

**Draft Revised Lambeth Local Plan
Proposed Submission Version
January 2020**

**Topic Paper 9:
Particular Types of Housing**

May 2020



Contents

1. Introduction	2
2. Purpose Built Student Accommodation	3
National Planning Policy	3
National Planning Practice Guidance (PPG)	3
London Plan Policy and evidence on need	3
Lambeth approach	4
Justification for concentration/mix and balance as a planning consideration	6
Delivery of PBSA in Lambeth	10
Existing PBSA and distribution across Lambeth	11
Concentration in Vauxhall	14
Conclusion	16
3. Large Scale Purpose Built Shared Living	18
Policy Context	18
Justification	19
Other boroughs' policies	23
Conclusion	24
4. Build to Rent	25
National planning policy	25
National planning practice guidance	25
London Plan policy	26
Lambeth policy in the DRLLP PSV	27
Justification for Lambeth's policy approach on low-cost rented accommodation in Build to Rent schemes under part (a)	29
Explanation of the approach to rent levels in part (b) schemes	33
Eligibility for/allocation of DMR units in Build to Rent schemes	35
Covenant period	36
5. Bibliography	38

1. Introduction

- 1.1. This topic paper explains Lambeth’s policy approach on purpose-built student accommodation (PBSA), large-scale purpose-built shared living (LSPBSL) and Build to Rent housing, as set out in the Draft Revised Lambeth Local Plan Proposed Submission Version (DRLLP PSV) January 2020. These are three particular types of housing that have a dedicated DRLLP policy each to address their particular characteristics.
- 1.2. Section 2 explains Lambeth’s policy approach on PBSA in DRLLP PSV January 2020 Policy H7 and demonstrates how it is consistent with national planning policy and guidance and in general conformity with the London Plan. It explores historic delivery of student accommodation in Lambeth and the contribution this has made to meeting London’s need for student accommodation. It also sets out the justification for the approach to managing concentrations of this type of development.
- 1.3. Section 3 explains Lambeth’s policy approach on LSPBSL in DRLLP PSV policy H13 and demonstrates how it is consistent with national planning policy and guidance and in general conformity with the London Plan. It also explains the justification for the DRLLP PSV’s policy approach on location, bedroom sizes and rental levels.
- 1.4. Section 4 explains the approach to Build to Rent in policy H12 of the DRLLP PSV. It demonstrates how this approach is consistent with national planning policy and guidance and in general conformity with the London Plan. It also explains the justification for the policy approach on affordable housing in this type of development; and addresses deliverability with reference to evidence on viability.

2. Purpose Built Student Accommodation

- 2.1. This section explains Lambeth’s policy approach on Purpose Built Student Accommodation (PBSA) in the DRLLP PSV January 2020 and demonstrates how it is consistent with national planning policy and guidance and in general conformity with the London Plan. It explores historic delivery of student accommodation in Lambeth and the contribution this has made to meeting London’s need for student accommodation. It also explains the justification for the policy approach to the managing concentrations of this type of development.

National Planning Policy

- 2.2. Paragraph 61 of the National Planning Policy Framework (2019) states that strategic policies should be informed by a local housing needs assessment, which should reflect the size, type and tenure of housing needed for different groups in the community including students. Paragraph 64 outlines that as a type of specialist accommodation, PBSA is exempt from the requirement to provide 10% affordable housing for home ownership.

National Planning Practice Guidance (PPG)

- 2.3. Paragraph 034 (Reference ID: 68-034-20190722) in PPG on Housing Supply and Delivery outlines the method for counting student housing as part of wider assessments of housing supply and delivery, with the PBSA counted on the basis of the amount of conventional housing released (the Draft London Plan Intend to Publish version 2019 specifies that 2.5 student bedrooms are the equivalent to one conventional unit).
- 2.4. Paragraph 004 (Reference ID: 67-004-20190722) of guidance on Housing Needs of Different Groups elaborates on Paragraph 61 of the NPPF. It specifies that strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. It also explains that dedicated student accommodation may provide low-cost housing that takes pressure off the private rented sector and increases the overall housing stock.
- 2.5. This part of the guidance also states that strategic policy-making authorities are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside university-provided accommodation.

London Plan Policy and evidence on need

- 2.6. The Draft London Plan (Intend to Publish version 2019) (hereafter ‘The London Plan’) specifies that there is an overall strategic requirement across London for purpose-built student accommodation of 3,500 bed spaces to be provided annually over the plan period. Lambeth has a role in contributing to meeting this need.
- 2.7. The requirement is based on work by the Mayor’s Academic Forum and set out in the document [Student population projections and accommodation need for new London Plan 2017 \(amended October 2018\)](#). This forecasts that there is a net need for 88,000 student bedspaces across

London between 2016 and 2041, equivalent to 3,500 per year. This study does not give a borough-level breakdown of indicative need.

- 2.8. Policy H15A of the London Plan sets out that boroughs should seek to ensure that local and strategic need for purpose-built student accommodation is addressed, provided that at the neighbourhood level, the development contributes to a mixed and inclusive neighbourhood. Other requirements include: use of the accommodation being secured for students; the majority of bedrooms being secured through a nomination agreement for occupation by students of one or more higher education provide; the maximum level of accommodation being secured as affordable student accommodation; and the accommodation providing adequate functional living space and layout.
- 2.9. The London Plan does not include borough-level targets or benchmarks for provision of PBSA. The supporting text (paragraph 4.15.1) sets out that PBSA contributes to London's housing supply. Paragraph 4.15.2 reiterates that meeting London's need for PBSA should not undermine policy to secure mixed and inclusive neighbourhoods.
- 2.10. Creating mixed and inclusive communities is a key aim of the London Plan, as part of its overarching objective to achieve 'Good Growth'. This means creating growth that is socially and economically inclusive, that ensures Londoners have choice in where they live (paragraphs 0.0.18 and 1.4.2). Policy GG4 (Delivering the homes that Londoners need) sets out that those involved in planning and development must create mixed and inclusive communities, with good quality homes that meet high standards of design and provide for identified needs, including for specialist housing.
- 2.11. In addition to GG4, the aim of creating mixed and inclusive neighbourhoods features in policies relating to affordable housing (H8), social infrastructure (SD1), housing size mix (H10) and types of specialist housing including large scale purpose built shared living (H16). These policies seek to ensure that a range of types, tenures and sizes of homes are created in order to provide choice about where to live.
- 2.12. The principle of assessing PBSA in relation to mixed and inclusive/balanced communities was established in the London Plan 2011 (consolidated with alterations since 2016). Policy 3.8 of that plan said that boroughs should ensure that strategic and local requirements for student housing meeting a demonstrable need are addressed, without compromising capacity for conventional homes. Paragraph 3.35A went on to say that that boroughs and other relevant bodies should encourage a more dispersed distribution of future provision of PBSA, taking into account development and regeneration potential in accessible locations away from the areas of greatest concentration in central London. Paragraph 3.53 stated that demand for student accommodation should not undermine policy to secure mixed and balanced communities; the objective of achieving mixed and balanced communities in relation to housing types and tenures was a key theme of the 2011 London Plan.

Assessment of Student Need in Lambeth

- 2.13. The [Lambeth Strategic Housing Market Assessment 2017](#) (SHMA) shows that there were 24,246 full time students in Lambeth at the time of the 2011 Census, with a significant proportion (46%) living with their parents. At that time, only 2% of student lived in PBSA, and students lived throughout the borough and were not concentrated around any one area or establishment. The SHMA sets out that purpose-built student bedspaces increased by 218 per cent in the six years from 2011 from 855 bedspaces in 2011, to 2,718 in 2017.
- 2.14. The issue of affordability is highlighted, particularly around private/direct-let purpose-built student accommodation where rental levels tend to be significantly higher than for accommodation let by universities or housing in the PRS.
- 2.15. The Lambeth SHMA refers to the London SHMA 2013 for an assessment of need for PBSA, which at that time was an annual requirement of up to 3,100 bedspaces per annum across London. This has since been superseded by the work of the Mayor's Academic Forum in 2018, which results in an expected annual need of 3,500 bedspaces per annum across London, as discussed above.

Lambeth Policy Approach

- 2.16. Lambeth has always taken a supportive planning policy approach to PBSA, whilst seeking to manage and mitigate harm where it arises. Lambeth recognises that student residents can bring many benefits to an area, such as increased use of local facilities and services (particularly shops, bars and restaurants), part-time employment in local businesses, volunteering, and in some cases easing pressure on family housing. A student population can also increase the vibrancy of a neighbourhood. Lambeth also acknowledges the need for purpose-built student accommodation in the borough to help meet the need identified at London level.
- 2.17. The Lambeth Local Plan 2015 introduced Policy H7 addressing student accommodation: this policy was found sound at examination (subject to three modifications) and adopted. The modifications related to proposals located on sites allocated for housing, securing the use of accommodation for students from specified institutions, and the requirement for wheelchair accessible accommodation.
- 2.18. Local Plan 2015 Policy H7 provides support for PBSA but requires that proposals for student accommodation do not compromise capacity to meet the need for conventional dwellings, form part of a mixed-use development and have linkages with local higher education institutions. It also sets out that PBSA should be located in areas with good public transport access, and not lead to an over-concentration of similar uses which may be detrimental to residential amenity or the balance and mix of uses in the area, or place undue pressure on local infrastructure.
- 2.19. Paragraph 5.43 of the supporting text to Policy H7 in the Local Plan 2015 states that when considering the concentrations of students in a single area, the Council will have regard to the character of the area, the existing mix of uses, and the particular impact on any permanent residential occupiers. Schemes will be considered on a site-by-site basis having regard to their scale and any existing concentrations (including any sites with extant planning permissions).

