



Acklam Car Park, W10

(Portobello Scheme)

Affordable Housing Statement

February 2017

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# 1 Introduction

- 1.1 This Affordable Housing Statement (AHS) has been prepared by DS2 LLP in accordance with local and strategic planning policy, in support of the planning application for Acklam Car Park which forms part of Portobello Scheme in the Royal Borough of Kensington and Chelsea (RBKC).
- 1.2 The Portobello Scheme planning application seeks to provide sustainable development across three sites (Sites A, B and C). Site C relates to Acklam Car Park.
- 1.3 This AHS relates solely to Site C (Acklam Car Park) (hereafter referred to as the ‘Site’) of the Portobello Scheme planning application. Reference to Site C has been underlined for reference below:

*‘Refurbishment (including demolition) at Site A for Class A1 shops use, Class A1 shops and/or Class A3 restaurants and cafes use, Class A1 shops and/or Class B1 business use; demolition of building accommodating market storage, erection of 4 storey building at Site C for Class A1 shops and/or Class A3 restaurants and café use and 13 x Class C3 dwellinghouses, including change of use of private car park; erection of floorspace (including demolition) at Site D for Class A1 shops and/or Class B1 business use, Class B1 business and/or Class D1 non-residential institutions use; Class A4 drinking establishments and/or Class D1 non-residential institutions use, market facilities and associated new access from Acklam Road; public realm works, including demolition of existing planters and hoarding; retained use of public realm for market stalls and tables and chairs; new cycle parking; and other associated works.’*

- 1.4 The AHS is submitted on behalf of the applicant, The Westway Trust (hereafter referred to as ‘the Applicant’).
- 1.5 This Statement describes the affordable housing proposals, focusing on the following areas:
- Explanation of the development proposals;
  - The national, regional and local planning policy considerations;
  - The approach to affordable housing.

- 1.6 In preparing this AHS, the Applicant has had a number of pre-application meetings and discussions with the housing team at the Royal Borough of Kensington and Chelsea - the determining local planning authority, and a number of local Registered Providers that operate in RBKC.
  
- 1.7 This AHS should be considered alongside a number of other documents, including but not limited to Turley's Planning Statement and the Stiff and Trevillion Design and Access Statement. A full list of the application documents is set out in the introduction to the Planning Statement.

## 2 The Site

### Location and Existing Use

- 1.8 The Site is located on the corner of Cambridge Gardens and Blagrove Road about 300 metres east of Ladbroke Grove London Underground Station.
- 1.9 The Site is currently occupied by a car park and accommodates fifteen car parking spaces which are currently leased (on space-by-space basis) by the Applicant on short-term commercial leases.
- 1.10 As mentioned, the Site forms part of the Trust's wider Portobello Scheme which seeks to refurbish and develop buildings and public realm areas around the area where Thorpe Close meets Portobello Road.

### Development Proposals

- 2.1 The Applicant is seeking planning permission to redevelop the site with thirteen residential units and commercial space. The commercial space and one of the residential units is located on the ground floor and the remaining residential units are arranged over the first, second and third floors (albeit the entrance to G01 is on the ground floor).
- 2.2 The application description of development is as follows:

*'Refurbishment (including demolition) at Site A for Class A1 shops use, Class A1 shops and/or Class A3 restaurants and cafes use, Class A1 shops and/or Class B1 business use; demolition of building accommodating market storage, erection of 4 storey building at Site C for Class A1 shops and/or Class A3 restaurants and café use and 13 x Class C3 dwellinghouses, including change of use of private car park; erection of floorspace (including demolition) at Site D for Class A1 shops and/or Class B1 business use, Class B1 business and/or Class D1 non-residential institutions use; Class A4 drinking establishments and/or Class D1 non-residential institutions use, market facilities and associated new access from Acklam Road; public realm works, including demolition of existing planters and hoarding; retained use of public realm for market stalls and tables and chairs; new cycle parking; and other associated works.'*

- 2.3 The residential units are proposed to be entirely of affordable housing and a breakdown by the affordable tenure and number of units is shown below:

TABLE ONE: SUMMARY OF PROPOSED RESIDENTIAL NUMBER				
Unit Type	1 Bed	2 Bed	3 Bed	TOTAL
Affordable – Shared Ownership	2	1	2	5
Affordable – Intermediate Rent	4	4		8
Percentage Mix	46%	38%	15%	100%

