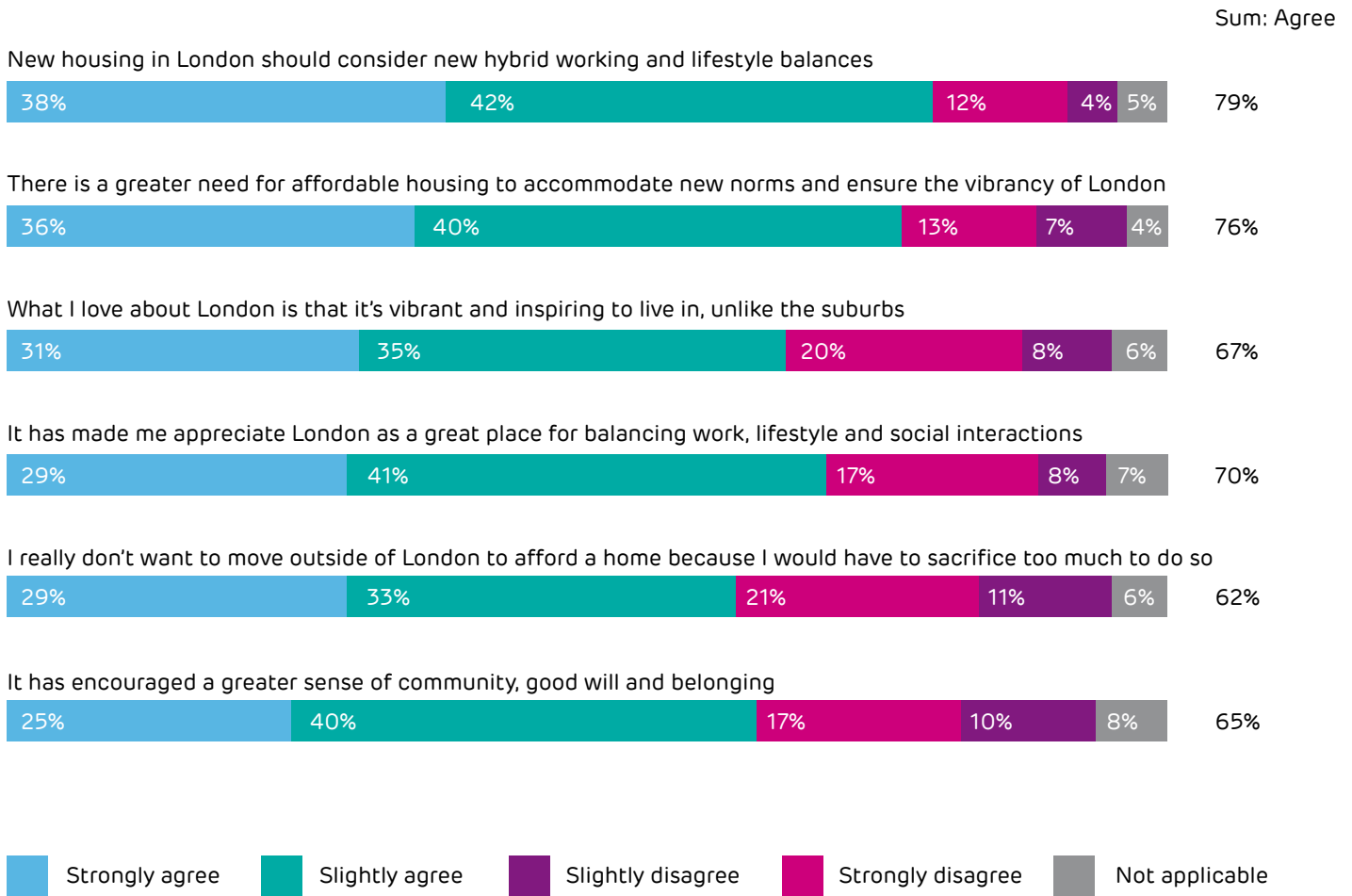
## Level of satisfaction about living in London

Q. How would you rate your overall level of satisfaction about living in London?



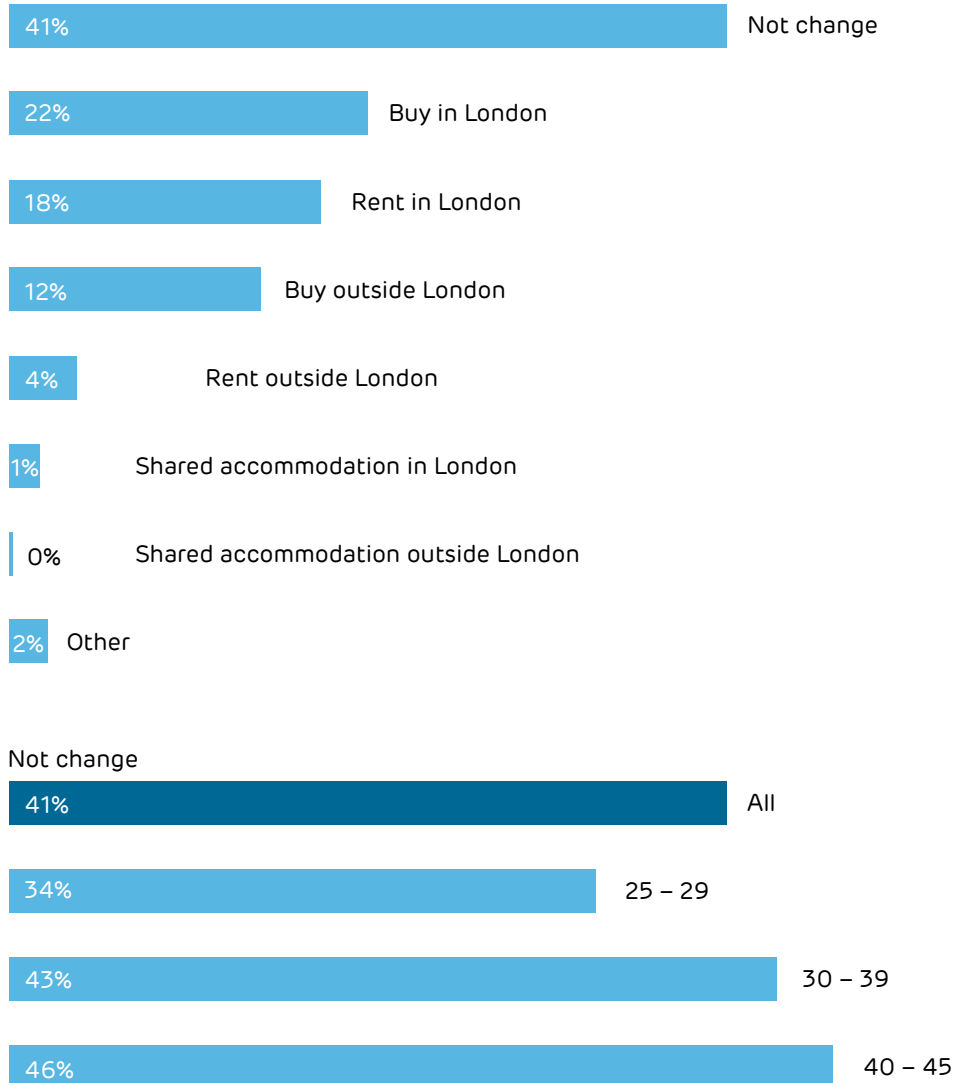
## Opinions on current London housing situation

Q. How strongly do you agree or disagree with the following statements about the covid pandemic?



## Housing plans in the next year

Q. What are you most likely going to do over the next 12 months for your primary place of residence?



## Why renters want to own

The pandemic has changed people's perception of their home and what they want for their local area. While many found their home environment challenging or cramped, others found that their pride in their home was reinforced, as was the importance to them of where they live. This sentiment is borne out by research by the Adam Smith Institute published in September 2021\* that showed that people were increasingly in favour of new housing delivery if they felt it would deliver positive outcomes for their local area.

This shows that:

- 67% back housebuilding if it would bring benefits to their family.
- 68% back housebuilding if it meant local services would see an improvement.
- 64% back housebuilding if it would help protect their local high street.
- 64% back housebuilding if it led to people living closer to better paying jobs, reducing income inequality and boosting wages.

This research cements the importance in housebuilders across the board prioritising the needs of the local communities in which they are building. It is not about simply delivering more homes – they need to be built in the right place for the right people at a price that is affordable and, in turn, will help stimulate the local economy.