2.20. This policy approach and wording is carried forward in the Draft Revised Lambeth Local Plan Proposed Submission Version, and continues to provide overall support for this type of accommodation. The approach is carried forward because it is still considered to be justified. The following supporting text has been added at paragraph 5.69 of the DRLLP PSV: “Given the existing concentration, quantum and pipeline of this type of accommodation in Vauxhall, additional purpose-built student accommodation in the Vauxhall part of the NEV Opportunity Area is unlikely to be supported. The London Plan encourages new student accommodation away from existing concentrations in central London.” Other amendments to the policy relating to nominations agreements are made to align the approach with that in the London Plan. There is also a new provision for leisure facilities within PBSA to be made available for public use in locations where there is an identified shortage of provision (an approach that has already successfully been followed in completed PBSA schemes in the borough).

2.21. The Mayor raised no concerns with the general conformity of the policy approach in his response dated 13 March 2020, and confirmed the DRLLP PSV is in general conformity with the London Plan.

Historic Approach to PBSA in Lambeth

2.22. Before the Lambeth Local Plan 2015, the Lambeth Core Strategy 2011 supported proposals for specific types of accommodation such as student, hostel and other forms of specialist housing. ‘Mixed and sustainable communities’ were referenced in relation to providing specialist accommodation and choice of housing size.

2.23. Prior to the Core Strategy, the 2007 Unitary Development Plan specified (in Policy 18) that purpose-built student hostels should be located at or close to the institution they serve, or with easy public transport access to it. The concept of mixed and balanced communities was a consideration in relation to housing sizes and tenures.

Justification for concentration/mix and balance as a planning consideration

2.24. The concentration of any one type of use in an area is an appropriate planning consideration because an over-concentration of one type of use (eg PBSA) can in some circumstances jeopardise the mix and balance of a community, reducing the available land for the provision of other priority land uses (such as conventional housing), limiting the choice of places to live in the area, and affecting the amenity of existing residents.

2.25. The meaning of what a mixed and balanced (or mixed and inclusive) neighbourhood is will vary depending on the location and its existing characteristics. Proposals for new development will affect different communities in different ways - for example, a centrally-located, high density neighbourhood with a mix of residential and commercial uses will be impacted differently to a predominantly residential area.

2.26. Notwithstanding the positive benefits of student residents noted above, a concentration of PBSA can in some circumstances lead to harm. As students are generally short-term residents, a significant number of students in one neighbourhood can result in a transient population with little connection to the established community. This can sometimes result in noise and disturbance to local residents, and/or anti-social behaviour arising from late-night socialising. There is also the risk that a high concentration of students can lead to the loss of shops and

services that meet the needs of longer-term residents; and large numbers of students may make excessive demands on local infrastructure such as parks and open space and transport facilities, at the expense of their enjoyment and use by other residents. These issues are not necessarily associated with all students, but are more likely to arise where there are very high concentrations of students in one location. Lower concentrations of students are much more likely to be able to integrate successfully within existing neighbourhoods and will in many cases make a positive contribution to these communities.

Appeal History

- 2.27. These issues are well-established planning considerations as demonstrated by a number of dismissed appeals across English cities in recent years where inspectors found that proposed schemes would result in an unacceptable over-concentration of student accommodation. A selection of these decisions is set out in Table 1 below.
- 2.28. The specific local context of each proposal is taken into consideration in each case. While some authorities set thresholds for the proportion of student accommodation in an area, the impact of any additional student accommodation will vary according the specific circumstances of each location.

Table 1. Dismissed appeals relating to overconcentration of student accommodation

Appeal Reference (year)	LPA	Address	Findings	No. student bedspaces
APP/3060/W/19/3222709 (2019)	Nottingham	273 Castle Boulevard	Nottingham has SPD which sets threshold for over-concentration as 25% of households. Site area has less than 10% student households but adjoins area with nearly 42%. Proposal would not accord with SPD and would have significant adverse impact on housing balance within the area	38
APP/E0345/W/18/3199747 (2018)	Reading	40 Silver Street	Other student accommodation in the vicinity (99-bedroom student scheme nearby and planning permission for 56 room scheme; concentration could fail to provide a mixed and balanced community). No evidence that there is a specific need for student accommodation in this location, and proposal has not demonstrated that it would provide an appropriate density and mix of residential development. It is not clear that the proposed student accommodation would not harmfully impact on lives of neighbouring residents	62
APP/X1355/W/17/3172638 (2017)	Durham	Land to the north side of Holly Street	Much of the housing in the area is HMO (<u>postcode has 91% student accommodation, surrounding postcodes between 67% and 100%</u>) therefore community already substantially imbalanced. Proposed scheme would increase concentration of student accommodation and contribute to continued imbalance. No evidence that proposal would reduce demand for HMOs and result in return of HMO to family housing. Proposal therefore likely to result in unacceptable overconcentration of students in the area.	60
APP/E5900/A/08/2077312 (2008)*	Tower Hamlets	Land at Greenheath Business Centre, 31 Three Colts Lane	Existing population of students in immediate vicinity (533 bedspaces). Potential advantages and disadvantages are finely balanced as is point at which acceptable number of students becomes unacceptable. Proposed increase from 522 to 790 – an essentially transient population – would not accord	257

			with gov't's policies of promoting sustainable, liveable and mixed communities. Impact upon social fabric lead to stability which underpins community cohesion and leads to better quality of life for community as a whole	
APP/X5210/A/09/2116573 (2009)*	Camden	45 Sidmouth Street	Marked imbalance between students and others already living in the area. Scheme would fail to secure a balance between and sustainable mix of uses and residential accommodation appropriate to the area. Social and economic benefits would not outweigh disbenefits.	114

*Appeal decision forms basis of Camden's threshold for over-concentration. See paragraph 2.31 below.

- 2.29. There have also been a number of allowed appeals¹ where an inspector has found that a proposed student accommodation scheme would not lead to an over-concentration. In each case the inspector assessed the impact of the additional accommodation on a specific neighbourhood. Every context is different; an inspector finding in favour of a PBSA scheme in one location does not mean the principle of a policy test for concentration and harm to mix and balance is not appropriate, so long as this is applied in a reasonable way having regard to local circumstances and evidence.

Approach in other London boroughs

- 2.30. Several other inner London boroughs have policies which address student accommodation and include policy tests relating to the over-concentration of PBSA. Camden's adopted [Local Plan 2017](#) states that development of student housing is supported, provided that the development does not create a harmful concentration of such a use in the local area or cause harm to nearby residential amenity (Policy H9(j)). The supporting text (paragraph 3.62) states that the creation of mixed, inclusive and sustainable communities can be a particular consideration where student housing is proposed, especially given the high concentrations in some parts of Camden. It sets out the potential harm caused by an over-concentration of student accommodation, including the issue that students are sometimes perceived as short-term residents with little connection to the established community. Other concerns include noise disturbance, over-crowding on public transport, or the loss of shops and services that meet the needs of longer-term residents.
- 2.31. Camden's [Planning Guidance on Student Housing](#) (March 2019) sets out guidelines for assessing the impact of proposed PBSA. Proposals for student housing are most likely to intensify an existing concentration in a way that has an unacceptable impact on the mix, inclusiveness and sustainability of the community where one or both of the following thresholds are exceeded:
- resident students represent over 25% of usual residents in the ward
 - the proposal would lead to over 800 beds in student housing being located within a radius of 300 metres from the proposal site.

Both of these thresholds are based on past appeal decisions (see Table 1 above).

- 2.32. The [Tower Hamlets Local Plan](#), adopted in January 2020, sets out that proposals involving new purpose-built student accommodation must respect existing residential amenity (D.H6(c)). The supporting text (9.66) explains concerns about the over-concentration of student housing in some areas, which may have an impact on the amenity of existing residents. Specific issues

¹ Lower Albert Street, Exeter (APP/Y1110/W/17/3178667), Oakbase House, Chester (APP/A0665/W/16/3166180), The Old Printworks, Bernard Terrace, Edinburgh (PPA-230-2122)

include noise disturbance, and the loss of shops and services that meet the needs of longer-term residents.

- 2.33. The supporting text goes on to explain that the Council will assess proposals for student housing having regard to any existing concentrations and the wider housing mix in the area. Where the scale or concentration of student housing is likely to harm the amenity of the local area and undermine the balance of housing and service provision, the Council will seek a range of mitigation measures, such as management conditions and additional infrastructure provision.
- 2.34. Hackney's adopted [Development Management Plan 2015](#) (Policy DM24) sets out that Proposals for new-build student accommodation must not lead to an over-concentration of such uses which may be detrimental to local amenity, or the balance of uses within the area affecting the character and function of an area. This approach is continued in the policy LP20 of the [Draft Hackney Local Plan 2033](#) which is currently undergoing examination.
- 2.35. Islington's [draft Local Plan](#) is currently undergoing examination. Policy H6A restricts new purpose-built student accommodation to sites which have been allocated for PBSA, and sites with existing PBSA. This is based on the rationale that Islington has had very high levels of PBSA delivery in the past, and has a need to deliver higher priority land uses (ie conventional housing and employment uses). There are also concerns around the affordability of PBSA.

Decision-making in Lambeth

- 2.36. The mix and balance of any particular community is context-specific and is assessed on a case by case basis, and is a matter of judgement for the decision-maker. Regard will be given to any existing student accommodation in the area, the potential impact on existing residential accommodation, and other uses in the area (existing and proposed). An assessment is also made of the potential harm caused by additional student accommodation, balanced against the benefits that the proposed new student accommodation may bring, such as access for the community to new leisure facilities.
- 2.37. No purpose-built student accommodation schemes have been refused in Lambeth since the test for over-concentration was introduced in September 2015. Table 2 below summarises planning decisions for new PBSA in Lambeth since 2013, including the consideration that was given to how the scheme would affect the mix and balance of the community (before and after the introduction of the test for overconcentration in the Lambeth Local Plan 2015). This demonstrates that Lambeth has taken a positive approach to student accommodation, and that the adopted policy position (which is proposed to be retained in the DRLLP PSV) has not prevented delivery and that a balanced approach is taken to considering concentration and impact on mixed and balanced communities.