- 2.4 As highlighted, of the thirteen Intermediate units, eight units are proposed to be Intermediate Rent (62%) and five are proposed to be Shared Ownership (38%).
- 2.5 An area schedule, excluding the retail element, is shown below:

TABLE TWO: UNIT BY UNIT SCHEDULE			
Unit Number	Number of Bedrooms	NSA (sq ft)	Tenure
G01	3	1,034	Shared Ownership
G02	1	583	Shared Ownership
101	1	545	Intermediate Rent
102	1	506	Intermediate Rent
103	1	506	Intermediate Rent
104	1	541	Intermediate Rent
105	2	778	Shared Ownership
201	2	886	Intermediate Rent
202	2	884	Intermediate Rent
203	2	884	Intermediate Rent
204	2	932	Intermediate Rent
205	3	967	Shared Ownership
206	1	626	Shared Ownership

### 3 Planning Policy

- 3.1 Turley's Planning Statement submitted as part of the planning application provides an overall review of the planning policy context in relation to the proposed development. The following section of this AHS therefore provides a summary review of the key national, regional and local planning policy that guide the delivery of affordable housing, with reference to the importance of considering scheme specific financial viability and balancing the requirements of obtaining planning obligations with the risks of non-delivery.

#### National

#### **National Planning Policy Framework**

- 3.2 The Government's National Planning Policy Framework ('NPPF') was published in March 2012. Paragraphs 173 to 177 are entitled 'Ensuring Viability and Deliverability' and are pivotal in ensuring that the scale of obligations and policy burdens included in local plans should not threaten the viability of potential development sites that contribute towards the planned housing delivery targets, thereby preventing sustainable development from being carried out.
- 3.3 Of particular note is the second half of paragraph 173, which states:

*'To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'.*

- 3.4 The NPPF encourages local authorities to approach affordable housing delivery pragmatically. In an environment of significant downward pressure on the availability of grant funding for the development of new affordable housing, local authorities are being challenged to deliver value for money of Government funding, their own funding and developer subsidy, whilst responding innovatively and effectively to local priority

needs. Optimising overall, locally appropriate outcomes is a consistent theme throughout policy.

- 3.5 The definition of affordable housing included within the Glossary (Annex 2) of the NPPF states that social rented, affordable rented and intermediate tenure types all make a valid contribution towards affordable housing delivery, providing housing to eligible households whose needs are not otherwise met by the market.
- 3.6 Further to this the NPPF sets out the changes affecting the ability of local authorities to deliver affordable housing, which for example, includes the introduction of the Affordable Rent product whereby rents of up to 80% of Market Rent can be charged, the reduction of grant funding for affordable housing and the introduction of the Community Infrastructure Levy (CIL) and its effect on scheme viability.

### **National Planning Practice Guidance**

- 3.7 The National Planning Practice Guidance ('NPPG') was finalised in March 2014. The NPPG, in alignment with the NPPF, contains important guidance on development viability.
- 3.8 The NPPG provides a general overview but focuses on viability in the context of both plan making and individual application sites. The site specific guidance covers a number of areas including different development types, brownfield sites, considering planning obligations in viability, values, costs and land value, but in particular expands upon paragraph 173 of the NPPF in regards 'competitive returns to developers and landowners'.
- 3.9 Paragraph 173 of the NPPF and the NPPG thereafter have introduced financial viability into Central Government guidance and the concept of a competitive return as a material consideration in the determination of planning applications. This is a key consideration therefore to the determination of the affordable housing and other financial obligations of the proposed development.

## Regional

### **The London Plan (March 2015 incorporating the Minor Amendments in 2016)**

- 3.1 The London Plan (March 2015) sets out increased housing delivery targets, based on increased projected population growth for each London borough, on an evidence base consisting of the Strategic Housing Market Assessment and the Strategic Housing Land Assessment.
- 3.2 The London Plan, therefore, sets challenging targets for the capital but states that the requirements are achievable with a significant upturn in planning consents with on average 55,000 new homes consented every year. The London Plan recognises the challenge of converting these consents into starts and completions. The need to secure delivery is clearly expressed at several points in The London Plan including at section 3.18.
- 3.3 With regards to viability and enabling the prospects of delivery, Policy 3.2 of the London Plan states that development viability should be assessed on a site by site basis taking into account a number of factors including the need to encourage rather than restrain development. The policy reads:

*'A - The maximum reasonable amount of affordable housing should be sought when negotiating on individual private residential and mixed use schemes, having regards to:*

*(a) Current and future requirements for affordable housing at local and regional levels identified in line with Policies 3.8 and 3.10 and 3.11;*

*(b) Affordable housing targets adopted in line with Policy 3.11;*

*(c) Need to encourage rather than restrain residential development (Policy 3.3);*

*(d) The need to promote mixed and balanced communities (Policy 3.9);*

*(e) The size and type of affordable housing needed in particular locations;*

*(f) The specific circumstances of individual sites.*

*B - Negotiations on sites should take account of their individual circumstances including development viability, the availability of public subsidy, the implications of phased development including provisions for reappraising the viability of schemes prior to implementation ('contingent obligations'), and other scheme requirements.*

*C - Affordable Housing should normally be provided on-site. In exceptional cases where it can be demonstrated robustly that this is not appropriate in terms of the policies in this Plan, it may be provided off-site. A cash in lieu contribution should only be accepted where this would have demonstrable benefits in furthering the affordable housing and other policies in this Plan, should be ring-fenced and, if appropriate, pooled to secure additional affordable housing either on identified sites elsewhere or as part of an agreed programme for provision of affordable housing.'*

- 3.4 The supporting text in paragraph 3.74 repeats Part C of the policy setting out that in exceptional circumstances a payment in lieu contribution may be accepted.
- 3.5 The London Plan requires that Local Planning Authorities assess viability on a site by site basis to extract the maximum reasonable amount of affordable housing, within the context of encouraging rather than restraining development and having regard to individual site circumstances.
- 3.6 Given the capital's Mayoral change it is anticipated that there will be a significant review of the London Plan that may include changes to regional policy regarding the delivery of affordable housing and other obligations, and DS2 will keep this under review.

#### Local

- 3.10 We have had regard to RBKC's affordable housing policy which is contained within policy CH1 of the 2015 Consolidated Local Plan that states (parts b & c) that:
- (b) Make provision for the maximum amount of affordable housing with a target of a minimum of 200 units per annum from 2011/2012 until 2027/28 from all sources, the exact target will be set through the London Plan process;*
- (c) Require affordable housing tenures to be provided such that they work towards a Borough-wide target of 85% social rented housing and 15% Intermediate housing.*
- 3.11 The Council's affordable housing policy allows a sequential approach to the delivery of affordable housing.
- 3.12 The Consolidated Local Plan sets out that where the Council considers that it is not practical or viable to provide affordable housing on-site, units should be provided off-site in the vicinity.

3.13 Policy CH2 of the Consolidated Local Plan states:

*(i). require developments to provide affordable housing at 50 per cent by floor area on residential floorspace in excess of 800 sq.m gross external area;*

*(j). require provision to be in the form of a commuted sum in lieu of the equivalent amount of affordable housing floorspace where in excess of 800sq.m but less than 1,200sq.m of gross external residential floor space is proposed;*

*(k). require affordable housing provision of affordable homes on site where more than 1,200sq.m of gross external residential floor space is proposed, unless exceptional circumstances exist;*

*(l). require any off-site affordable housing to be provided in any wards except the following: Golborne, St Charles, Notting Barns, Colville, Norland, Earl's Court and Cremorne;*

*(m). require an application to be made for any 'off-site' affordable housing concurrently with the main planning application and that the two applications are linked through a s106 agreement or unilateral undertaking; n. require that affordable housing and market housing are integrated in any development and have the same external appearance;*

*(o). require the affordable and market housing to have equivalent amenity in relation to factors including views, daylight, noise and proximity to open space, playspace, community facilities, and shops;*

*(p). where a scheme over 800sq.m does not provide 50 per cent of gross external residential floorspace for affordable housing, the applicant must demonstrate:*

*i. the maximum reasonable amount of affordable housing is provided through the provision of a viability assessment, using the GLA toolkit or an agreed alternative*

*ii. the exceptional site circumstances or other public benefits to justify the reduced affordable housing provision;*

