

Committee(s)	Dated:
Local Plans Sub (Planning and Transportation) Committee	23/05/2023
Subject: City Plan 2040 - Housing	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,4,7,9,11,12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Gwyn Richards, Planning & Development Director, Environment Department	For Discussion
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Summary

The City Plan is required to set out the level of housing need arising in the City of London and include policies which set out how this need will be addressed, including the allocation of sites for new housing, where necessary.

The London Plan sets a 10 year target for the City to deliver 1,460 new dwellings between 2019/20 and 2028/29. Separately, the NPPF requires local planning authorities to identify sufficient sites to meet housing need for the first 5 years of the Plan and to identify sites or locations to meet housing need in years 6-19 of the Plan period.

The City of London has sufficient identified sites to deliver a 5 year land supply, if the contribution from student accommodation is included, but does not have an identified supply beyond this period. Separately, taking account of dwellings already completed since 2019/20, the City Plan is likely to meet and exceed the London Plan housing target.

This report sets out how policies in the City Plan could be updated to ensure that sufficient housing supply is identified to meet statutory requirements.

Recommendation(s)

Members are asked to:

- Advise on the proposed policy directions in relation to policies on housing supply.

Main Report

Background

1. The National Planning Policy Framework sets out the Government's objective of significantly boosting the supply of homes and provides guidance on the number of homes that should be provided within local plans.
2. The NPPF requires local planning authorities to include housing targets in local plans and to show the extent to which this level of housing need can be met over the plan period. Where there is a designated neighbourhood area, the local plan should set out a housing requirement for this neighbourhood area and, where this is not possible, provide an indicative housing figure.
3. The national Planning Practice Guidance sets out a national standard methodology for calculating housing need. Outside of London this calculation should be used as the basis for setting a housing target in a local plan. The methodology is based on national household growth projections, adjusted to take account of affordability. Although not required to be used in London, this standard method does give a useful indication of likely levels of housing need within London boroughs and the City of London. Applying the methodology in the City in April 2023 generates an annual housing need figure of 101 dwellings.
4. Within London, the London Plan sets out housing targets for each of the London boroughs, the City of London and the Mayoral Development Corporations (London Plan Policy H1). These targets are described as ten-year targets to be met over the period 2019-20 to 2028/29 and are capacity-based targets derived from the 2017 London Strategic Housing Land Availability Assessment (SHLAA), rather than the national standard methodology. Boroughs and the City are expected to demonstrate in their local plans how they will meet and, where possible, exceed this target over the 10 year period, rather than on an annual basis. A local plan which does not demonstrate sufficient housing land to meet the target up to 2028/29 would not be in general conformity with the London Plan and would not pass the tests of soundness at the local plan public examination. The 2021 London Plan sets a 10 year housing target for the City of London of 1,460 net additional dwellings between 2019/20 and 2028/29.
5. Beyond 2028/29, the London Plan advises that targets should be informed by the 2017 SHLAA, whilst also taking account of additional housing capacity identified locally. The 2017 SHLAA identified capacity in the City of 979 dwellings between 2029/30 and 2038/39.
6. The NPPF also requires local plans to identify a sufficient supply and mix of sites to meet the established housing target, plus a buffer of 5% for the first five years of the Plan. This requirement applies across England, including in London. Local plans are required to identify:
 - specific, deliverable housing sites for years 1-5 of the plan period;
 - specific, developable sites or broad locations for growth for years 6-10 and, where possible, for years 11-15 of the plan period.

7. Where a local planning authority makes an allowance for windfall sites (those sites that have not been identified or allocated in advance through the local plan), there should be compelling evidence that such sites will provide a reliable source of supply, having regard to the identified availability of land, historic windfall delivery rates and expected future trends.

Current Position

8. The City Corporation publishes annual monitoring reports setting out the 5 year housing land supply based on the London Plan requirement. The most recent available data for March 2022 shows:

5-year projected delivery of dwellings	Identifiable development sites			Including projected windfall sites	
	Year	Sites under construction	Permitted not commenced	Total	Projected windfall
2022/23	24	7	31	0	31
2023/24	87	0	87	0	87
2024/25	258	0	258 ¹	0	258
2025/26	0	0	0	74	74 ²
2026/27	0	0	0	74	74
Totals	369	7	376	148	524

Notes:

1. Estimated supply from student housing at Citicape House (65 Holborn). 645 student bedrooms counted towards housing supply at a ratio of 2.5 student bedrooms to 1 residential unit
 2. Estimated supply of small sites contained in London SHLAA
9. When set against a 5 year housing requirement from the London Plan of 767 units (730 from the London Plan + 37 as a 5% buffer), the current identified housing supply is equivalent to 2.5 years supply (not including windfalls) or 3.2 years supply with windfalls. This level of supply falls below the required 5 years supply and puts the Plan at risk of being found to be 'unsound' at public examination.
 10. The currently identified housing supply does not include any sites which are at pre-application stage or which have been considered and agreed by the Planning & Transportation Committee, subject to signing of a s106 agreement. On 26 February 2023, the Planning Applications Sub-Committee resolved the grant permission for a further student housing scheme at 65 Crutched Friars (Friary Court). This scheme would provide 769 student bedrooms, equivalent to 308 residential units. Including this scheme would increase the City's housing supply, to between 4.45 years (without windfalls) and 5.4 years (with windfalls), sufficient to demonstrate a 5 year housing land supply.
 11. The NPPF also requires local authorities to demonstrate a supply of suitable sites and/or locations for years 6-15 of their local plans. Although the City Plan

identifies 10 residential areas and encourages housing development in these areas, no specific sites are identified, and future delivery for years 6-10 of the Plan will rely on new sites coming forward as windfall development. This presents a risk that an Inspector will consider that additional certainty is required on future housing delivery if the Plan is to be found sound.

London Plan Housing Target

12. As set out in paragraph 4, the City Plan is required to demonstrate how the London Plan housing target of 1,460 dwellings for the period 2019/20 to 2028/29 will be met.

2019/20	2020/21	2021/22	2022/23 – 2026/27	Total
296	202	433	832	1,763

13. The table above shows annual completions for the years 2019/20 to 2021/22, plus projected completions from the 5 year land supply (including Friary Court), demonstrating that sufficient residential development is projected to take place to meet London Plan requirements. In exceeding the requirement, the City Plan would be in general conformity with the London Plan.

Call for Sites

14. Due to uncertainty over future housing land supply, between May and July 2022, the City Corporation undertook a Call for Sites consultation, asking developers, land owners, agents and the public to suggest potential sites that could be brought forward for housing development. Only 4 sites were proposed through this consultation, although a further 7 were identified by officers as having potential for future residential development. Of these 11 sites, 3 are considered to have short-medium term potential for housing, 6 to have potential in the medium term and 2 to have no potential due to ownership or amenity considerations.

Options to Deliver new housing

15. The housing supply position in the City is not clearcut and Members are asked to advise on potential ways forward for the City Plan to ensure that sufficient housing supply can be identified to meet London Plan and NPPF requirements and ensure that the Plan is sound.

Rely upon identified sites and future windfall development

16. As set out in paragraph 12, sufficient housing has been completed or is in the development pipeline to meet and exceed the London Plan housing target for the City for the period 2019/20 to 2028/29. There is also sufficient supply in the pipeline to demonstrate a 5 year housing land supply as required by the NPPF. Beyond this period there are no identified sources of supply and so the City Corporation would need to rely upon windfall development. In the period between 2011 and 2022, 1,918 new dwellings have been completed, all as windfall development, in the City (at an annualised rate of 192 dwellings). This delivery is 491 above the Local Plan and London Plan targets, giving a degree of confidence that sites will continue to come forward.

17. The current adopted City of London Local Plan 2015 does not identify or allocate specific housing sites. This approach continues established practice from earlier City Plans, including the 2002 Unitary Development Plan and the 2011 Core Strategy. Inspectors at previous City Local Plan examinations have accepted that a reliance on windfalls is appropriate given the City's specific commercial focus and role. Delivery does, however, vary from year to year, with housing delivery in some years falling below annualised targets and in others significantly exceeding annualised targets.
18. Whilst setting out a delivery strategy which continues established practice and reliance on windfalls, the City Plan should provide more information on recent and projected delivery and identify within the supporting text those housing sites that are under construction or are in the planning pipeline to demonstrate the 5 year housing supply. This would be presented as evidence of the commitment to delivery to give an Inspector and stakeholders confidence that housing sites are coming forward in the City to meet requirements but would not be a specific site allocation policy.
19. Amendments to the City Plan's housing policy to provide a more supportive and encouraging approach to residential development in and near the identified residential areas will also be required to demonstrate that the City is taking a positive approach to housing delivery. This could, for example, include, providing greater policy support for alternative means of housing delivery, such as built to rent and co-living, both of which can provide more affordable accommodation for City workers, and a more supportive approach to higher education provision in the City, including associated living accommodation in suitable locations.
20. Additionally, the City Plan could identify additional residential areas where new housing development could be more positively supported. The City Plan currently identifies 10 residential areas. In preparing the currently adopted Local Plan 2015, an additional residential area was suggested in an area east of Bishopsgate, between New Street and Artillery Lane. This is an area largely composed of smaller scale offices and a mix of uses housed in former residential scale units. There are 210 residential units already in this area and formally identifying it as a residential area could lead to further suitable buildings coming forward for conversion to residential, without impacting on the City's primary business role.
21. This approach would be a continuation of the established City Plan strategy for housing delivery and is the preferred approach.