Table 2: PSBSA approved since Lambeth Local Plan 2015 – consideration of impact on mix and balance

Scheme	Date Approved	Number of bedrooms (as originally approved)	Consideration of over-concentration
Rudolf Place 16/03954/FUL	Committee decision June 2018	841	The existing and the aspirational character of the surrounding area is of a high density and mixed-use nature. The proposed additional student accommodation would not unbalance this mixed-use nature of the area. New and recent schemes in the area provide 62,000sqm of office floorspace, new retail provision, hotel, hostel, primary school as well as nearly 2,000 new residential units, and would result in an appropriate mix of uses. In this regard the proposed student accommodation is considered to be appropriate and would contribute towards a mixed and balanced community
51-55 Waterloo Road 15/05866/FUL	February 2016	5 additional bedrooms	Bedspaces limited to 10 to prevent the over-intensive use of the site to the detriment of residential amenity or the balance and mix of uses in the area.
202 Lambeth Road 15/04360/FUL	Committee decision July 2015	131 (increased to 133 through 18/05202/NMC)	Emerging Lambeth Local Plan 2015 policy taken into consideration. Site had extant consent for 100 units; the additional 31 bedspaces is not considered to be detrimental to local amenity or the balance and mix of uses in the area or place undue pressure on local infrastructure

Source: Lambeth Council planning records

Delivery of PBSA in Lambeth

- 2.38. Part of the London Plan evidence base, the Mayor's Academic Forum: [Strategic planning issues for student housing in London \(2014\)](#), includes figures for the delivery of student accommodation across London by borough for the period 1999 to 2012/13. Over this period, completions in Lambeth resulted in a net loss of 167 student bedspaces.
- 2.39. However, 2,962 student bedrooms were approved in Lambeth during this period, the sixth highest number of approvals out of the 26 boroughs listed (following Tower Hamlets, Islington, Camden, Southwark and Brent). This produced an estimated delivery rate of 520 bedspaces per annum.
- 2.40. The high number of approvals has been reflected in a high level of completions in Lambeth in the period since 2013, which is set out in Table 3 below. In total, over 3,000 new student bedrooms have been completed in Lambeth since 2013/14.

- 2.41. The level of need for PBSA set out in the London plan covers the period 2016 to 2041. Since 2016/17, there has been a net increase of 980 student bedspaces in Lambeth, which is equivalent to 7% of London’s total student accommodation need over the four years to March 2020.

Table 3: Completions of Purpose Build Student Accommodation 2013/14 to 2019/20

Financial Year	Scheme name	Number of bedspaces (gross)	Number of bedspaces (net)
2013/14	Glassyard Building, 15 Stockwell Green	328	328
	The Hub, 21-25 South Lambeth Road	92	92
2014/15	Spring Mews, 10 Tinworth Street	378	378
	Academic House, 128 Herne Hill	69	69
2015/16	Urbanest Westminster Bridge	1,093	1,093
Subtotal 2013/14 to 2015/16		1,960	1,960
2016/17	216 Lambeth Road	0	-69
2017/18	Conway Hall, 51-55 Waterloo Road	5	5
	Glassyard Building, Stockwell Green	12	12
2018/19	The Atlas, 30-60 South Lambeth Road	578	578
	Urbanest, Miles Street	454	454
2019/20	n/a	0	0
Subtotal 2016/17 to 2019/20		1,049	980
Total		3,009	2,940

Source: Lambeth Student Accommodation Assessments 2013/14 to 2018/19

Expected future delivery

- 2.42. In addition to this strong performance on completions, there is a significant quantum of student accommodation in the planning pipeline in Lambeth. As set out in table 4 below, there are a further 1,246 student bedrooms which are either under construction or with permission subject to s106 agreement as of March 2020.

Table 4: Lambeth PBSA in the pipeline March 2020

Scheme Name/address	Number of bedspaces (gross)	Number of bedspaces (net)	Status
214 Lambeth Road	0	-26	Under Construction
Units 1 To 18 Rudolf Place	841	841	Under Construction
Arches 176 - 177, and 202 Lambeth Road (aka Marinus Studios)	133	133	Under Construction
Lambeth College, Vauxhall	272	272	Permission subject to S106
Total pipeline PBSA	1,246	1,220	

Source: London Development Database, Lambeth Planning records

Existing PBSA and distribution across Lambeth

- 2.43. Information about delivery of purpose-built student accommodation in Lambeth is published annually in the [Student Accommodation Assessment](#). The most recent published version covers the financial year 2018/19. Table 5 below provides an interim update to this, with a summary of existing PBSA in Lambeth by ward as of March 2020. The full updated student housing pipeline report for 2019/20 is expected to be published later in 2020 once it is possible to check starts and completions on site.

Table 5: Lambeth PBSA (existing and in the pipeline) by ward

Name	Student Bedspaces (Existing)	Student Bedspaces (Pipeline)	Ward
The Atlas, 30-60 South Lambeth Road	578	0	Oval
Urbanest Vauxhall, 5 Miles Street	454	0	Oval
The Hub, 21-25 South Lambeth Road	92	0	Oval
Units 1 To 18, Rudolf Place	0	841	Oval
Oval Total	1,124	841	
Urbanest Westminster Bridge	1,093	0	Bishops
Stamford Street Apartments, 127 Stamford Street	556	0	Bishops
Conway Hall, 51-55 Waterloo Road	232	0	Bishops
Xenia, 2 Secker Street	166	0	Bishops
International House, 1-5 Lambeth Road	83	0	Bishops
214 Lambeth Road	0	-26	Bishops
Arches 176 - 177, and 202 Lambeth Road (aka Marinus Studios)	0	133	Bishops
Bishops Total	2,130	107	
Halsmere Studios, 10 Halsmere Road	79	0	Vassall
Durand House, Hackford Road	44	0	Vassall
Vassall Total	123	0	
Spring Mews, 10 Tinworth Street	378	0	Prince's
Prince's Total	378	0	
Glassyard Building, 15 Stockwell Green	340	0	Larkhall
Larkhall Total	340	0	
Lambeth College, Vauxhall	0	272	Stockwell
Stockwell Total	0	272	
Academic House, 128 Herne Hill	69	0	Herne Hill
Herne Hill Total	69	0	
Total Lambeth PBSA	4,164	1,220	

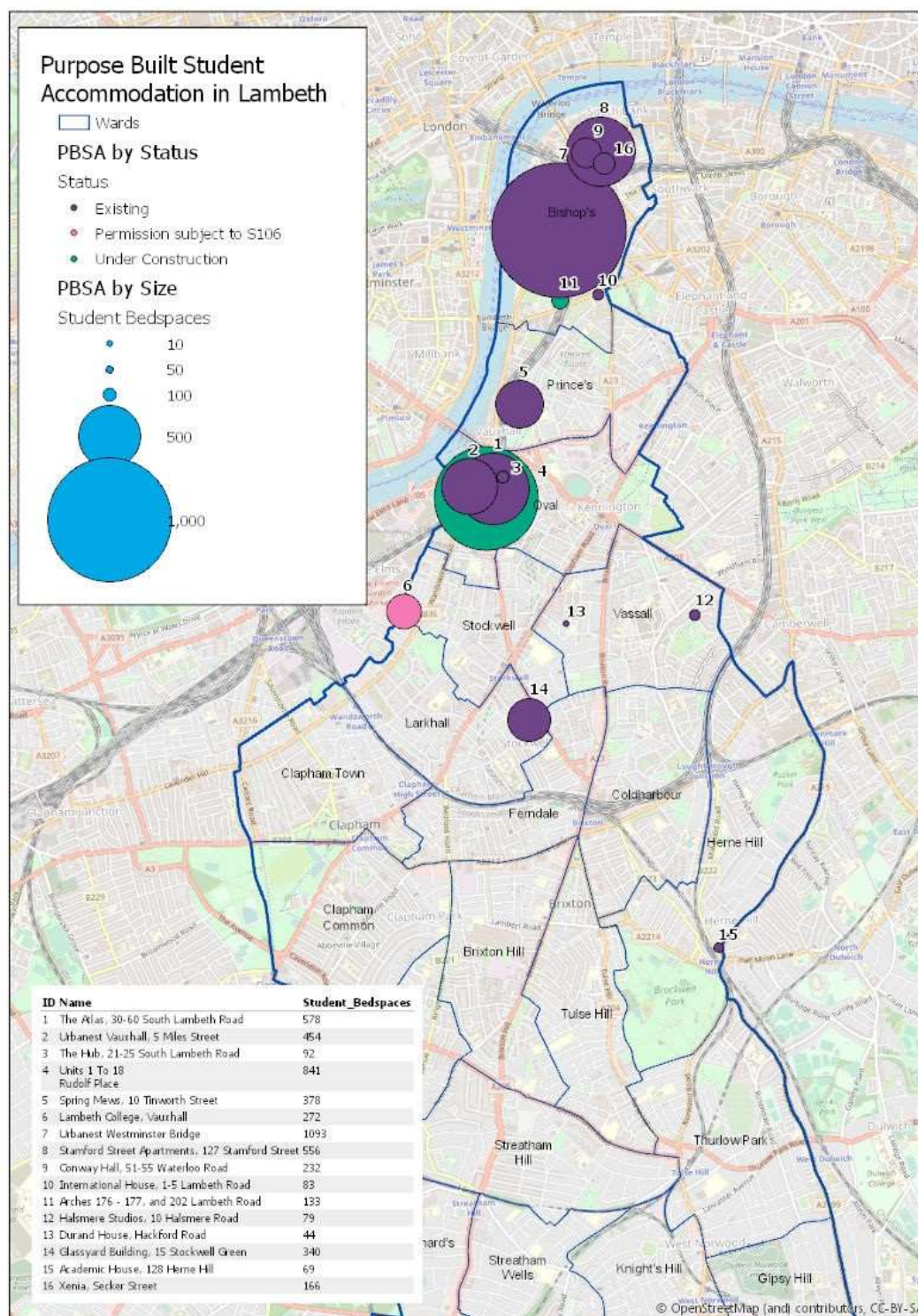
- 2.44. As demonstrated by Table 5 and Table 6 below, nearly all of Lambeth's purpose-built student accommodation is in the north of the borough (Bishops, Prince's and Oval wards) followed by the centre of the borough (Vassall, Larkhall and Herne Hill wards). The majority is located in Vauxhall and Waterloo, with some in Oval and Stockwell. Table 6 below shows that areas in the

south of the borough (Clapham, Streatham, West Norwood/Tulse Hill) have no PBSA built student accommodation. This is also illustrated in Map 1.