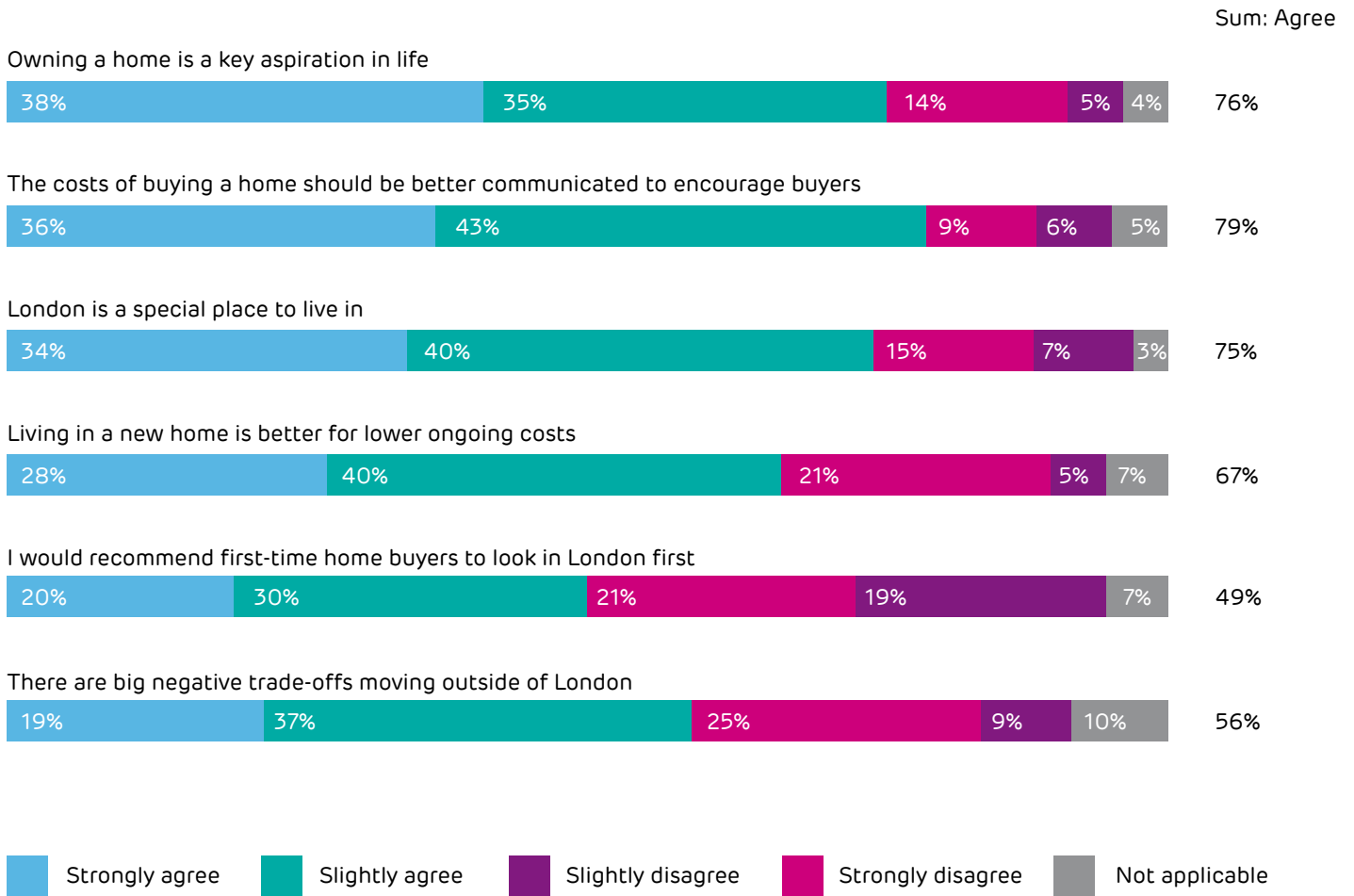
The most obvious and desirable route to anchor people in their community is to enable them to own their own home. In London alone we've found that many of the city makers we speak to feel priced out of the capital. To combat this there needs to be a greater acceleration in housing delivery to bring forward supply more quickly to allow prices to remain manageable for first-time buyers.

Homeownership is readily endorsed by those who already own in London. Pocket Living and FTI Consulting's polling shows that when presented with the statement:

- 'I would recommend first-time home buyers to look in London first', 56% of owners agree.
- 'Living in a new home is better for lower ongoing costs', 69% of owners agree.
- 'The costs of buying a home should be better communicated to encourage buyers', 77% of owners agree'.

## Current feelings towards London and owning a home

Q. How strongly do you agree or disagree with the following statements about buying a property and renting?



## Current feelings towards London and owning a home – Renters vs owners

Q. How strongly do you agree or disagree with the following statements about buying a property and renting?

Owning a home is a key aspiration in life



The costs of buying a home should be better communicated to encourage buyers



London is a special place to live in



Living in a new home is better for lower ongoing costs



There are big negative trade-offs moving outside of London



I would recommend first-time home buyers to look in London first



## Methodology

Pocket Living's research was conducted online from 9th to 19th August 2021 with 1008 respondents, representative of those aged 25 to 45 years old and living in Greater London.

The results were weighted to ensure a representative opinion was collected by each London borough, age, gender and general election behaviour.

FTI Consulting's Research team conducted the polling on behalf of Pocket Living.

Please note: As a consequence of rounding up percentage results, the answers to some questions might not always add up to 100%.

# Owning the future

## First-time buyers and the health of the nation





**Wandsworth Draft Local Plan Review (2022)  
Regulation 19 Consultation - Pocket Living (Rev 003 – 28.02.22)**

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**Purpose**

These representations are submitted on behalf of Pocket Living in response to the Wandsworth Local Plan Review (Regulation 19) Consultation.

The Regulation 19 consultation is a statutory consultation on the test of soundness of the revised local plan and whether it is legally compliant. To ensure the local plan is sound, it should meet the following criteria:

- Positively prepared (seeks to meet LBW objectively assessed need);
- Justified (based on proportionate evidence);
- Effective (deliverable over the plan period); and
- Consistent with national policy (enabling the delivery of sustainable development).

All representations are required to be submitted to the planning inspectorate for the examination in public along with the revised local plan and supporting evidence.

**About Pocket Living**

Pocket Living ('Pocket') is an innovative award-winning SME developer established in 2005 to deliver discounted affordable homes for eligible first-time buyers. Pocket provides high quality carefully designed, space standards compliant 38sqm one-bed intermediate affordable homes to households who cannot afford to buy a good quality home but would also not be eligible for social housing. These households typically include front-line key workers who are essential to local communities.

Pocket's discounted homes meet the statutory definition of affordable housing set out in Annex 2 of the National Planning Policy Framework (NPPF). Planning agreements ensure that Pocket affordable homes are provided at a minimum 20% discount to open market values and are reserved for eligible purchasers who live or work locally and do not own their own home. Unlike Shared Ownership (which can revert to private sale) covenants in the planning agreement and lease ensure that the homes remain as affordable housing in perpetuity, helping future generations. Pocket also manage resales to ensure homes always go to other eligible local first-time buyers (earning below the relevant local income threshold) who will benefit most from them and monitors occupation to ensure they are not sublet for profit.

A specialist in small and complex sites, Pocket is known for the delivery of well-designed homes using modular technology. The homes that Pocket builds stay affordable forever and so are designed for the long term with lasting quality. Pocket also encourages a sense of community amongst its residents, starting with welcome drinks and aided by communal spaces such as roof terraces and co-working rooms. Support for SMEs, like Pocket, within the development sector is reinforced nationally by Central Government as set out most recently in the publication of the Government's consultation 'Planning for the Future' which highlights the Government's objective to diversify the housing industry and encourage innovation in housing delivery.

Pocket's discounted homes provide an important route to ownership. The importance of what Pocket does is recognised in partnerships with Homes England and the Greater London Authority. It is also recognised in national policy which now: i) provides strong support for affordable home ownership products including First Homes and Discounted Market sale (requiring a proportion in all schemes); and ii) requires local authorities to plan for the needs of households who wish to buy but can't afford to (an estimated 87% of all private renters) (Paragraph: 020 Reference ID: 2a-020-20190220).

