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Date: 18 October 2019

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By email

Dear Sir / Madam

Islington Local Plan
Regulation 19 - Strategic and Development Management Policies September 2019
Draft Policy H11
Representations by Quod

Quod is submitting representations with regard to **draft Policy H11: Purpose Built Private Rented Sector Development** of the London Borough of Islington (LB Islington) Regulation 19 – Strategic and Development Management Policies (September 2019) document.

We have been approached by a number of clients who are considering investment in the Borough but have significant concerns over the wording of draft Policy H11, as it is currently drafted. The Policy is unnecessarily restrictive in its approach to Build to Rent (BtR), contrary to the National Planning Policy Framework (NPPF)[1] (2019) and Guidance, and is consistent with the Local Plan evidence base, and the existing London Plan and draft New London Plan (July 2019).

1 Soundness of the Islington Regulation 19 Plan

We consider, with respect of draft Policy H11, that the Regulation 19 Plan is not sound for the purposes of paragraph 35 of the National Planning Policy Framework 2019 for the following reasons:

- It is not positively prepared as it seeks to exclude an important housing tenure from the Borough;
- It is not justified on proportionate evidence, with an out-of-date evidence base;
- The construction of the proposed policy hampers housing delivery; and

[1] See NPPF paragraphs 35, 59, 61, 73, 85, 117 and 118

- The policy restricts residential use, contrary to national planning policy.

As is set out below, we also consider that the Regulation 19 Plan is not in accordance with the adopted London Plan or the draft New London Plan.

2 Approach to Built to Rent (BtR)

The draft wording to Policy H11 is restrictive in its approach to Built to Rent (BtR) (or Private Rented Sector (PRS)) development and is not compliant with existing or emerging national and regional policy.

The NPPF identifies[2] the Government's objective to significantly boost the supply of homes. Furthermore, it states[3] council's must, in formulating local plans and policies, assess the particular size, type and tenure of housing needed for a range of different groups who need housing including (but is not limited to) those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own.

The thrust of draft Policy H11 is in direct conflict with draft London Plan Policy H13, which sets out that London Boroughs "***should take a positive approach to the Build to Rent sector*** *to enable to it to better contribute towards the delivery of new homes*" (no emphasis added). The London Plan is clear that BtR "*can make a positive contribution towards increasing housing supply and are beneficial in a number of ways*"[4].

The provisions of draft Policy H11 places a test on the provision of purpose built private rented sector development which is not justified by the evidence base. Evidence suggests that the private rented sector has an important current, and future role, in meeting housing need in the Borough and it would be inappropriate therefore to arbitrarily limit the delivery of this type of housing to scenarios where the delivery of conventional housing is demonstrated to be undeliverable. The most recent available information on the mix of tenures in the Borough[5] sets out that rented affordable (c.42%) and private rented (c.26%) make up 68% of housing tenure in LB Islington.

The NPPF 2019[6] does not promote the prioritisation of one type of housing provision over another, rather it is based on a response to evidence of need. Islington represents one of the smallest geographical council's areas in the country and the market for housing will inevitably not respect borough boundaries. Each of the adjoining Councils (Camden, Hackney and Haringey) all exhibit market characteristics not dissimilar to Islington and each of these Councils (along with regional policy) encourage BtR or PRS as a part of a policy response to dealing with evidenced housing needs in their area. There is no evidence presented which

[2] See NPPF paragraph 59
[3] See NPPF paragraph 61
[4] See draft New London Plan paragraph 4.13.1
[5] Household Tenure – Census 2011
[6] See NPPF paragraph 61

justifies this approach to resolving housing need and nothing which sufficiently differentiates Islington from surrounding Councils to warrant their proposed approach to private rented schemes.

As a minimum, Part A of Policy H11 should be deleted to ensure the policy does not prejudice the delivery of private rented housing as part of an overall response to meeting needs in the Borough. Should Part A of Policy H11 be retained, the policy would be inconsistent with the London Plan and would not reflect an evidence-based approach to policy making, as advocated by the NPPF and is not effective nor justified.

3 Approach to Affordable Private Rent (APR)

Part (ii) of draft Policy H11 sets out that Affordable Private Rent (APR) is not considered to be an acceptable affordable housing tenure. No evidence is presented by LB Islington to support this[7]. This implies that the only obstacle to this type of provision is the level of rent and whether this is sufficiently discounted from its market rent level to meet identified affordable housing need.

Affordable Private Rent (APR), sometimes referred to as Discount Market Rent (DMR), is an accepted tenure of housing when provided as part of a BtR development, as is set out in the NPPF[8] and in the draft London Plan[9].

It is inappropriate for the policy to remove the opportunity for APR in the absence of any understanding of its relative rent pricing point and understanding how this relates to the market rent and other affordable products. An APR product, for instance, set at a % of open market rent, delivering a starting rent equivalent to London Living rent, is manifestly affordable housing in the context of the evidence base, the London Plan and the NPPF.

The provision of APR should not be prevented from coming forward by the policy wording. The wording of part (ii) should be amended to state that APR may be included, where it can be demonstrated as genuinely affordable housing.

4 Approach to Covenants

Policy H11 (A)(iv) proposes that private rented sector units are held under a restrictive covenant for the lifetime of the building which is expressed as *"generally no less than 50 years"* with sales to the open market (individually or as a group) not to be allowed during this period.

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[7] Save for a short reference at paragraph 3.54 of the Regulation 19 Plan
[8] See NPPF Annex 2: Glossary
[9] See draft New London Plan Policy H13 B (5)

Requiring developers to commit to a 50-year covenant is far in excess of the 15-year convent period required by the draft London Plan[10], with 15-years generally applied by other London Boroughs[11]. There is no justification within the published LB Islington evidence base to explain this approach. As such, it is not clear why the council have opted for a 50-year timeframe and why this length of time is considered necessary or appropriate.

Applying a 50-year timescale will adversely affect the ability to fund this type of provision and prevent schemes from remaining flexible to allow for market changes over their lifespan. It is likely that a 50-year covenant will make any potential BtR schemes uninvestable and undeliverable.

The wording of part (iv) should be amended to state that PRS units are held in a covenant of no less than 15 years, consistent with London policy.

5 Next Steps

We would also welcome being placed on your database and notified of any further consultation moving forward.

Yours sincerely

[redacted]

James Guthrie
Senior Planner

[10] See draft New London Plan Policy H13 B (2)
[11] See, for example, Hackney Proposed Submission Local Plan Policy HP15