Table 6: Student accommodation by area of the borough

Area of the borough (wards)	Number of bedspaces (existing)	% of total	Number of bedspaces (including pipeline)	% of total
Waterloo (Bishops)	2,130	51%	2,237	42%
Vauxhall (Oval, Prince's)	1,502	36%	2,343	44%
Oval/Kennington (Vassall)	123	3%	123	2%
Stockwell (Stockwell, Larkhall)	340	8%	612	11%
Brixton (Ferndale, Coldharbour, Brixton Hill, Tulse Hill)	0	0%	0	0%
Clapham (Clapham Town, Clapham Common, Thornton)	0	0%	0	0%
Herne Hill/Loughborough Junction (Herne Hill)	69	2%	69	1%
Streatham (Streatham Hill, Streatham South, Streatham Wells, St Leonard's)	0	0%	0	0%
West Norwood/Tulse Hill (Knight's Hill, Thurlow Park)	0	0%	0	0%
Upper Norwood/Crystal Palace (Gipsy Hill)	0	0%	0	0%
TOTAL	4,164	100%	5,384	100%

Map 1: PBSA in Lambeth

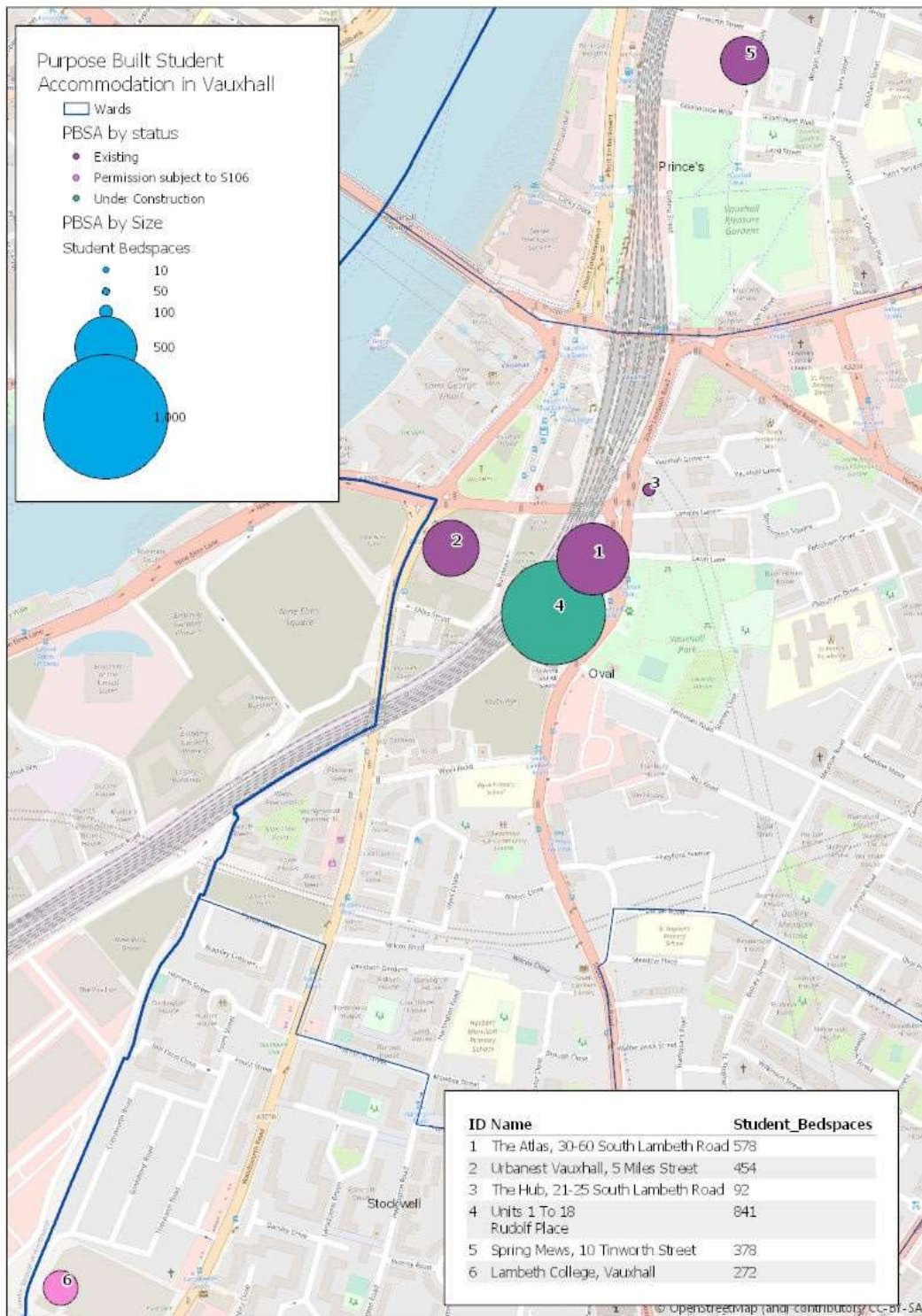


Concentration in Vauxhall

2.45. As shown in Table 6, there are 1,502 existing student bedspaces in Vauxhall, with a further 841 in the planning pipeline. There is a particular concentration in the area around South Lambeth Road and Miles Street which includes The Atlas, Urbanest, The Hub and the forthcoming Rudolf

Place scheme. This cluster comprises 1,965 student bedspaces within an approximately 200m radius and can be seen on Map 2 below. Once the schemes that are currently in the pipeline are completed, Vauxhall will be the location of 44% of Lambeth’s purpose-built student accommodation.

Map 2: PBSA in Vauxhall



- 2.46. Vauxhall forms part of the Central Activities Zone and the Nine Elms Vauxhall Opportunity Area. The London Plan identifies Vauxhall as an emerging CAZ retail cluster with high growth potential for residential and commercial development. The existing area is high density, mixed-use with significant amount of employment uses and a thriving evening economy. Ambitions for the area build on these to become a distinctive retail centre with a strong sense of local character.
- 2.47. Development in Vauxhall will see increased numbers of residents, workers and visitors who will bring significant economic and social benefits to both the immediate area and the rest of the borough. In the area, these will include social and green infrastructure, an additional school, public realm and leisure facilities. The DRLLP PSV sets out the ambition for Vauxhall to become a strong, diverse and sustainable community - this draws on the objectives in the [Vauxhall SPD \(2013\)](#) which sets out ambitions to deliver a sustainable community as a part of a recognisable and distinct neighbourhood, and area of mixed uses with a strong sense of local character.
- 2.48. Vauxhall has been particularly popular location for student accommodation because of the high level of its public transport access, central location and vibrant character, and student accommodation contributes positively to the high density, mixed nature of the area. However, an over-concentration of any one type of use threatens the balance of uses and functions. Given the quantum and concentration already delivered, limiting further student development in the Vauxhall area in the DRLLP PSV will help to maintain the balance of uses by allowing other uses to function and develop, rather than becoming an area dominated by one type of use. It will also ensure that much needed C3 housing, offices and other commercial uses (required to meet the targets for jobs and homes in the Opportunity Area set in the London Plan) can come forward to complement the existing student housing cluster.

Conclusion

- 2.49. Lambeth has a strong record of delivering student accommodation, and contributing to the ongoing London-wide need for PBSA. Much of the student housing delivered in Lambeth has been concentrated in the north of the borough, particularly in Vauxhall. What constitutes an overconcentration depends on the local context and is assessed on a case-by-case basis, but in the case of Vauxhall it is considered that – given how much has already been delivered - additional student accommodation could potentially have a harmful impact on the mix and balance of uses in the area. Placemaking aspirations for the Vauxhall area are for a vibrant mixed area which includes retail, leisure, residential and employment uses, and too much of any one use could threaten the balance.
- 2.50. Lambeth has taken a positive approach to student accommodation, and recognises that student residents can bring benefits to an area. These include the increased use of local facilities and services (particularly shops, bars and restaurants), part-time employment in local businesses, volunteering, and in some cases easing pressure on family housing. A high concentration of student accommodation can bring negative impacts including noise and disturbance and the loss of shops and services used by longer term residents, as well as harm to the mix and balance of uses.
- 2.51. As well as avoiding the potential for these impacts through over-concentration, the Council wishes to see the benefits of student accommodation spread across other parts of the borough. Areas outside of Vauxhall and Waterloo are similarly well-connected but have little or no

student accommodation. These include Brixton, Streatham, Clapham and West Norwood, which all have PTAL 6 but no existing student accommodation.

- 2.52. The policy approach in the DRLLP PSV is therefore considered to be justified and consistent with national policy, and in general conformity with the London Plan.

3. Large Scale Purpose Built Shared Living

- 3.1. This section explains Lambeth’s policy approach on Large Scale Purpose Built Shared Living in the DRLLP PSV January 2020, and demonstrates how it is consistent with national planning policy and guidance and in general conformity with the London Plan. It also explains the justification for the DRLLP PSV’s policy approach on location, bedroom sizes and rental levels.
- 3.2. Large scale purpose built shared living (sometimes referred to as ‘co-living’) is a relatively new form of residential accommodation. It provides purpose-built, non-self-contained accommodation which is generally in the form of small studios or en-suite bedrooms, with communal kitchen and amenity spaces. This type of accommodation is predominantly aimed at younger single people (such as recent graduates and young professionals) who may not be settling in an area for long; minimum tenancies are generally three months.
- 3.3. Typically residents value a central location, with easy access to jobs as well as social and leisure services, both on- and off-site. Often LSPBSL developments offer programmes of events and activities to foster social interactions and a sense of community amongst residents. While LSPBSL developments tend to have extensive shared amenity spaces, private space tends to be smaller than equivalent in self-contained accommodation. It is in many ways very similar in built form to purpose built student accommodation, although marketed to a different demographic group and managed differently. Indeed LSPBSL is in some cases a product provided by specialist developers of PBSA (e.g. Unite Students).
- 3.4. This type of accommodation can provide flexibility, convenience and sense of community for residents and can help to meet a particular segment of housing need. However, there are potential concerns around the size of the private living accommodation provided and affordability, and potential issues arising from concentrations of this type of very high density living (in some cases alongside PBSA) and the possible harm to the mix and balance of communities.