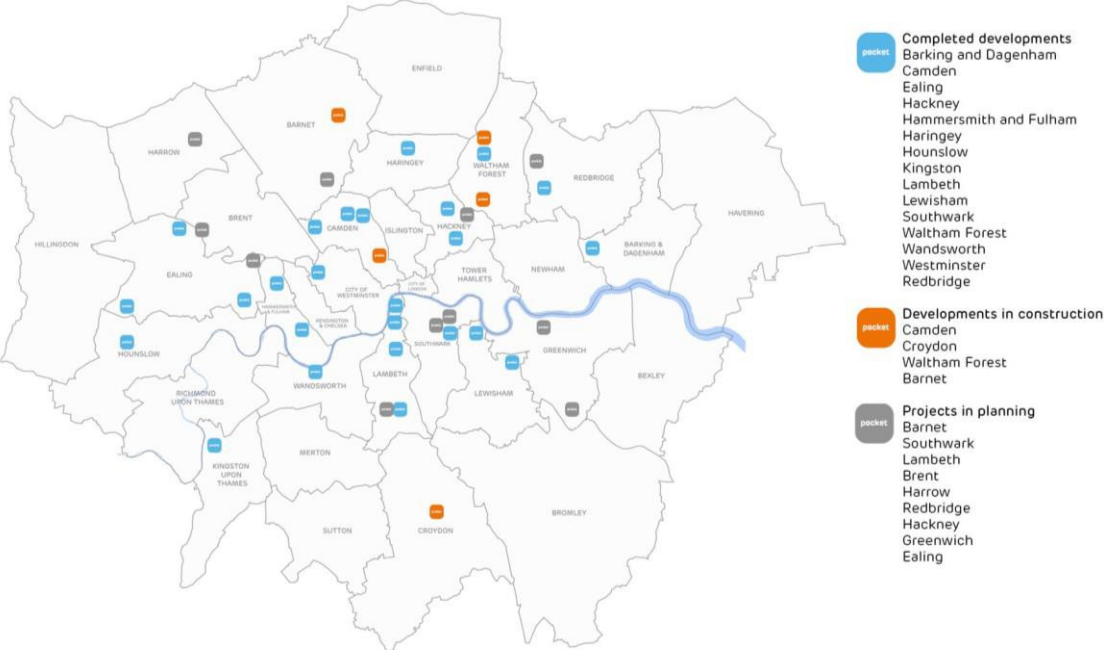
Pocket is the UK's only development business focused entirely on delivering grant free discounted affordable homeownership for first time buyers. Pocket has also delivered the iconic Mapleton Crescent tower in Wandsworth Town. The 52 Pocket homes in this scheme had 1,200 local first time buyers apply for the homes.

Pocket has delivered over 1,000 homes across the Capital and has over 1,500 more in planning and construction (Figure 1). The homes are popular with first time buyers and currently Pocket has a list of over



18,000 Londoners who have expressed an interest in buying a Pocket home in the next 12 months. The average annual income of a buyer is less than c.£40k. The average age of a Pocket buyer is 32 and 90% are single. 40% of Pocket buyers are key workers.

Figure 1 – Pocket Precedent

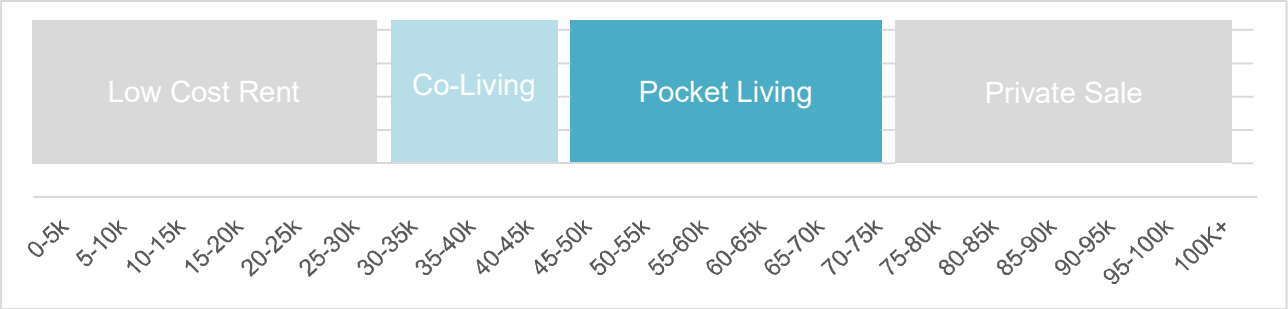


Pocket believes its affordable homeownership offer could play an important role in the London Borough of Wandsworth. Pocket has constructed one scheme in the Borough and is actively seeking opportunities to acquire land for new schemes.

Where delivered in Wandsworth Pocket Living Housing would be significantly more affordable than alternative one-bedroom private sale and private rent homes. The savings required for the deposit would also be substantially lower for a pocket home compared to a private sale home.

The delivery of Pocket homes in Wandsworth could therefore meet the needs of many of the local single person households who are unable to afford to buy a home in many parts of the borough (house prices are now many times incomes) but would not be eligible for social/ affordable rented housing (meeting an unmet intermediate affordability gap). This would complement the delivery of other single person products such as co-living as illustrated below (exact income will vary by location).

Figure 1 - Single Person Products (Indictative Income Ranges)



Due to a low proportion of existing discounted housing (less than 1%), these households (who are typically young single persons including key front-line workers) have no choice but to:



- I. live with parents later into adulthood or informally with friends ('sofa surfing');
- II. rent in the low quality, overcrowded and insecure buy to let dominated rented sector (with very limited private floorspace per person); or
- III. leave the area to find more affordable housing causing loss of workers and key workers (negatively impacting businesses and the delivery of front-line services) and breakup of existing communities.

Increased demand from single persons also results in pressure to convert homes to HMO's or informal buy to let house shares which would otherwise be best suited to families (i.e 3-bedroom+ houses with front doors and gardens).

Pocket Living Affordable Housing could therefore make an important contribution to meeting present and future un-met local housing need in Wandsworth.

While there is a need for a range of housing types in Wandsworth, it is not always feasible, appropriate or effective to require every individual scheme/ type of developer to attempt to meet every individual type of housing need. Some sites/ developers are better suited and more effective at meeting a single un-met need.

Attempting to require every scheme to meet every type of housing need (regardless of demand or the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the **effectiveness** of the plan. A more **effective** approach would be to use specialist housing to focuses on the un-met needs of younger single persons. The needs met by conventional and specialist housing products are set out in Table 1 below. The need to diversify house building to increase the supply of homes was acknowledged in the Letwin Review and more recently in the Governments consultation.

**Table 1 – Housing Products**

Product	Potential Needs Met
<i>Conventional Housing</i>	
Private Sale / Rent	Individuals, couples' & families who have sufficient dual income and savings to buy or rent a good quality home.
Shared Ownership	Eligible Individuals, couples' & families who have sufficient dual income and savings to part buy/ part rent a home.
Intermediate Rent / Living Rent	Eligible Couples' & families who have sufficient dual income to rent a discounted rental home but may have limited savings.
Low-Cost Rent	Eligible Individuals, Couples' & families with low incomes who are likely to be reliant on welfare payments.
<i>Specialist Housing Schemes</i>	
Student	Young single persons who are full time students who are studying who can afford private rents.
Affordable Student	Young single persons who are full time students who are studying and can't afford private rents.
Co-Living	Young single persons with low to median incomes and no or very limited savings.
Pocket Living (First Time Buyer)	Young single persons who are aspiring first time buyers with insufficient income and/or savings to buy a home.
Elderly Housing	Older couples and/or single persons who are downsizing or need care.



Policy support for a pipeline of Pocket Living affordable housing particularly on smaller more constrained sites (that would otherwise be unlikely to come forward and/or provide any affordable housing) provides a basis for the Council to avoid the need to require First Homes in every individual scheme. Requiring the delivery of First Homes on every site will constrain scheme viability, management feasibility, deliverability and ultimately the number of low-cost rent homes than can be provided during the plan period.

**Policy Representations**

Detailed representations on individual policies are set out in Table 2 below.

**Table 2 – Policy Representations and Justification**

Policy Ref	Pocket Living Representation	Justification/ Commentary
<b>SDS1 Spatial Development Strategy 2023 - 2038</b>		
SDS1	<p><b>Density</b></p> <p>Policy SDS1 and the supporting text should be amended to specifically reference material support for the delivery of higher densities in accessible locations with a focus on smaller unit types on more constrained sites.</p>	<p>Sites located in central locations or close to transport interchanges are highly suited to increased densities of housing and people. They are typically however less suited to families. The delivery of smaller unit sizes, such as 1 bedroom 1 person homes, will therefore be vital for maximising housing density on these sites and ensuring the plan is <b>effective</b>. Pocket’s density led solution would support this policy objective.</p>
SDS1	<p><b>Constrained Sites</b></p> <p>Policy SDS1 and the supporting text should be amended to specifically reference material support the delivery of new homes, particularly affordable homes, on smaller more constrained sites.</p>	<p>Wandsworth’s London Plan target is for 4,140 homes to be delivered on small sites over the plan period. Smaller sites are however typically more constrained than larger sites. It is also more challenging to deliver affordable housing on these sites due to management feasibility issues associated with a single core. Policy should therefore provide strong material support for proposals on these sites, particularly those which include affordable housing, to ensure the plan is <b>effective</b>. Pockets model of delivering up to 100% affordable housing on small-constrained sites would support this policy objective.</p>
SDS1	<p><b>SME Developers</b></p> <p>Policy SDS1 and the supporting text should explicitly recognise the need to support SME developers in Wandsworth.</p>	<p>The importance of supporting SME developers to widen housing choice and encourage innovation in housing delivery is evidenced the Letwin Review (2018) and more recently in the Government’s consultation ‘Planning for the Future’ (2021). Providing material support for SME’s is essential for ensuring the plan is <b>effective</b>. This is also recognised in London Plan Policy H2 which encourages innovation on smaller sites with SMEs.</p>
SDS1	<p><b>Affordable Home Ownership</b></p> <p>Policy SDS1 and the supporting text should explicitly reference the need to significantly increase the delivery of affordable ownership homes and include a presumption in favour of schemes with are largely (75%+) this tenure.</p>	<p>The NPPG confirms (Paragraph: 020 Reference ID: 2a-020-20190220) was updated in February 2019 to confirm that the un-met need for affordable housing need must include <u>‘those that cannot afford their own homes, either to rent, or to own, where that is their aspiration’ ( our e mph as is )</u>.</p> <p>The Councils SHMA confirms ‘The accepted understanding of this requirement is that plan-makers now need to quantify need for tenures that offer an affordable route to home-ownership’ and ‘The calculation as to how many households will require AHO products is therefore derived from the</p>