Identify additional housing sites

22. The City Plan has not previously identified individual housing sites. An alternative option is to specifically allocate sites within a new housing sites allocation policy for future housing development to demonstrate that the City Plan can meet the 5 year land supply requirement and areas or sites necessary to meet requirements for years 6-15 of the Plan period.
23. To be eligible for allocation, sites must be suitable and deliverable for housing, including having agreement from the developer/landowner that the site will come

forward for housing. The Call for Sites process identified 3 sites that could potentially come forward for housing in the short to medium term and make a contribution towards meeting housing targets in the first 10 years of the Plan period. These are sites that have actively been promoted by landowners/developers and would, in principle be acceptable for residential development. Further work would be required to determine the amount of new housing that each site could contribute, but it is unlikely that the capacity would be significant.

24. For years 6-15 of the City Plan, further sites could be specifically identified, or alternatively the Plan could rely upon potential housing capacity within the residential areas in the Plan. However, since relatively few sites have been identified as potentially being suitable and available for housing, the likely contribution from allocated sites would need to be supplemented by continuing delivery from windfalls. Furthermore, whilst site allocations would help the City Plan meet the requirement to identify sites or areas suitable for new housing, they would reduce the flexibility for alternative development options on these sites. Once allocated for housing, it is unlikely that alternative uses could be brought forward on these sites. For these reasons, a specific allocation of sites is not recommended.
25. Whilst not recommending this option, officers consider that there is potential for a hybrid approach combining elements of both options, relying upon identified sites and capacity to meet the 5 year supply, including this information in the supporting text of the Plan, but also giving greater direction as to where future supply could emerge through reference to longer term area options and/or sites identified through the Call for Sites.

Additional Evidence to Support Housing Policy

26. Irrespective of which option is taken forward, in developing the City Plan and the supporting evidence base, officers will also:
 - a. Liaise with neighbouring boroughs through the Duty to Co-Operate and formal Statements of Common Ground, to determine whether any neighbouring boroughs have the capacity and willingness to assist the City Corporation in meeting the City of London's housing requirements. The NPPF requires local planning authorities to demonstrate that they have engaged positively with neighbours on housing issues and, particularly where there is a likelihood of a shortfall in supply, to consider the potential for neighbouring boroughs to deliver additional housing to make up for any shortfall. Informal engagement with the City's neighbouring boroughs has not to date revealed any willingness to help meet the City's housing targets.
 - b. Liaise with the Department for Community & Children's Services on the City Corporation's current affordable housing programme. Whilst new housing built on sites outside of the City of London will count towards the housing targets of the host boroughs, they do provide housing to meet the needs of people on the City Corporation's housing waiting list and contribute to the wider objective of increasing housing supply across London. A note outlining the scale of

housing development will be prepared and submitted as evidence to an Inspector that the City Corporation is actively working to deliver housing for London as a whole.

- c. Liaise with the City Surveyor's Department on the housing potential on out of City wholesale market sites as part of the Markets co-location programme. Again, although this cannot count towards the City's housing supply in the City Plan, it does provide evidence of City support for new housing development.

Corporate & Strategic Implications

27. The preparation of the City Plan is informed by and will contribute to the implementation of the Corporate Plan (2018-23). The City Plan will support the delivery of key Corporate priorities, along with proposals to ensure a sufficient supply of business space and complementary uses to meet future needs. Preparation of the revised City Plan is being undertaken alongside the review of the Transport Strategy and the revised end date of the City Plan (2040) will align with the key net zero target in the Climate Action Strategy.

Financial implications

28. None.

Staff Resource implications

29. Preparation of the revised pre-submission Regulation 19 City Plan is being carried out in-house by the Development Plans Team, working alongside and supported by Development and Design colleagues in the planning service and by other services as appropriate.

Legal implications

30. There are no specific legal requirements, other than the ongoing requirement to ensure that all relevant statutory processes are complied with during production of the City Plan.

Equalities implications

31. Preparation of the City Plan has been informed by an Integrated Impact Assessment. A separate Equality Assessment is also being undertaken. Any material changes to the Plan will be subject to further Equality Assessment.

Risk implications

32. The December 2021 report to the Grand Committee identified the risks associating with preparing a revised pre-submission Regulation 19 City Plan as compared to submitting the current version for examination. The Grand Committee agreed to revise the City Plan and officers will continue to monitor and report back on any changes to the risk assessment as the project progresses.

Climate implications

33. The City Plan is one of the key mechanisms for achieving those targets in the Climate Action Strategy which relate to the Square Mile rather than the City Corporation's own operations, in particular the net zero target for the Square

Mile by 2040. The inclusion of policies that seek to prioritise and incentivise the retention of existing buildings, including for housing, will further strengthen alignment with the Climate Action Strategy.

Security implications

34. There are no direct security implications.

Conclusion

35. This report sets out two potential policy approaches to the delivery of housing in the draft City Plan, a continuation of existing reliance on windfall development or the specific allocation of sites for new housing. There is sufficient identified supply to meet the requirements of the London Plan and to meet needs for 5 years, and it is recommended that the reliance on windfall development be continued.

Background Papers

- None

Appendices

- None

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