Policy Context

National Planning Policy and guidance

- 3.5. There is no specific reference to LSPBSL in the NPPF 2019. National planning practice guidance allows plan-making authorities to assess their own individual housing need as part of development plans, which allows them to articulate whether or not there is a local requirement for co-living. (Paragraph: 001 Reference ID: 67-001-20190722).

London Plan

- 3.6. Policy H16 of the Draft London Plan (Intend to Publish 2019) (hereafter ‘The London Plan’) addresses Large-scale purpose-built shared living development, including criteria it must meet. These include contributing towards mixed and inclusive neighbourhoods, being located in an area well-connected to local services and employment by walking, cycling and public transport, being under single management and having tenancy lengths of no less than three months. The

policy also includes expected standards for the communal facilities and services, that private units provide adequate functional living space and layout, and are not self-contained homes or capable of being used as self-contained residential accommodation. There is also a requirement that LSPBSL contributes to new C3 off-site affordable housing. The supporting text specifies that LSPBSL is classified as *sui generis* non-self-contained market housing, and that developments are generally of at least 50 units.

Lambeth policy approach

- 3.7. Lambeth's [SHMA 2017](#) assesses the private rented sector (PRS) in Lambeth and concludes in paragraph 5.9 that the PRS plays an important role in the borough and across London providing housing, particularly for young and single people, who cannot afford to buy; and that it also serves an important function to people who would be unable to access social housing but can afford private rented accommodation with Local Housing Allowance (LHA) support.
- 3.8. DRLLP PSV Policy H13 covers Large Scale Purpose Built Shared Living accommodation. This cross-refers to the London Plan policy and sets out additional Lambeth-specific provisions for LSPBSL development. The policy states that development proposals will be supported in Vauxhall and Waterloo only where they meet the requirements of London Plan H16 and the additional Lambeth-specific requirements. These includes: each private unit includes at least 15 sqm functional living space separate from the communal facilities; communal space meets the minimum requirements for HMOs; and rents per room should be set no higher than the mean rental level for a studio in the private rented sector in that postcode area (based on [London Rents Map](#) data). The policy also states that proposals for LSPBSL will not be permitted on public-sector land or where it would result in the loss of existing self-contained residential accommodation (including sites with an extant permission for C3), or where it would result in an over-concentration of similar uses, including purpose-built student accommodation, which may be detrimental to residential amenity or the balance and mix of uses in the area or place undue pressure on local infrastructure. The policy states that affordable housing contributions should be made in accordance with London Plan policy H16.

Justification

Waterloo and Vauxhall

- 3.9. Supporting text paragraph 5.121 of DRLLP PSV explains that proposals for LSPBSL should be located in Vauxhall and Waterloo because these have been identified as locations in which this form of development can viably provide the affordable housing contribution required by policy across all types of site ([London Borough of Lambeth: Local Plan and Community Infrastructure Levy Viability Review, BNP Paribas December 2019](#), paragraph 6.24 and table 6.24.1); and because they are also well-connected by public transport and well-served by local services.
- 3.10. Vauxhall and Waterloo are appropriate locations for LSPBSL because of their high levels of public transport access (predominantly PTAL 6b), central location and existing high density uses. They are within walking and cycling distance of the rest of central London, including the West End; and they have a wide range of services and facilities available within their neighbourhoods. In Waterloo these include the many bars, restaurants, theatres and cultural venues on the Southbank, as well as those on Lower Marsh and The Cut. Vauxhall is a focus for bars and

nightclubs (particularly for the LGBTQ+ community). It also has a number of sports and leisure facilities, including a leisure centre, gym and climbing wall, as well as a range of cultural activities including the Newport Street Gallery. As explained in paragraph 3.2 above, occupiers of LSPBSL tend to be young people in their twenties and early thirties (often referred to as 'millennials'), who may not be settling in the area permanently and are likely to require easy access to transport, jobs, services, facilities and entertainment venues within Central London, and are less likely to need access to schools and other community facilities serving families and households with older people.

- 3.11. -Very high density living for this demographic group places demands on communal public and open spaces because of the limited provision of external amenity space within the development, and it is appropriate for this to be met in central London spaces already used by large numbers of workers and tourists. For these reasons, it is considered more appropriate to locate LSPBSL in higher-density centrally located mixed use areas such as Waterloo and Vauxhall, rather than lower density residential areas where there will be a greater contrast between the types of accommodation and lifestyles of the new and existing residents could cause greater harm to the mix and balance of the community.

Minimum floorspace

- 3.12. Lambeth's requirement for private space (inclusive of kitchen and bathroom) in shared living development is 15 sqm. This is so that private rooms have sufficient space to be comfortable, functional and to contribute to the health and well-being of occupiers. It is derived from the [Nationally Described Space Standard](#) (NDSS), which specifies that a double bedroom has a floor area of at least 11.5 sqm. As a unit in a shared living development will also include a kitchenette and bathroom, 15 sqm is considered to be an appropriate minimum size. As a comparison, the NDSS specifies that a self-contained one-person unit should have a floor-space of at least 37 sqm.
- 3.13. Table 7 below details room sizes of existing LSPBSL schemes across London and those in the planning pipeline. The minimum room sizes are all above or only slightly below the DRLLP proposed minimum floor-space threshold of 15sqm suggesting that it is not an onerous or unrealistic requirement. More recent permissions (eg Stay Club in Acton, development at High Street Feltham) have minimum room sizes larger than 15 sqm suggesting that the smallest rooms in original/completed schemes could be less popular with tenants.

Table 7: Room Sizes in existing and proposed LSPBSL Developments

<i>Scheme</i>	<i>Status</i>	<i>Approval Date</i>	<i>Total Bedrooms</i>	<i>Minimum Room Size (sqm)</i>	<i>Maximum Room Size (sqm)</i>
The Collective, Old Oak*	Complete	Not known	550	13.5	27.5
The Collective, Canary Wharf**	Complete	Not known	705	12	32
The Collective, Harrow*	Under Construction	September 2018	222	14	26
Stay Club, Acton (Land South of Vardon Close)*	Permission	March 2019	335	16	35
The Mall, Ealing*	Permission	October 2019	38	14	28
Stay Club, Acton (208 Western Avenue)*	Permission	November 2019	264	17	34
Land to the Rear of 21 High Street, Feltham***	Permission	Appeal Allowed February 2020	121	18	26
College Road, Croydon*	Permission	March 2020	836	20	29

Sources: *Planning Committee Report **<https://www.cbre.ie/en/about-cbre/blog/articles/co-living-developments-my-experience> ***applicant's Planning Statement

Rental Levels

- 3.14. Lambeth accepts that LSPBSL can in principle meet an identified housing need in Lambeth among young renters. This need for private rented accommodation for the young and single person households is acknowledged in the Lambeth SHMA 2017. However, LSPBSL will not be able to meet this need if the rents are unaffordable to this group because they are significantly higher than other private sector rents in the borough. This would simply attract higher income individuals from outside the borough but have no impact on addressing unmet housing need in the borough.
- 3.15. The SHMA 2017 sets out that in order to afford the lower quartile rent for a studio, a minimum household income of between £23,790 to £31,720 is required, depending on the definition of affordability used. The SHMA finds that over 60% of Lambeth households have an annual income of £40,000 or less, with almost 22% of households on an income of less than £20,000 a year. As a result, between 30% and 48% of households in Lambeth would not be able to afford the lower quartile rent for a studio.
- 3.16. At the two developments operated by The Collective in the London boroughs of Ealing and Tower Hamlets respectively, rents range from £250 per week for an en-suite bedroom with shared kitchenette at the Old Oak development, to £450 per week for a studio at the Canary Wharf development. Rents include access to shared facilities, services and activities (rental information from www.thecollective.com).

- 3.17. These rents tend to be above average for the areas they are in. The lowest monthly rent at The Collective Old Oak is £1,083 per month for an en-suite bedroom with shared kitchenette. For the year to April 2020, the median rent for a studio the area (NW10) was £950 per month. At the Collective in Canary Wharf, the minimum monthly rents are £1,430, which is above the median for the postcode (E14) which was £1,408. Median rents are from the London Rents Map.
- 3.18. As a comparison with Lambeth, the median monthly rent for a studio in the private rented sector in Waterloo (SE1) was £1,300 and in Vauxhall (SW8) was £1,625 for the year to April 2020. Across Lambeth the median rent for a studio was £950.
- 3.19. The London Rents Map is considered to be the best available data on private rented sectors rents. It shows average (median) monthly private sector rents for different types of homes across London, using data on market rents from the Valuation Office Agency (VOA). Landlords, agents and tenants across England contribute to this information. Rents in London are shown at borough and postcode district level. The data on average rents is updated quarterly.
- 3.20. Policy H13(a)(iii) is in place to ensure that any LSPBSL delivered in Lambeth will meet existing housing need within the borough, rather than catering to higher-earning tenants from outside the borough. It requires that rents are no higher than the median for a studio in that postcode district, as a studio is broadly equivalent to the type of accommodation provided by LSPBSL (albeit that a studio is self-contained so includes its own bathroom and kitchen). The postcode district is the geographical metric used by the London Rent Map and provides a proxy for the local neighbourhood. Paragraph 5.125 requires that comparator rents are net of household bills to enable more effective comparison with LRM rents.