		<p>number of households who earn enough to rent privately, but not enough to buy’.</p> <p>The SHMA however underestimates the number of households in this group by estimating that there is presently only a backlog of need of 2,536 households. The latest Census showed there were 27,169 households living in the private rented sector in LBW. Research conducted by the British Attitudes Survey identified 87% of renters aspired to buy nationally. Pocket Living’s own research for London (Annex 3) identified a figure of 73%. The lower figure (73%) suggests there are at least 19,833 households who rent but aspire to buy. The actual figure is likely to be higher given i) the expected increase in numbers living in the private rented sector since the 2011 Census; and ii) the fact multi person households (unrelated adults who share) are only counted as a single household (but individually aspire to buy). It is not clear how the SHMA arrives at a figure of just 2,536 households.</p> <p>Notwithstanding the approach taken, it is also not clear how the Draft Local Plan seeks to meet the total need identified of 22,461 affordable ownership homes (including future needs) over the plan period.</p> <p>The plan has <b>not</b> therefore been <b>positively prepared</b> to meet Wandsworth’s objectively assessed needs, is <b>not justified</b> by proportionate evidence and is therefore <b>not consistent with national policy</b>.</p> <p>Providing material policy support for affordable home ownership with a presumption in favour of schemes which are largely (75%+) affordable home ownership (particularly on smaller more constrained sites which may otherwise come forward or yield any affordable housing delivery) is supported by Policy H5 of the London Plan. It is critical for encouraging and accelerating the delivery of new affordable homes and meeting unmet local housing need. Its inclusion will therefore ensure the plan is <b>effective</b>. Pocket’s model would support this policy objective.</p>
<p>SDS1</p>	<p><b>Young Single Persons</b></p> <p>Policy SDS1 and the supporting text should explicitly recognise the need to support young single persons by providing purpose-built self-contained housing for single person households.</p>	<p>Projected growth in the number of single person households is identified in the Council’s SHMA evidence base.</p> <p>This cohort typically comprises younger single persons who have been forced to live in low quality overcrowded or otherwise unsuitable shared rental housing. The problems associated with this type of housing have been highlighted by the COVID19 pandemic which illustrated those living in shared rental housing have on average just 10 square meters of private space to live and work from (LSE 2020 – Annex 1). These households are largely aspiring first time buyers who cannot afford to buy locally within a reasonable travel to work time and are increasingly leaving the borough (creating challenges for local businesses and the delivery of frontline services). Demand for shared rental housing increases pressure on the sharing of homes otherwise highly</p>



		<p>suitable to families as noted in H10 the London Plan. This is why the GLA count single person homes delivered in student accommodation and co-living towards housing targets.</p> <p>Providing material policy support for housing which meets the needs of young people will ensure the plan is much <b>more effective</b> in meeting objectively assessed needs. Pockets model would support this policy objective.</p>
<p><b>LP23 – Affordable Housing</b></p>		
<p>LP23C</p>	<p><b>Tenure Mix Effectiveness</b></p> <p>Policy LP23C and the supporting text should be amended to specifically recognise that it may not always be possible, appropriate or most effective to require every site and/or type of scheme and/or developers to provide a mix of tenures.</p>	<p>The Council’s housing evidence base acknowledges that there is an un-met need for all types and tenures of housing in Wandsworth. Arbitrarily requiring every site/ scheme to attempt to meet every type of unmet need is not always possible, appropriate or effective in meeting needs.</p> <p>For example, it is not always possible for smaller more constrained sites to provide a mix of tenures due to management feasibility issues associated with a single core. It is also not always appropriate for these sites to provide low cost rented homes for families due to the living environment and/or access to open space etc. Finally, requiring a mix of tenures in small schemes can negatively impact efficiency/ viability and the number of affordable homes that can be delivered.</p> <p>A <b>more effective</b> approach would be to support higher levels of low cost rented homes on larger sites (that can accommodate family housing) and intermediate homes on smaller constrained sites (typically delivered by SME developers who specialise in one housing type such as Pocket).</p>
<p>LP23C</p>	<p><b>First Homes</b></p> <p>Policy LP23C and the supporting text should be amended to remove the blanket requirement for First Homes in every scheme and reference to a fixed 30% discount. The approach should be determined on a case-by-case basis subject to unit size and location.</p> <p>Policy LP23C should also be amended to include specific support for a small pipeline of schemes which are solely affordable home ownership, in lieu of arbitrarily requiring First Homes in every individual scheme</p>	<p>The inclusion of first Homes in lieu of Low-Cost Shared Ownership will have a negative impact on scheme viability. This will reduce the ability of individual schemes to deliver affordable housing including low cost rented tenures. The inclusion of a first homes requirement on all sites would not therefore be <b>effective</b> in meeting objectively assessed needs.</p> <p>The Council’s First Homes evidence identifies a range of discounts required for different unit sizes ranging from 12-22% for 1 beds to 39-56% for 4 beds (subject to the incomes required). It also notes that the discount required will vary by location (1.3) and that greater discounts have implications for viability (1.32). This supports determining the relevant discount on a case-by-case basis having regards to a range of factors.</p> <p>The <b>justification</b> for a case-by-case approach (instead of a blanked requirement) would be more robust if the plan included material policy support for a pipeline of schemes on smaller sites which are largely (75%+) affordable home ownership schemes (as defined by Annex 2 of the NPPF). Supporting these schemes on smaller more constrained infill</p>



		<p>sites (which are less likely to otherwise come forward for housing and/or deliver any on-site affordable housing due to management feasibility) will also ensure these homes are net additional and do not displace cross subsidised low cost rented homes. Enabling flexibility for these homes to be First Homes or any other type of affordable housing defined by Annex 2 of the NPPF will increase the number of suitable/experienced providers (including Pocket Living).</p>
<p>LP23C</p>	<p><b>Tenure Mix Exemption</b></p> <p>Policy LP23C should be amended to include an exemption to any other specific tenure split requirements where the large majority (75%+) of housing is proposed as affordable housing (as defined by Annex 2 of the NPPF). It should confirm that in these circumstances viability evidence will not be required.</p>	<p>Flexibility in respect of tenure mix for LP23C schemes providing 35-74% affordable housing in accordance with the London Plan is supported. Policy H5 London Plan however also provides an additional route to incentivise schemes providing 75%+ affordable housing by permitting any tenure mix. The supporting text at 4.5.10 confirms <i>“To <u>incentivise schemes with a high proportion of genuinely affordable housing, schemes that propose 75 per cent or more genuinely affordable housing may be considered under the Fast-Track Route <u>whatever the affordable housing tenure mix, where supported by the borough and, where relevant, the Mayor. This should be determined on a case-by-case basis having regard to the housing need met by the scheme and the level of public subsidy involved.</u>”</u></i></p> <p>Encouraging the delivery of schemes in which the large majority of homes (75%+) are affordable homes is important for increasingly and accelerating the delivery of new affordable homes and meeting unmet local housing need. Requiring these very important schemes to provide multiple tenures would make them less viable/attractive for Registered Providers and other SME affordable housing providers such as Pocket.</p> <p>Attempting to require every scheme to meet every type of housing need (regardless of the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. It is likely to lead to friction between the deliverability of sites and policy requirements which inevitably will lead to delays. Proposals for a high proportion (75%+) of this type of affordable housing should therefore be afforded strong policy support to encourage their delivery regardless of the overall mix of tenures proposed. The positive role small sites can have in increasing housing delivery is strongly supported by Litchfields research at Annex 2.</p>
<p>LP23-F</p>	<p><b>Tenure Management</b></p> <p>Policy LP23-F and the supporting text should be amended to recognise that other intermediate tenures (including Discounted Market Sale) are not required to be managed by a Registered Provider.</p>	<p>There is no statutory requirement for intermediate tenure homes (including Discounted Market Sale) to be owned and/or managed by a Provider of Affordable Housing who is regulated with the Social Housing Regulator (‘Registered Provider’). This is confirmed in the NPPF and the CIL regulations. Requiring intermediate homes to be managed by an RP would exclude many SMEs such as Pocket from investing in the delivery of new affordable homes. This is contrary to national policy objectives for diversifying housing delivery and will ultimately reduce the delivery of affordable housing making the plan <b>less effective</b> over the plan period.</p>