*(q). require that affordable housing includes a minimum of 15 per cent intermediate housing in Golborne, St.Charles, Notting Barns, Norland, Colville, Earl's Court and Cremorne Diversity wards. In all other wards a minimum of 85 per cent social rented housing should be provided;*

*(r). require that the provision of intermediate housing*

- 3.14 As the residential floor space in the proposed development is in excess of 800 sq.m gross external area, a policy compliant scheme should provide a minimum of 50% affordable housing.
- 3.15 The Site is within Golborne ward and should therefore provide a minimum of 15% Intermediate housing to be in accordance with CH2 part (q). There is no minimum social housing provision for this ward indicating that all of any affordable housing may be Intermediate housing only.
- 3.16 The proposed scheme provides a 100% affordable housing scheme comprising 100% Intermediate housing and, therefore, is in accordance with local policy.

#### Summary

- 3.17 The proposed development gives due consideration to the parameters of these policies and will provide a 100% on-site affordable housing scheme, delivered as Intermediate housing, which is compliant with national and local planning policy.

## 4 Approach to Affordable Housing

- 4.1 The development of the Site includes a policy compliant approach to affordable housing delivery. As previously mentioned, it is proposed that the affordable housing will be delivered as Intermediate units (Shared Ownership and Intermediate Rent).

### Scheme Design, Tenure Split and Unit mix

- 4.2 In addition to the proposed ground floor retail space, the development seeks to provide 13 residential units, all of which are proposed as affordable housing. This exceeds the minimum affordable housing target in policy CH2 (I) of the Kensington and Chelsea Consolidated Local Plan (2015).
- 4.3 The proposed tenure split is 100% Intermediate which also exceeds the minimum policy target of 15% Intermediate housing in policy CH2 (q) of the Kensington and Chelsea Consolidated Local Plan (2015) for the Golborne ward.
- 4.4 All of the units benefit from a balcony, terrace or a winter garden.
- 4.5 In addition, the development also benefits from bike storage.

### Affordability

- 4.6 The affordability of Intermediate units is the result of the total 'housing costs' that are payable by the occupier.
- 4.7 Under the Shared Ownership model, a tenant purchases an initial equity share of the property upon which they take out a mortgage. They then pay a rent to the Registered Provider, based on the percentage of equity that they do not own, typically charged at between 0.5% - 2.75% as well as the relevant service charge. The combination of mortgage, rent and service charge forms the purchaser's 'housing costs'. The generally accepted practice is that these housing costs must not exceed 40% of net household income in line with HCA guidance.
- 4.8 Under the Intermediate Rent model, a tenant pays a rent to the Registered Provider which is at a discount to the market rent.

- 4.9 The London Plan sets out the income thresholds for Intermediate housing and states that these will be updated on an annual basis in the London Plan annual monitoring reports. Intermediate provision is sub-market housing, where costs, including service charges, are above target rents for social rented housing, but where costs, including service charges, are affordable by households on incomes of less than £90,000.
- 4.10 RBKC's website states that for residents to have eligibility for Intermediate housing, they must have a gross household income of less than £71,000 per annum when applying to rent or buy a one or two bedroom property or up to £85,000 per annum when applying to buy or rent a family sized property (three bedrooms or more).
- 4.11 The Intermediate Rent units will be charged at an average of £220 per week and £45,000 per annum income and the Shared Ownership units will be aimed at incomes of between £30,000 and £35,000 per annum for one bedroom units and £55,000-£60,000 per annum for two bedroom units and £65,000 to £80,000 for the three bedrooms. This is below the London Plan and RBKC's income caps.

## 5 Summary

5.1 In accordance with guidance from RBKC's local planning policy and discussions with the Council's housing team, the residential element of the development will provide 100% affordable housing in the form of Intermediate housing which will provide good quality residential accommodation and enhance the affordable housing contribution to the Borough.

5.2 The scheme proposes that:

- All of the residential units are provided as on-site affordable housing;
- On-site affordable housing will be maintained as Intermediate into the future;
- The Intermediate units are within the incomes caps set out within the London Plan and RBKC policies;
- The provision exceeds RBKC's affordable housing policies;
- A mix of unit sizes is provided, allowing access to housing for a cross section of the market and
- Homes provided are of high quality design;

5.3 Subject to receipt of a planning permission, the scheme is able to make a positive contribution to the local area and provide well designed, high quality, on-site affordable housing.