Loss of existing C3

- 3.21. Policy H13 of the DRLLP PSV does not permit LSPBSL where it would result in the loss of existing self-contained residential (C3) accommodation, including where a site has extant permission for C3 use. While it is acknowledged that LSPBSL accommodation can help to meet a specific housing need in Lambeth (for recent graduates and young professional), this should not take priority over meeting need for conventional C3 housing. Delivering significant levels LSPBSL at the expense of conventional housing would affect Lambeth's ability to meet its housing target, as set out in the London Plan, and its ability to meet the full range of housing need in the borough. While LSPBSL is a high-density development type, bedrooms are counted differently to self-contained accommodation for the purposes of assessing housing delivery, with 1.8 bedrooms equivalent to 1 unit of conventional housing. Thus the policy protects the C3 housing where this is already existing or planned.

Concentration

- 3.22. Student accommodation and Large Scale Purpose Built Shared Living schemes are considered to be similar use types in their potential for over-concentration. While LSPBSL largely caters for a slightly older age group than PBSA, and some residents may stay slightly longer than the nine months per year that students typically occupy their accommodation, but the minimum tenancy length required by the London Plan is three months. Therefore many of the same issues may arise when concentrations are too high. They are both very high density development types, which tend to be occupied by a younger demographic than general self-

contained housing. In both types of accommodation, residents may be only living in an area for short periods, which results in a transient population. They both offer non-self-contained accommodation which is likely to have significantly less external amenity space than self-contained residential dwellings.

- 3.23. For the reasons explained above (and in Section 2 on PBSA), high-density living can result in significantly increased demands for infrastructure such as open space, public space, public transport, leisure facilities, bars and restaurant. Too much high density living in one location can result in too much stress on infrastructure, and will negatively impact on existing users and communities such as workers and tourists, but also existing longer established residential communities.

Definition of Large Scale

- 3.24. While the London Plan definition for LSPBSL is generally 50 units or more, it is considered that in the context of Lambeth 30 units is a more appropriate scale given the size of some of the sites available for development and recent examples of interest in this type of accommodation in the borough. During the London Plan examination, the Mayor stated that “there is no requirement for LSPBSL development to provide at least 50 units. The reference to 50 units is indicative to assist decision makers in identifying developments where Policy H18 is applicable, given the fact that there is no formal planning definition for LSPBSL.”([Matters Statement on Large Scale Shared Living Development](#), paragraph 33.20).

Other London boroughs’ policies

- 3.25. As LSPBSL is a relatively new housing type, most boroughs do not have a specific policy. The exception is Hackney, where the Draft Local Plan policy LP21 (currently undergoing examination) sets out that development involving the provision of new large-scale purpose-built shared housing comprising of at least 50 units will only be permitted if various criteria are met, including:
- It meets an identified need; and the site is not suitable for development for conventional self-contained units.
 - It is located in an area well-connected to local services and facilities, and in an area with high-transport accessibility
 - At least 50% of all units provided at rental levels which do not exceed one-third of ward-level incomes (excluding utility bills).
- 3.26. The supporting text explains that while shared accommodation is an increasingly valuable form of accommodation, C3 residential is still the priority land use in the borough and type of accommodation for which there is the greatest need. It also specifies that proposed shared housing development will be subject to a planning agreement to ensure rents for rooms remain affordable for low-income occupiers in the long-term. At the main modifications stages of the examination, it was proposed to amend this policy so that the requirement for 50% of rents to be at or below one-third of ward level income is subject to site context and viability. It was proposed to amend the supporting text to clarify that these units would be considered affordable housing, and in exceptional circumstances could be provided off-site or as a payment in lieu.

Conclusion

- 3.27. LSPBSL is a recent form of non-self-contained accommodation. It has a role in meeting a segment of housing need in the private rented sector for younger, mainly single people (often recent graduates and young professionals), but should not compromise the delivery of conventional self-contained residential accommodation to ensure overall housing delivery levels are maintained and to ensure the full range of housing meets in the borough are addressed. The DRLLP PSV supports LSPBSL in Vauxhall and Waterloo because these locations are most suitable in terms of access to central London, and to local services and infrastructure; and because the London Plan requirement for a contribution to affordable housing is demonstrated to be generally viable for this typology in those locations.
- 3.28. There are concerns about the small size of the private accommodation provided in LSPBSL, and the impact that this could have on residents; a minimum size threshold for bedrooms ensures accommodation is functional and ensures the wellbeing of residents. Rental levels in existing LSPBSL tend to be at the upper end of rents for comparable properties in their local areas (postcode district). Linking rents of proposed LSPBSL to median rents for the local area will help to ensure that this type of accommodation is more affordable for Lambeth residents (to meet local housing need), not just higher earners from outside the borough.

4. Build to Rent

- 4.1. This section explains Lambeth’s policy approach on Build to Rent in the DRLLP PSV January 2020 and demonstrates how it is consistent with national planning policy and guidance and in general conformity with the London Plan. It also explains the justification for the policy approach on affordable housing in this type of development; and addresses deliverability with reference to evidence on viability.

National planning policy

- 4.2. The NPPF 2019 defines Build to Rent as purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control. Within the definition of affordable housing for rent, the glossary of the NPPF states that the landlord need not be a registered provider where affordable housing is included as part of Build to Rent scheme; and that for Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

National planning practice guidance

- 4.3. National planning practice guidance (PPG) includes a section specifically about Build to Rent, covering planning for build to rent, affordable housing and scheme management. Paragraph: 001 Reference ID: 60-001-20180913 states that if a need is identified for those wishing to rent, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent. This should recognise the circumstances and locations where build to rent developments will be encouraged.
- 4.4. Specifically in relation to affordable housing within Build to Rent schemes, paragraph: 003 Reference ID: 60-003-20180913 states that affordable private rent should be set at a level that is at least 20% less than the private market rent (inclusive of service charges) for the same or equivalent property. Paragraph: 004 Reference ID: 60-004-20180913 states that it is expected that developers will usually meet their affordable housing requirement by providing affordable private rent homes. However, if agreement is reached between a developer and a local authority, this requirement can be met by other routes, such as a commuted payment and/or other forms of affordable housing as defined in the National Planning Policy Framework glossary. Paragraph: 005 Reference ID: 60-005-20180913 states that both the proportion of affordable private rent units, and discount offered on them, can be varied across a development, over time. Similarly it should be possible to explore a trade-off between the proportion of discounted units and the discount(s) offered on them, with the proviso being that these should accord with the headline affordable housing contribution agreed through the planning permission. All options should be agreed jointly between the local authority and the developer as part of the planning permission, and set out in a section 106 agreement. Guidance

on viability confirms that viability studies for build to rent schemes can be customised in this way.

- 4.5. In relation to scheme management, paragraph: 006 Reference ID: 60-006-20180913 states that affordable private rent homes should be under common management control, along with the market rent build to rent homes. They should be distributed throughout the development and physically indistinguishable from the market rent homes in terms of quality and size. They will not need the separate involvement of a registered landlord. Combining the two tenures this way improves viability and any alternation of units between affordable private rent and market rent over time is made easier. Paragraphs: 007 and 008 Reference ID: 60-007-20180913 addresses the covenant and claw-back mechanism to ensure the sale of homes from a build to rent development does not result in the loss of affordable housing without alternative provision being made. Paragraph 007 states that planning authorities should recognise that build to rent operators will want sufficient flexibility to respond to changing market conditions and onerous exit clauses may impede development.
- 4.6. Paragraph: 009 Reference ID: 60-009-20180913 addresses eligibility to occupy affordable private rent homes and states this should be agreed locally between the local authority and the scheme operator, with regard to criteria set out in planning guidance. It adds that local authorities must take a reasonable position on this and eligibility should not constitute grounds for refusing planning permission. It goes on to state that eligibility should be determined with regard to local household income levels, related to local rent levels. Where authorities maintain an 'intermediate housing list' they may wish to suggest names from this, or potentially even their statutory housing list, taking into account the affordability of the homes to those on the list. Authorities should refrain from having direct nominations rights from their housing list. In the absence of an established local intermediate housing list, developers and authorities may consider assembling a unique dataset for the development having regard to local authority housing allocation policies.
- 4.7. The remaining sections of the guidance address tenancies and space standards.
- London Plan policy
- 4.8. The Draft London Plan Intend to Publish version December 2019 (hereafter 'the London Plan') includes policy H11 on Build to Rent. This sets out criteria for schemes to qualify for consideration as Build to Rent development and specifies that where these criteria are met, the affordable housing offer can be solely Discounted Market Rent (DMR) at a genuinely affordable rent, preferably London Living Rent level; and that DMR homes must be secured in perpetuity. These criteria include a covenant for at least 15 years (footnote 66 adds that covenant periods are expected to increase as the market matures); and having in place a claw-back mechanism that ensures there is no financial incentive to break the covenant.
- 4.9. Section C of the policy establishes how the Fast Track Route will operate for Build to Rent schemes, with the same affordable housing thresholds as for build for sale schemes. It adds that the Mayor expects at least 30 per cent of DMR homes to be provided at an equivalent to London Living Rent with the remaining 70 per cent at a range of genuinely affordable rents. Footnote 67 adds that boroughs may publish guidance setting out the proportion of DMR homes to be provided at different rental levels to benefit from the Fast Track Route. In setting

local DMR requirements, boroughs should have regard to the relationship between the level of discount required and the viability of achieving the relevant threshold. Section D states that where the requirements of section C are not met, schemes should follow the Viability Tested Route.

- 4.10. Paragraph 4.11.10 of the supporting text states that, where justified in a Development Plan, boroughs can require a proportion of affordable housing as low-cost rent (social rent or London Affordable Rent) on Build to Rent schemes in accordance with Policy H6 on affordable housing tenure part A. Low cost rent homes must be managed by a registered provider. The low cost rent affordable housing would contribute towards the relevant threshold required to meet the Fast Track Route. It adds that DMR is an intermediate product and is managed and allocated as such, therefore it is not appropriate to seek DMR at or close to social rent levels.
- 4.11. This paragraph was introduced during the London Plan examination in public in response to concerns from boroughs (including Lambeth) about the potential impact of the policy on their ability to secure low cost rented accommodation to meet their priority need, particularly in the event of Build to Rent becoming the dominant tenure being delivered. This is set out in paragraph 29.6 of the Mayor's [Matters statement M29](#) on Build to Rent. The [London Plan EiP Panel Report October 2019](#) concludes in paragraph 212 that overall the requirements of policy H11 strike an appropriate balance between incentivising delivery of affordable housing, ensuring that potential further affordable contributions are not forgone, whilst assisting delivery of the product. The paragraph confirms that, to address the eventuality that Build to Rent becomes a more dominant tenure, and given the identified affordable housing need, boroughs may establish local affordable housing requirements for low cost rent where this is justified.
- 4.12. Further guidance on Build to Rent schemes is provided in the Mayor's Affordable Housing and Viability SPG.