<b>LP24 – Housing Mix</b>		
<p>LP24B</p>	<p><b>Single Person Homes</b></p> <p>Policy LP24E should be amended to remove reference to a maximum of 5% single person homes in the market tenure only.</p>	<p>Projected growth in the number of single person households is identified in the Council’s SHMA evidence base. There is no evidence that these households only require market housing. This cohort typically comprises younger single persons who have been forced to live in low quality overcrowded or otherwise unsuitable shared rental housing. These households are largely aspiring first time buyers who cannot afford to buy locally within a reasonable travel to work time and are increasingly leaving the borough (creating challenges for local businesses and the delivery of frontline services). Demand for shared rental housing increases pressure on the sharing of homes otherwise highly suitable to families as noted in Policy H10 of the London Plan. Pocket presently have 2,188 individuals on their database who live or work in the borough, registered and eligible for Pocket homes, who would otherwise be unable to afford on the open market housing.</p>
<p>LP24E</p>	<p><b>Unit Mix Considerations</b></p> <p>Policy LP24E should be amended to include flexibility for an alternative mix of unit sizes to be provided where it is justified having regard to material considerations including but not limited to the nature of the site and the specific type/ product of housing proposed.</p> <p>This policy should also specifically recognise that smaller more constrained sites are likely to be better suited to smaller unit types (i.e those designed for individuals instead of large families).</p>	<p>The Council’s evidence base illustrates there is significant un-met need for all unit sizes in Wandsworth. It is not however always feasible, appropriate or effective to require every individual scheme/ type of developer to attempt to meet every individual type of housing need. A variety of considerations are referenced in Policy H10 of the London Plan.</p> <p><u>Feasibility</u></p> <p>Smaller brownfield sites in urban locations tend to have a range of constraints beyond planning requirements which make it difficult to offer a range of sizes. Pocket’s schemes throughout London could not come forward for re-development if they had been required to provide a range of unit sizes due to in many cases to their highly constrained nature.</p> <p><u>Housing Type</u></p> <p>Some locations are better suited to smaller households than large families (e.g Town Centres). The exact type of housing product proposed may also be more or less suited to particular unit sizes (e.g rents vs sale). For example, the need for discounted homes for First Time Buyers is largely for young single person housing.</p> <p><u>Overall Effectiveness</u></p> <p>Attempting to require every scheme to meet every type of housing need (regardless of demand or the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. A more <b>effective</b> approach would be to support higher levels of family homes on larger sites (that can accommodate family housing) and smaller unit sizes on smaller constrained sites. The addition of this policy reference is therefore critical for ensuring the right homes are built in the right locations</p>





		<p>and the efficient use of brownfield land for housing delivery. The delivery of smaller unit sizes on constrained sites can also indirectly free up highly suitable family homes (with front doors and gardens) presently used as HMO's or informal house shares. The delivery of housing for single persons therefore provides an important opportunity to create family homes. This is noted in the London Plan.</p>
<p>LP24</p>	<p><b>Unit Mix Exemption</b></p> <p>Policy LP24 should be amended to include flexibility on unit mix where the large majority (75%+) of housing is proposed as affordable housing.</p>	<p>Encouraging the delivery of schemes in which the large majority of homes (75%+) are affordable homes is important for increasing and accelerating the delivery of new affordable homes and meeting unmet local housing need. Requiring these schemes to provide prescribed unit mix may make them less viable/ attractive for Registered Providers and SME developers of affordable housing such as Pocket. Allowing some schemes greater flexibility to focus on a particular unit size in order to encourage their delivery would therefore make an important contribution to meeting local needs. Attempting to require every scheme to meet every type of housing need (regardless of the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. Proposals for a high proportion (75%+) of this type of affordable housing should therefore be afforded strong policy support to encourage their delivery regardless of the overall mix of unit sizes proposed.</p>
<p><b>LP27 – Housing Standards</b></p>		
<p>LP27</p>	<p><b>Amenity Space</b></p> <p>Policy LP27 and the supporting text should be amended to recognise it is not always possible for every home to have direct access to a balcony or other private amenity space on small more constrained sites. It should also recognise that it is also not always necessary (e.g where the homes are designed for individuals instead of families).</p>	<p>The policy objective for all homes to provide high quality design and appropriate provision of private amenity spaces is supported. Constrained sites however tend to have fewer opportunities for providing private amenity space and play space. They are therefore better suited to higher densities of smaller unit sizes. Encouraging roof gardens and other innovative uses of community space should be sought in these of locations</p> <p>Housing delivered on constrained sites may not be able to appropriately accommodate private balconies and/or other private amenity space without rendering schemes unviable (noting these types of previously developed sites typically have significant viability challenges which require a critical mass of development).</p> <p>Delivery of housing on these sites should not however be discouraged. Delivering housing for smaller households (i.e single person households) who are in housing need but far less reliant on amenity space and lift access than couples and families will ensure these sites can be unlocked thus making the best and most efficient use of available brownfield housing land. It is for this reason 1 bed 1 person homes are not nationally required to provide balconies. Attempting to require schemes on constrained sites to meet the same standards expected in less constrained sites is likely to result in a significant reduction in housing delivery and the needs of fewer households being met overall. This would inhibit the overall <b>effectiveness</b> of the Plan.</p>



<b>LP30 – Build to Rent</b>		
LP30A1	<b>BTR Tenures</b>  Policy LP30A1 should be amended to delete reference to the need to provide low cost rented housing managed by a Registered Provider.	LP Policy H11 confirms that the affordable housing offer for B2R developments can be solely Discounted Market Rent (DMR). This is consistent with national planning policy which confirms affordable housing on build to rent schemes should be provided by default in the form of affordable private rent (another term for DMR).
LP30A2	<b>DMR Affordability</b>  Policy LP30A2 should be amended to clarify that the reference to ‘genuinely affordable’ refers to definition set out in the Mayor’s Housing Strategy.	The term ‘genuinely affordable’ is open to varied interpretation (as evidenced by recent planning decisions). As noted in NPPG the quantum of affordable housing must relate directly to the discount required (NPPG Paragraph: 002 Reference ID: 60-002-20180913). Failure to provide a definitive definition of genuinely affordable makes it impossible for applicants to determine the discount required by this policy when making investment decisions. This will deter investment in the Borough and reduce the <b>effectiveness</b> of the plan. The only formal definition of ‘genuinely affordable’ is defined in the Mayor’s Housing Strategy (2017). This definition should be adopted. Failure to support Build to Rent will reduce overall delivery of good quality rental homes which the Council’s housing evidence base demonstrates are needed alongside affordable home ownership options.

**Summary**

We hope these representations will be informative in refining the submission version of the plan to ensure it is legally sound. If you have any questions or would like to meet to discuss our comments further, please don't hesitate to contact us.

- Annex 1** – LSE Aspirant Homes Owners Report
- Annex 2** – Litchfields Small Sites Research
- Annex 3** – Pocket First Time Buyers Report

## Wandsworth Draft Local Plan Review (2022) Regulation 19 Consultation - Pocket Living (Rev 003 – 28.02.22)

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### Purpose

These representations are submitted on behalf of Pocket Living in response to the Wandsworth Local Plan Review (Regulation 19) Consultation.

The Regulation 19 consultation is a statutory consultation on the test of soundness of the revised local plan and whether it is legally compliant. To ensure the local plan is sound, it should meet the following criteria:

- Positively prepared (seeks to meet LBW objectively assessed need);
- Justified (based on proportionate evidence);
- Effective (deliverable over the plan period); and
- Consistent with national policy (enabling the delivery of sustainable development).

All representations are required to be submitted to the planning inspectorate for the examination in public along with the revised local plan and supporting evidence.

### About Pocket Living

Pocket Living ('Pocket') is an innovative award-winning SME developer established in 2005 to deliver discounted affordable homes for eligible first-time buyers. Pocket provides high quality carefully designed, space standards compliant 38sqm one-bed intermediate affordable homes to households who cannot afford to buy a good quality home but would also not be eligible for social housing. These households typically include front-line key workers who are essential to local communities.

Pocket's discounted homes meet the statutory definition of affordable housing set out in Annex 2 of the National Planning Policy Framework (NPPF). Planning agreements ensure that Pocket affordable homes are provided at a minimum 20% discount to open market values and are reserved for eligible purchasers who live or work locally and do not own their own home. Unlike Shared Ownership (which can revert to private sale) covenants in the planning agreement and lease ensure that the homes remain as affordable housing in perpetuity, helping future generations. Pocket also manage resales to ensure homes always go to other eligible local first-time buyers (earning below the relevant local income threshold) who will benefit most from them and monitors occupation to ensure they are not sublet for profit.