Lambeth policy in the DRLLP PSV

- 4.13. Lambeth's [SHMA 2017](#) assesses the private rented sector (PRS) in Lambeth and concludes in paragraph 5.9 that the PRS plays an important role in the borough and across London providing housing, particularly for young and single people, who cannot afford to buy; and that it also serves an important function to people who would be unable to access social housing but can afford private rented accommodation with Local Housing Allowance (LHA) support. The same paragraph adds that the PRS is the only tenure to have experienced relative growth in recent years and, based on past trends, is likely to expand even further, acknowledging that the Build to Rent sector specifically has experienced significant growth in recent years. It states that the government and Mayor of London are both supportive of this type of development in principle, and further growth of this sector is considered likely.
- 4.14. In light of this evidence, and to be consistent with national policy and guidance and in general conformity with the London Plan, the DRLLP PSV includes positive support for Build to Rent in Policy H12. It states that the Council will follow the policy approach set out in London Plan policy H11, subject to additional Lambeth-specific requirements.
- 4.15. The Lambeth-specific requirements are set out in parts (a), (b) and (d) of the policy.

Provision for low cost rented affordable housing

- 4.16. Part (a) responds directly to paragraph 4.11.10 of the London Plan and states that, where a development proposal involving Build to Rent has potential to include more than one residential core and/or block, applicants should use this separate core and/or block to provide low cost rented housing to be managed independently by a registered provider of affordable housing. It goes on to explain how, in this scenario, the requirements of the Fast Track Route can be met. Part (b) states that where an applicant can demonstrate to the Council's satisfaction that it is not feasible in design terms to include a separate residential core and/or block in the development proposal, the Council will accept the full affordable housing requirement for the scheme as DMR units managed alongside the market rent units, in accordance with the requirements of the London Plan policy. It adds that, to follow the Fast Track Route, the Council will seek 30 per cent of the affordable provision at rents equivalent to London Living Rent level, with the remainder at a range of genuinely affordable rents to meet priority housing need in Lambeth, in accordance with the preferred approach set out in the Council's Tenancy Strategy.; and that if these requirements are not met, the scheme must follow the Viability Tested route.
- 4.17. The provisions of parts (a) and (b) of DRLLP PSV policy H12 are in full conformity with London Plan policy H11. The Mayor's opinion on general conformity dated 13 March 2020 raised no concerns about this policy approach.
- 4.18. This policy approach has been deliberately designed to be reasonable and flexible to support delivery, allowing for the possibility that site-specific circumstances in some cases may not enable provision of low-cost rented accommodation in a separate core or block that can be managed separately by a registered provider. The onus is placed on the applicant to demonstrate the design reasons why this would not be feasible in those cases. Where this is satisfactorily demonstrated, the Council will accept a 'fully Build to Rent' approach with all affordable housing units provided as DMR in accordance with the London Plan provisions for rent levels and Lambeth's own guidance on the range of genuinely affordable discounted rents required to meet housing need in Lambeth and to allow a scheme to benefit from the Fast Track Route (as allowed for in footnote 67 of the London Plan). Again, the Mayor's opinion on general conformity dated 13 March 2020 raised no concerns with this policy approach.
- 4.19. This approach is also consistent with national planning practice guidance paragraph 004 Reference ID: 60-004-20180913, which states that - if agreement is reached between a developer and a local authority - the requirement for affordable housing in Build to Rent schemes can be met by routes other than affordable private rent, including other forms of affordable housing as defined in the National Planning Policy Framework glossary.
- 4.20. The rationale for the approach is explained in supporting paragraph 5.112 of the DRLLP PSV: "The Council's preference is to secure low cost rented housing where possible through schemes involving Build to Rent by including this in a separate core and/or block managed independently by a registered provider of affordable housing. The reason is to increase the stock of low cost rented housing secured in perpetuity through management by a registered provider in Lambeth to meet priority housing need, including through nominations from the Council's housing register."

Justification for Lambeth’s policy approach on low-cost rented accommodation in Build to Rent schemes under part (a)

- 4.21. The London plan allows boroughs to establish local affordable housing requirements for low cost rent where this is justified. London Plan paragraph 4.11.10 is explicit that in these situations, the low cost rented homes must be managed by a registered provider of affordable housing.
- 4.22. To elaborate on the rationale provided in paragraph 5.112 of the DRLLP PSV, there are three elements to Lambeth’s justification for the policy approach in DRLLP PSV Policy H12: the level and make-up of affordable housing need in the borough; the growing prevalence of Build to Rent as a proportion of new housing delivery; and the inability of DMR units in Build to Rent schemes to be made available to nomination from the local housing register (those in highest priority housing need). These are set out in turn below.

Affordable housing need in Lambeth

- 4.23. The evidence of affordable housing need in Lambeth is set out in sections 2 and 3 of the Lambeth [SHMA 2017](#). Section 2 assesses household income in Lambeth. In June 2017, the median household income in Lambeth was £33,280 and the mean household income was £39,986, which emphasises a heavy concentration of households in lower income bands. This is further illustrated by the following figures and in Figure 21 of the report:

Number and percentage of households per Income Band in Lambeth

<£5,000 - £20,000	31,884 households	21.8%
£20,000 - £40,000	58,609 households	40.0%
£40,000 - £60,000	31,000 households	21.1%
£60,000 - £80,000	13,021 households	9.0%
£80,000 - £100,000	6,251 households	4.2%
£100,000 - £200,000+	5,659 households	3.8%

(Source: CACI Paycheck data for 2017)

- 4.24. Section 2 of the SHMA also explains that Lambeth, like many other London boroughs, has high sale and rental prices and has experienced worsening affordability in recent years. Sales and rental values in Lambeth are above London averages, which is to be expected given higher value areas particularly in the north of the borough. Values are comparable to other inner London boroughs.
- 4.25. This assessment is confirmed by the Mayor’s [Housing in London 2019](#) report (section 4), which finds that the typical private renting household in London is now spending 37% of their income on rent and that average private rents in London have risen by 42% since 2005, by far the largest increase of any English region. Between 2005 and 2016, average private rents in London rose 38%, while average individual earnings rose just 21%, leading to worsening affordability. The chart at paragraph 4.18 of this report shows that Lambeth ranked tenth among London boroughs in terms of monthly market rents for a two-bedroom home in 2019. The chart at paragraph 4.21 shows the differential across London between median weekly rents for social rent and Affordable Rent (up to 80% of market rent). The average two-bedroom Affordable

Rent in London was £199 a week in 2017/18 compared to £153 a week for the new London Affordable Rent product (considered to be low cost social rent). The price to earnings ratio in Lambeth was 14.5 in 2018, compared to 12.3 for London as a whole (shown in table 3 of the Housing in London 2019 report).

- 4.26. In Lambeth's SHMA, a household is considered unable to afford market housing if they would either need to spend more than 3.5 times their gross household income to buy a property, or more than 30% or 40% of their income to rent a property. The analysis concludes that, based on households spending 40% of their gross household income on rent, the need for affordable housing in Lambeth over 20 years is 1,047 net additional homes a year; or if households spend 30% of their gross household income on rent, the need is 1,573 affordable homes each year. This compares to the overall annual housing requirement for Lambeth (the London Plan borough-level housing target) of 1,335 net additional dwellings per annum: affordable housing need as a proportion of the overall requirement is therefore either 78% or 117% of the total depending on which ratio of rent to gross household income is used. Clearly both scenarios are undeliverable. Viability testing of the DRLLP PSV demonstrates that the London Plan affordable housing threshold of 35% (and 50% in some circumstances) is deliverable in Lambeth. Therefore affordable housing need remains a very high priority in Lambeth, as it does across London.
- 4.27. Section 3 of the SHMA also considers the relative affordability of different types of intermediate affordable housing products to Lambeth residents. It concludes that shared ownership products would meet only 5% of total affordable housing need but that the London Living Rent intermediate housing product has potential to meet 25% of affordable housing need based on households spending up to 30% of household income on rent, or 35% of housing need if up to 40% of income is spent on rent. The GLA has calculated benchmark ward-based London Living Rent levels for London Living Rent homes based on one third of median gross household income for the borough in question. In Lambeth, this cap means household incomes within the approximate range £25,000 to £60,000 will be eligible for London Living Rent. In practice, given fierce competition for homes, properties are typically let at or close to the upper end of the household income eligibility range for that product. Given the distribution of household incomes in the borough (see above), this means up to 70% of households in Lambeth would be unable to access a London Living Rent home. More detailed analysis of the affordability of London Living Rent in Lambeth is provided in Table 25 of the SHMA.
- 4.28. In relation to unmet need for low cost rented accommodation in the borough, Table 8 below gives the number on the Lambeth housing register by priority banding and the numbers of placements achieved through both Council and Registered Provider (RP) stock in the financial years 2017/18 and 2018/19.