A specialist in small and complex sites, Pocket is known for the delivery of well-designed homes using modular technology. The homes that Pocket builds stay affordable forever and so are designed for the long term with lasting quality. Pocket also encourages a sense of community amongst its residents, starting with welcome drinks and aided by communal spaces such as roof terraces and co-working rooms. Support for SMEs, like Pocket, within the development sector is reinforced nationally by Central Government as set out most recently in the publication of the Government's consultation 'Planning for the Future' which highlights the Government's objective to diversify the housing industry and encourage innovation in housing delivery.

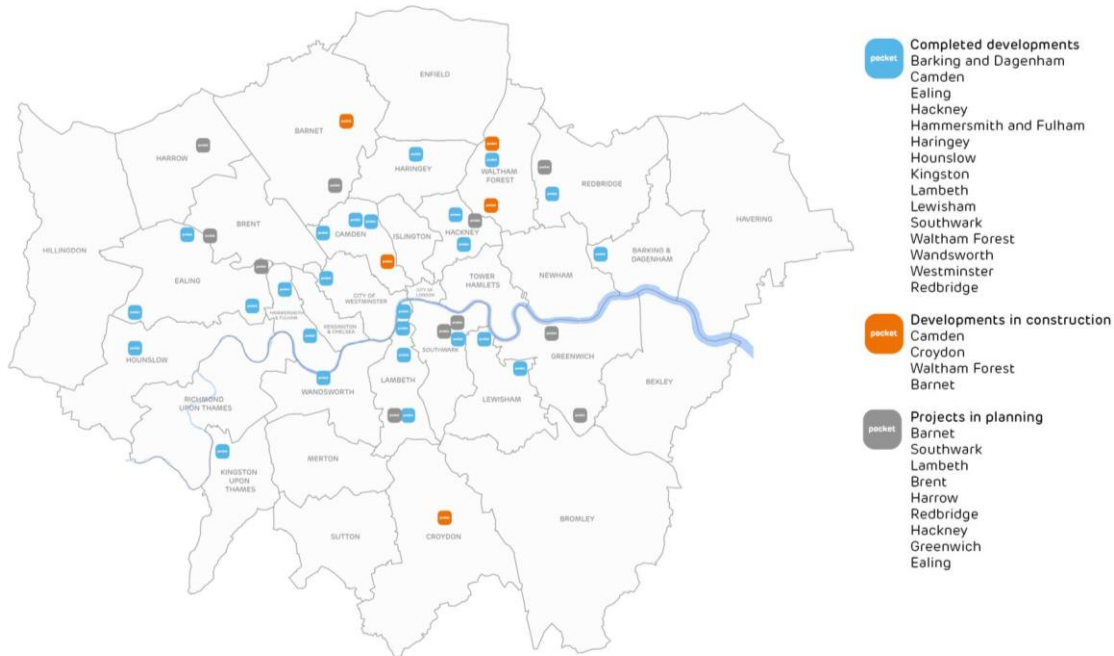
Pocket's discounted homes provide an important route to ownership. The importance of what Pocket does is recognised in partnerships with Homes England and the Greater London Authority. It is also recognised in national policy which now: i) provides strong support for affordable home ownership products including First Homes and Discounted Market sale (requiring a proportion in all schemes); and ii) requires local authorities to plan for the needs of households who wish to buy but can't afford to (an estimated 87% of all private renters) (Paragraph: 020 Reference ID: 2a-020-20190220).

Pocket is the UK's only development business focused entirely on delivering grant free discounted affordable homeownership for first time buyers. Pocket has also delivered the iconic Mapleton Crescent tower in Wandsworth Town. The 52 Pocket homes in this scheme had 1,200 local first time buyers apply for the homes.

Pocket has delivered over 1,000 homes across the Capital and has over 1,500 more in planning and construction (Figure 1). The homes are popular with first time buyers and currently Pocket has a list of over

18,000 Londoners who have expressed an interest in buying a Pocket home in the next 12 months. The average annual income of a buyer is less than c.£40k. The average age of a Pocket buyer is 32 and 90% are single. 40% of Pocket buyers are key workers.

**Figure 1 – Pocket Precedent**

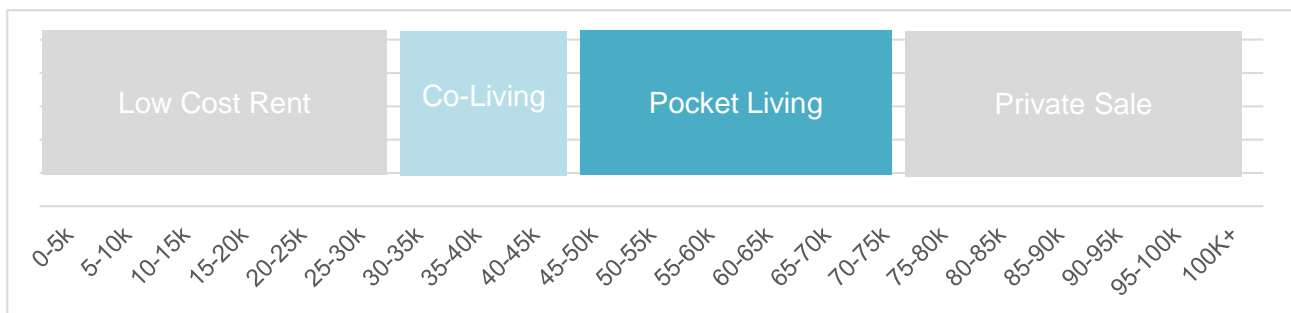


Pocket believes its affordable homeownership offer could play an important role in the London Borough of Wandsworth. Pocket has constructed one scheme in the Borough and is actively seeking opportunities to acquire land for new schemes.

Where delivered in Wandsworth Pocket Living Housing would be significantly more affordable than alternative one-bedroom private sale and private rent homes. The savings required for the deposit would also be substantially lower for a pocket home compared to a private sale home.

The delivery of Pocket homes in Wandsworth could therefore meet the needs of many of the local single person households who are unable to afford to buy a home in many parts of the borough (house prices are now many times incomes) but would not be eligible for social/ affordable rented housing (meeting an unmet intermediate affordability gap). This would complement the delivery of other single person products such as co-living as illustrated below (exact income will vary by location).

**Figure 1 - Single Person Products (Indicative Income Ranges)**



Due to a low proportion of existing discounted housing (less than 1%), these households (who are typically young single persons including key front-line workers) have no choice but to:

- I. live with parents later into adulthood or informally with friends ('sofa surfing');
- II. rent in the low quality, overcrowded and insecure buy to let dominated rented sector (with very limited private floorspace per person); or
- III. leave the area to find more affordable housing causing loss of workers and key workers (negatively impacting businesses and the delivery of front-line services) and breakup of existing communities.

Increased demand from single persons also results in pressure to convert homes to HMO's or informal buy to let house shares which would otherwise be best suited to families (i.e 3-bedroom+ houses with front doors and gardens).

Pocket Living Affordable Housing could therefore make an important contribution to meeting present and future un-met local housing need in Wandsworth.

While there is a need for a range of housing types in Wandsworth, it is not always feasible, appropriate or effective to require every individual scheme/ type of developer to attempt to meet every individual type of housing need. Some sites/ developers are better suited and more effective at meeting a single un-met need.

Attempting to require every scheme to meet every type of housing need (regardless of demand or the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the **effectiveness** of the plan. A more **effective** approach would be to use specialist housing to focuses on the un-met needs of younger single persons. The needs met by conventional and specialist housing products are set out in Table 1 below. The need to diversify house building to increase the supply of homes was acknowledged in the Letwin Review and more recently in the Governments consultation.

**Table 1 – Housing Products**

Product	Potential Needs Met
<i>Conventional Housing</i>	
Private Sale / Rent	Individuals, couples' & families who have sufficient dual income and savings to buy or rent a good quality home.
Shared Ownership	Eligible Individuals, couples' & families who have sufficient dual income and savings to part buy/ part rent a home.
Intermediate Rent / Living Rent	Eligible Couples' & families who have sufficient dual income to rent a discounted rental home but may have limited savings.
Low-Cost Rent	Eligible Individuals, Couples' & families with low incomes who are likely to be reliant on welfare payments.
<i>Specialist Housing Schemes</i>	
Student	Young single persons who are full time students who are studying who can afford private rents.
Affordable Student	Young single persons who are full time students who are studying and can't afford private rents.
Co-Living	Young single persons with low to median incomes and no or very limited savings.
Pocket Living (First Time Buyer)	Young single persons who are aspiring first time buyers with insufficient income and/or savings to buy a home.
Elderly Housing	Older couples and/or single persons who are downsizing or need care.

Policy support for a pipeline of Pocket Living affordable housing particularly on smaller more constrained sites (that would otherwise be unlikely to come forward and/or provide any affordable housing) provides a basis for the Council to avoid the need to require First Homes in every individual scheme. Requiring the delivery of First Homes on every site will constrain scheme viability, management feasibility, deliverability and ultimately the number of low-cost rent homes than can be provided during the plan period.

## Policy Representations

Detailed representations on individual policies are set out in Table 2 below.

**Table 2 – Policy Representations and Justification**

Policy Ref	Pocket Living Representation	Justification/ Commentary
<b>SDS1 Spatial Development Strategy 2023 - 2038</b>		
SDS1	<p><b>Density</b></p> <p>Policy SDS1 and the supporting text should be amended to specifically reference material support for the delivery of higher densities in accessible locations with a focus on smaller unit types on more constrained sites.</p>	<p>Sites located in central locations or close to transport interchanges are highly suited to increased densities of housing and people. They are typically however less suited to families. The delivery of smaller unit sizes, such as 1 bedroom 1 person homes, will therefore be vital for maximising housing density on these sites and ensuring the plan is <b>effective</b>. Pocket's density led solution would support this policy objective.</p>
SDS1	<p><b>Constrained Sites</b></p> <p>Policy SDS1 and the supporting text should be amended to specifically reference material support the delivery of new homes, particularly affordable homes, on smaller more constrained sites.</p>	<p>Wandsworth's London Plan target is for 4,140 homes to be delivered on small sites over the plan period. Smaller sites are however typically more constrained than larger sites. It is also more challenging to deliver affordable housing on these sites due to management feasibility issues associated with a single core. Policy should therefore provide strong material support for proposals on these sites, particularly those which include affordable housing, to ensure the plan is <b>effective</b>. Pockets model of delivering up to 100% affordable housing on small-constrained sites would support this policy objective.</p>
SDS1	<p><b>SME Developers</b></p> <p>Policy SDS1 and the supporting text should explicitly recognise the need to support SME developers in Wandsworth.</p>	<p>The importance of supporting SME developers to widen housing choice and encourage innovation in housing delivery is evidenced the Letwin Review (2018) and more recently in the Government's consultation 'Planning for the Future' (2021). Providing material support for SME's is essential for ensuring the plan is <b>effective</b>. This is also recognised in London Plan Policy H2 which encourages innovation on smaller sites with SMEs.</p>
SDS1	<p><b>Affordable Home Ownership</b></p> <p>Policy SDS1 and the supporting text should explicitly reference the need to significantly increase the delivery of affordable ownership homes and include a presumption in favour of schemes with are largely (75%+) this tenure.</p>	<p>The NPPG confirms (Paragraph: 020 Reference ID: 2a-020-20190220) was updated in February 2019 to confirm that the un-met need for affordable housing need must include <u>'those that cannot afford their own homes, either to rent, or to own, where that is their aspiration'</u> (our emphasis).</p> <p>The Councils SHMA confirms 'The accepted understanding of this requirement is that plan-makers now need to quantify need for tenures that offer an affordable route to home-ownership' and 'The calculation as to how many households will require AHO products is therefore derived from the</p>

		<p>number of households who earn enough to rent privately, but not enough to buy’.</p> <p>The SHMA however underestimates the number of households in this group by estimating that there is presently only a backlog of need of 2,536 households. The latest Census showed there were 27,169 households living in the private rented sector in LBW. Research conducted by the British Attitudes Survey identified 87% of renters aspired to buy nationally. Pocket Living’s own research for London (Annex 3) identified a figure of 73%. The lower figure (73%) suggests there are at least 19,833 households who rent but aspire to buy. The actual figure is likely to be higher given i) the expected increase in numbers living in the private rented sector since the 2011 Census; and ii) the fact multi person households (unrelated adults who share) are only counted as a single household (but individually aspire to buy). It is not clear how the SHMA arrives at a figure of just 2,536 households.</p> <p>Notwithstanding the approach taken, it is also not clear how the Draft Local Plan seeks to meet the total need identified of 22,461 affordable ownership homes (including future needs) over the plan period.</p> <p>The plan has <b>not</b> therefore been <b>positively prepared</b> to meet Wandsworth’s objectively assessed needs, is <b>not justified</b> by proportionate evidence and is therefore <b>not consistent with national policy</b>.</p> <p>Providing material policy support for affordable home ownership with a presumption in favour of schemes which are largely (75%+) affordable home ownership (particularly on smaller more constrained sites which may otherwise come forward or yield any affordable housing delivery) is supported by Policy H5 of the London Plan. It is critical for encouraging and accelerating the delivery of new affordable homes and meeting unmet local housing need. Its inclusion will therefore ensure the plan is <b>effective</b>. Pocket’s model would support this policy objective.</p>
SDS1	<p><b>Young Single Persons</b></p> <p>Policy SDS1 and the supporting text should explicitly recognise the need to support young single persons by providing purpose-built self-contained housing for single person households.</p>	<p>Projected growth in the number of single person households is identified in the Council’s SHMA evidence base.</p> <p>This cohort typically comprises younger single persons who have been forced to live in low quality overcrowded or otherwise unsuitable shared rental housing. The problems associated with this type of housing have been highlighted by the COVID19 pandemic which illustrated those living in shared rental housing have on average just 10 square meters of private space to live and work from (LSE 2020 – Annex 1). These households are largely aspiring first time buyers who cannot afford to buy locally within a reasonable travel to work time and are increasingly leaving the borough (creating challenges for local businesses and the delivery of frontline services). Demand for shared rental housing increases pressure on the sharing of homes otherwise highly</p>

		<p>suitable to families as noted in H10 the London Plan. This is why the GLA count single person homes delivered in student accommodation and co-living towards housing targets.</p> <p>Providing material policy support for housing which meets the needs of young people will ensure the plan is much <b>more effective</b> in meeting objectively assessed needs. Pockets model would support this policy objective.</p>
<p><b>LP23 – Affordable Housing</b></p>		
<p>LP23C</p>	<p><b>Tenure Mix Effectiveness</b></p> <p>Policy LP23C and the supporting text should be amended to specifically recognise that it may not always be possible, appropriate or most effective to require every site and/or type of scheme and/or developers to provide a mix of tenures.</p>	<p>The Council’s housing evidence base acknowledges that there is an un-met need for all types and tenures of housing in Wandsworth. Arbitrarily requiring every site/ scheme to attempt to meet every type of unmet need is not always possible, appropriate or effective in meeting needs.</p> <p>For example, it is not always possible for smaller more constrained sites to provide a mix of tenures due to management feasibility issues associated with a single core. It is also not always appropriate for these sites to provide low cost rented homes for families due to the living environment and/or access to open space etc. Finally, requiring a mix of tenures in small schemes can negatively impact efficiency/ viability and the number of affordable homes that can be delivered.</p> <p>A <b>more effective</b> approach would be to support higher levels of low cost rented homes on larger sites (that can accommodate family housing) and intermediate homes on smaller constrained sites (typically delivered by SME developers who specialise in one housing type such as Pocket).</p>
<p>LP23C</p>	<p><b>First Homes</b></p> <p>Policy LP23C and the supporting text should be amended to remove the blanket requirement for First Homes in every scheme and reference to a fixed 30% discount. The approach should be determined on a case-by-case basis subject to unit size and location.</p> <p>Policy LP23C should also be amended to include specific support for a small pipeline of schemes which are solely affordable home ownership, in lieu of arbitrarily requiring First Homes in every individual scheme</p>	<p>The inclusion of first Homes in lieu of Low-Cost Shared Ownership will have a negative impact on scheme viability. This will reduce the ability of individual schemes to deliver affordable housing including low cost rented tenures. The inclusion of a first homes requirement on all sites would not therefore be <b>effective</b> in meeting objectively assessed needs.</p> <p>The Council’s First Homes evidence identifies a range of discounts required for different unit sizes ranging from 12-22% for 1 beds to 39-56% for 4 beds (subject to the incomes required). It also notes that the discount required will vary by location (1.3) and that greater discounts have implications for viability (1.32). This supports determining the relevant discount on a case-by-case basis having regards to a range of factors.</p> <p>The <b>justification</b> for a case-by-case approach (instead of a blanked requirement) would be more robust if the plan included material policy support for a pipeline of schemes on smaller sites which are largely (75%+) affordable home ownership schemes (as defined by Annex 2 of the NPPF). Supporting these schemes on smaller more constrained infill</p>



		<p>sites (which are less likely to otherwise come forward for housing and/or deliver any on-site affordable housing due to management feasibility) will also ensure these homes are net additional and do not displace cross subsidised low cost rented homes. Enabling flexibility for these homes to be First Homes or any other type of affordable housing defined by Annex 2 of the NPPF will increase the number of suitable/experienced providers (including Pocket Living).</p>
<p>LP23C</p>	<p><b>Tenure Mix Exemption</b></p> <p>Policy LP23C should be amended to include an exemption to any other specific tenure split requirements where the large majority (75%+) of housing is proposed as affordable housing (as defined by Annex 2 of the NPPF). It should confirm that in these circumstances viability evidence will not be required.</p>	<p>Flexibility in respect of tenure mix for LP23C schemes providing 35-74% affordable housing in accordance with the London Plan is supported. Policy H5 London Plan however also provides an additional route to incentivise schemes providing 75%+ affordable housing by permitting any tenure mix. The supporting text at 4.5.10 confirms <i>“To <u>incentivise schemes with a high proportion of genuinely affordable housing, schemes that propose 75 per cent or more genuinely affordable housing may be considered under the Fast-Track Route whatever the affordable housing tenure mix, where supported by the borough and, where relevant, the Mayor. This should be determined on a case-by-case basis having regard to the housing need met by the scheme and the level of public subsidy involved.</u>”</i></p> <p>Encouraging the delivery of schemes in which the large majority of homes (75%+) are affordable homes is important for increasingly and accelerating the delivery of new affordable homes and meeting unmet local housing need. Requiring these very important schemes to provide multiple tenures would make them less viable/attractive for Registered Providers and other SME affordable housing providers such as Pocket.</p> <p>Attempting to require every scheme to meet every type of housing need (regardless of the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. It is likely to lead to friction between the deliverability of sites and policy requirements which inevitably will lead to delays. Proposals for a high proportion (75%+) of this type of affordable housing should therefore be afforded strong policy support to encourage their delivery regardless of the overall mix of tenures proposed. The positive role small sites can have in increasing housing delivery is strongly supported by Litchfields research at Annex 2.</p>
<p>LP23-F</p>	<p><b>Tenure Management</b></p> <p>Policy LP23-F and the supporting text should be amended to recognise that other intermediate tenures (including Discounted Market Sale) are not required to be managed by a Registered Provider.</p>	<p>There is no statutory requirement for intermediate tenure homes (including Discounted Market Sale) to be owned and/or managed by a Provider of Affordable Housing who is regulated with the Social Housing Regulator (‘Registered Provider’). This is confirmed in the NPPF and the CIL regulations. Requiring intermediate homes to be managed by an RP would exclude many SMEs such as Pocket from investing in the delivery of new affordable homes. This is contrary to national policy objectives for diversifying housing delivery and will ultimately reduce the delivery of affordable housing making the plan <b>less effective</b> over the plan period.</p>

<b>LP24 – Housing Mix</b>	
LP24B	<p><b>Single Person Homes</b></p> <p>Policy LP24E should be amended to remove reference to a maximum of 5% single person homes in the market tenure only.</p>
LP24E	<p><b>Unit Mix Considerations</b></p> <p>Policy LP24E should be amended to include flexibility for an alternative mix of unit sizes to be provided where it is justified having regard to material considerations including but not limited to the nature of the site and the specific type/ product of housing proposed.</p> <p>This policy should also specifically recognise that smaller more constrained sites are likely to be better suited to smaller unit types (i.e those designed for individuals instead of large families).</p>
	<p>Projected growth in the number of single person households is identified in the Council's SHMA evidence base. There is no evidence that these households only require market housing. This cohort typically comprises younger single persons who have been forced to live in low quality overcrowded or otherwise unsuitable shared rental housing. These households are largely aspiring first time buyers who cannot afford to buy locally within a reasonable travel to work time and are increasingly leaving the borough (creating challenges for local businesses and the delivery of frontline services). Demand for shared rental housing increases pressure on the sharing of homes otherwise highly suitable to families as noted in Policy H10 of the London Plan. Pocket presently have 2,188 individuals on their database who live or work in the borough, registered and eligible for Pocket homes, who would otherwise be unable to afford on the open market housing.</p>
	<p>The Council's evidence base illustrates there is significant un-met need for all unit sizes in Wandsworth. It is not however always feasible, appropriate or effective to require every individual scheme/ type of developer to attempt to meet every individual type of housing need. A variety of considerations are referenced in Policy H10 of the London Plan.</p> <p><u>Feasibility</u></p> <p>Smaller brownfield sites in urban locations tend to have a range of constraints beyond planning requirements which make it difficult to offer a range of sizes. Pocket's schemes throughout London could not come forward for re-development if they had been required to provide a range of unit sizes due to in many cases to their highly constrained nature.</p> <p><u>Housing Type</u></p> <p>Some locations are better suited to smaller households than large families (e.g Town Centres). The exact type of housing product proposed may also be more or less suited to particular unit sizes (e.g rents vs sale). For example, the need for discounted homes for First Time Buyers is largely for young single person housing.</p> <p><u>Overall Effectiveness</u></p> <p>Attempting to require every scheme to meet every type of housing need (regardless of demand or the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. A more <b>effective</b> approach would be to support higher levels of family homes on larger sites (that can accommodate family housing) and smaller unit sizes on smaller constrained sites. The addition of this policy reference is therefore critical for ensuring the right homes are built in the right locations</p>

		and the efficient use of brownfield land for housing delivery. The delivery of smaller unit sizes on constrained sites can also indirectly free up highly suitable family homes (with front doors and gardens) presently used as HMO's or informal house shares. The delivery of housing for single persons therefore provides an important opportunity to create family homes. This is noted in the London Plan.
LP24	<p><b>Unit Mix Exemption</b></p> <p>Policy LP24 should be amended to include flexibility on unit mix where the large majority (75%+) of housing is proposed as affordable housing.</p>	<p>Encouraging the delivery of schemes in which the large majority of homes (75%+) are affordable homes is important for increasing and accelerating the delivery of new affordable homes and meeting unmet local housing need. Requiring these schemes to provide prescribed unit mix may make them less viable/ attractive for Registered Providers and SME developers of affordable housing such as Pocket. Allowing some schemes greater flexibility to focus on a particular unit size in order to encourage their delivery would therefore make an important contribution to meeting local needs. Attempting to require every scheme to meet every type of housing need (regardless of the nature of the site, proposal or developer) is likely to result in a reduction in housing delivery reducing the <b>effectiveness</b> of the plan. Proposals for a high proportion (75%+) of this type of affordable housing should therefore be afforded strong policy support to encourage their delivery regardless of the overall mix of unit sizes proposed.</p>
<b>LP27 – Housing Standards</b>		
LP27	<p><b>Amenity Space</b></p> <p>Policy LP27 and the supporting text should be amended to recognise it is not always possible for every home to have direct access to a balcony or other private amenity space on small more constrained sites. It should also recognise that it is also not always necessary (e.g where the homes are designed for individuals instead of families).</p>	<p>The policy objective for all homes to provide high quality design and appropriate provision of private amenity spaces is supported. Constrained sites however tend to have fewer opportunities for providing private amenity space and play space. They are therefore better suited to higher densities of smaller unit sizes. Encouraging roof gardens and other innovative uses of community space should be sought in these of locations</p> <p>Housing delivered on constrained sites may not be able to appropriately accommodate private balconies and/or other private amenity space without rendering schemes unviable (noting these types of previously developed sites typically have significant viability challenges which require a critical mass of development).</p> <p>Delivery of housing on these sites should not however be discouraged. Delivering housing for smaller households (i.e single person households) who are in housing need but far less reliant on amenity space and lift access than couples and families will ensure these sites can be unlocked thus making the best and most efficient use of available brownfield housing land. It is for this reason 1 bed 1 person homes are not nationally required to provide balconies. Attempting to require schemes on constrained sites to meet the same standards expected in less constrained sites is likely to result in a significant reduction in housing delivery and the needs of fewer households being met overall. This would inhibit the overall <b>effectiveness</b> of the Plan.</p>

<b>LP30 – Build to Rent</b>		
LP30A1	<p><b>BTR Tenures</b></p> <p>Policy LP30A1 should be amended to delete reference to the need to provide low cost rented housing managed by a Registered Provider.</p>	<p>LP Policy H11 confirms that the affordable housing offer for B2R developments can be solely Discounted Market Rent (DMR). This is consistent with national planning policy which confirms affordable housing on build to rent schemes should be provided by default in the form of affordable private rent (another term for DMR).</p>
LP30A2	<p><b>DMR Affordability</b></p> <p>Policy LP30A2 should be amended to clarify that the reference to ‘genuinely affordable’ refers to definition set out in the Mayor’s Housing Strategy.</p>	<p>The term ‘genuinely affordable’ is open to varied interpretation (as evidenced by recent planning decisions). As noted in NPPG the quantum of affordable housing must relate directly to the discount required (NPPG Paragraph: 002 Reference ID: 60-002-20180913). Failure to provide a definitive definition of genuinely affordable makes it impossible for applicants to determine the discount required by this policy when making investment decisions. This will deter investment in the Borough and reduce the <b>effectiveness</b> of the plan. The only formal definition of ‘genuinely affordable’ is defined in the Mayor’s Housing Strategy (2017). This definition should be adopted. Failure to support Build to Rent will reduce overall delivery of good quality rental homes which the Council’s housing evidence base demonstrates are needed alongside affordable home ownership options.</p>

### Summary

We hope these representations will be informative in refining the submission version of the plan to ensure it is legally sound. If you have any questions or would like to meet to discuss our comments further, please don’t hesitate to contact us.

**Annex 1** – LSE Aspirant Homes Owners Report

**Annex 2** – Litchfields Small Sites Research

**Annex 3** – Pocket First Time Buyers Report