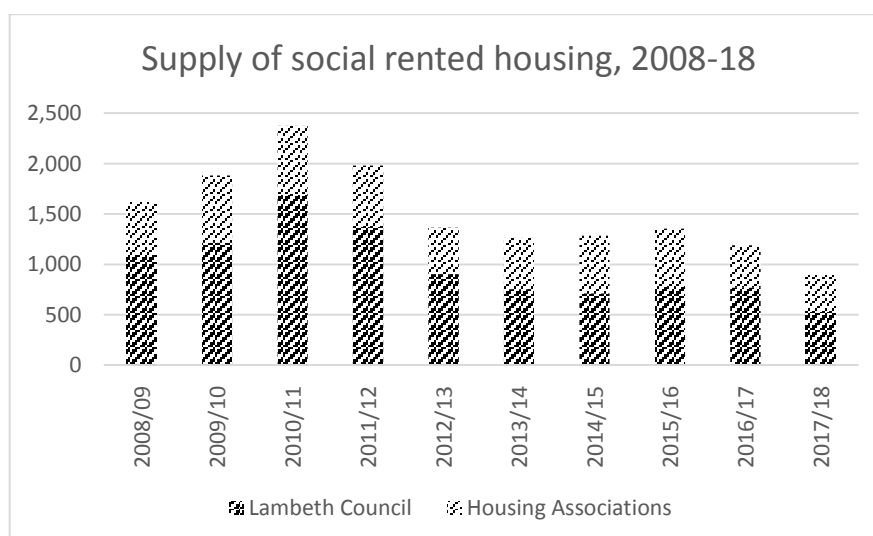
Table 8 – Lambeth housing register categories and history of permanent lettings

Priority Bandings	Number of households on the housing register 31 December 2018	Number of permanent lettings April 2017- March 2018	Number of permanent lettings April 2018 to March 2019
Band A1 - Emergencies	4	-	-
Band A2 - Statutory Priorities	2,096 7.1%	278 30%	225 26%
Band B – High Priority	4,010 13.6%	466 49%	475 55%
Band C1 – Households accepted as Statutorily Homeless	1,494 5.1%	173 18%	151 17%
Band C2 – Medium Priority	14,596 49.6%		
Band D – Low Priority	7,222 24.5%	25 3%	15 2%
Total	29,422	942	866

Source: Lambeth Council records

- 4.29. The annual number of Council and housing association lettings has fallen from 1,613 to 894 (46%) over the last ten years, and is down 62% from its peak in 2010/11. The biggest reduction has been in the number of Council lettings, down by 52% over ten years, and down 69% from its peak in 2010/11. The reason for this trend is a significant reduction in available supply of social housing in Lambeth, especially Council housing, over the last ten years, as shown in Chart 1 below. This has reduced the amount of housing available to meet housing needs

Chart 1 – Supply of Social Rented Housing 2008-2018



- 4.30. There is increasing unmet demand for housing in Lambeth as a result. This is indicated by the average number of people bidding for each property, which is a better indicator of current demand than the total number on the housing register (see Table 9 below). There has been a steady increase over the past five years, with an overall increase of 56% between 2015/16 and 2019/20.

Table 9: Average number of bids per Council property in Lambeth

Year	Average bids per property
2015/16	595
2016/17	640
2017/18	800
2018/19	911
2019/20	930

Source: Lambeth Council data

- 4.31. These figures suggest the limited supply of low cost rented accommodation in the borough is worsening and is significantly restricting the Council’s ability to house those in priority housing need. There are currently approximately 2,300 people housed in temporary accommodation in the borough. Approximately 500-600 private sector placements are made a year to prevent homelessness, but this is an insecure form of housing and brings with it a heavy burden in public sector subsidy through Local Housing Allowance. The benefit cap makes this insecurity particularly severe for families in private rented accommodation, because the housing element of the allowance is squeezed out by child benefit: many housed in this way therefore find themselves homeless again as a result of even a slight changes in personal circumstances.
- 4.32. There is therefore a clear and urgent need to significantly increase the stock of low-cost rented accommodation in the borough, in order to achieve greater resilience and independence for some of the borough’s most vulnerable residents. Intermediate affordable housing is equally important to achieve mixed and balanced communities and support the ‘squeezed middle’ (including many essential public sector workers, although few have household incomes as high as £60,000 per annum). However, the proportion of intermediate housing secured must be commensurate with the level of need intermediate products can effectively meet in the borough: the SHMA evidence suggests 30% is an appropriate level matched by 70% low cost rented housing to achieve the much needed uplift in stock for that type of property. This tenure split has also been tested for viability in the Council’s [Local Plan and CIL Viability Review December 2019](#) (table 4.8.1, table 6.10.2).

Build to Rent as a growing proportion of all new housing delivery

- 4.33. The second element to the justification for Lambeth’s policy approach - requiring low cost social rented homes in Build to Rent schemes where possible - is the growing contribution that the Build to Rent sector makes to the delivery of new homes in London. The Mayor’s [Housing in London 2019](#) report finds that since January 2009, 29,550 Build to Rent homes had started construction in London and 17,490 had been completed by the end of March 2019. The pace of delivery significantly increased from 2014 as shown in the chart at paragraph 3.15 of the report.

The growing significance of the sector is evidenced by the fact that, in 2018, a third (32%) of new build market homes sold in London were for Build to Rent. One in five of all open market homes under construction were in Build to Rent schemes at the end 2018.

- 4.34. Mirroring the London-wide picture, there is growing interest in Build to Rent in Lambeth. If the default affordable housing product secured through Build to Rent schemes is DMR, the growing proportion of housing delivery through Build to Rent schemes will result in an inevitable fall-off in low-cost social rented housing secured through the planning system. Yet the evidence on need set out above demonstrates an urgent increase in the stock of this type of accommodation is required. This means that – notwithstanding the welcome contribution that Build to Rent makes to the diversity of Lambeth’s housing market and to overall housing delivery in the borough – over time Lambeth’s ability to meet priority affordable housing need will worsen rather than improve.

Availability of affordable homes to those on Lambeth’s housing register

- 4.35. The third element of the justification for Lambeth’s policy approach is that low cost rented accommodation secured in a separate block or core must be managed by a registered provider of affordable housing and these units will therefore be available to nominations from the housing register, thereby helping to make the most direct possible contribution to meeting priority affordable housing need in the borough. As is clear in national planning practice guidance, DMR units provided within Build to Rent should not be made available to nominations from the local housing register. Indeed, they are by definition only available for a limited period until the expiry of the covenant on the development, at which point they will be sold and the affordable housing subsidy must be recycled. Therefore, wherever possible it is preferable to secure low cost rented accommodation managed by an RP to ensure the highest level of priority housing need in Lambeth can be met, and to ensure greater security of tenure for those tenants.

Conclusion

- 4.36. Taken together, the three key arguments set out above provide clear justification to seek low cost rented accommodation managed by RPs through Build to Rent schemes wherever this is feasible in design terms, in accordance with the approach in London Plan paragraph 4.11.10 and as allowed for in planning practice guidance paragraph 004 Reference ID: 60-004-20180913. However, Lambeth’s policy approach is proportionate, reasonable and flexible to allow for site-specific circumstances where this cannot be achieved.

Explanation of the approach to rent levels in part (b) schemes

- 4.37. As explained above, there will be cases where the Council accepts that Build to Rent schemes cannot feasibly provide a separate block or core for low cost rented affordable housing managed by an RP. In these circumstances, part (b) of Lambeth’s policy H12 accepts the ‘standard’ approach to providing affordable housing in Build to Rent developments, that is as DMR units integrated into the scheme. It is worth noting that paragraph 006 Reference ID: 60-006-20180913 in the PPG specifically states that these units should be distributed throughout the development and physically indistinguishable from the market rent homes in terms of quality and size.

- 4.38. In accordance with the London Plan, part (b) of the policy specifies that “To follow the Fast Track Route, the Council will seek 30 per cent of the affordable provision at rents equivalent to London Living Rent level, with the remainder at a range of genuinely affordable rents to meet priority housing need in Lambeth, in accordance with the preferred approach set out in the Council’s Tenancy Strategy”. This is consistent with footnote 67 within Policy H11 of the London Plan, which states that boroughs may publish guidance setting out the proportion of DMR homes to be provided at different rental levels to benefit from the Fast Track Route; and that in setting local DMR requirements, boroughs should have regard to the relationship between the level of discount required and the viability of achieving the relevant threshold.
- 4.39. Lambeth’s Tenancy Strategy is not part of the statutory development plan. It is separately agreed policy document that addresses the Council’s obligations to produce a Tenancy Strategy under the Localism Act 2011, setting out the broad objectives that all providers of affordable housing in the borough should have regard to when formulating their tenancy policies. It must undergo public consultation with relevant stakeholders but can be updated relatively quickly to respond to changing circumstances. The most recent version underwent public consultation in 2019/20 and is being published for final approval in May/June 2020. A link to the draft Tenancy Strategy was clearly provided as one of the supporting document for Regulation 19 consultation on the Draft Revised Lambeth Local Plan Proposed Submission in January 2020.
- 4.40. The draft new Tenancy Strategy is informed by evidence in the Lambeth SHMA 2017 and states that Lambeth agrees with the Mayor of London that 80 per cent of market rent is not affordable and supports the London Affordable Rent benchmarks. It specifies that for new developments not in receipt of grant, larger units should be charged at target rent levels, excluding service charges, to help with affordability for families affected by the Benefit Cap. Smaller units (1 and 2 beds) may be charged at up to £217 and £282 per week respectively inclusive of service charges (equivalent to LHA level in 2019/20). For intermediate housing, it states that Lambeth supports London Living Rents and community land trusts; and shared ownership or discount sales schemes must demonstrate affordability in accordance with the GLA approach as set out in the London Plan.
- 4.41. This ‘blended’ approach to affordable rents informed the viability testing for the DRLLP PSV in the Council’s [Local Plan and CIL Viability Review December 2019](#), including for Build to Rent schemes. See Table 4.8.1 in that report. The viability testing concludes that, in general, the appraisals indicate that the viability of Build to Rent schemes is challenging on sites with high existing use values, regardless of the rent levels applied to the affordable housing element. The report notes at paragraph 4.9 that the key issue for development viability is the capital value that each tenure will generate in terms of receipt, as this will be one of the inputs that constitutes the Gross Development Value of a development. Table 4.9.1 summarises the capital values that each tenure would generate, using a mix of 25% one beds, 55% two beds and 30% three bed for rented units (consistent with DRLLP PSV policy H4 on dwelling size mix). This table demonstrates that the Council’s preferred Tenancy Strategy approach (the ‘blend’ of LAR equivalent for larger 3+ bed units and higher LHA level rents for smaller 1 and 2 bed units) is significantly more favourable overall to the viability of schemes than just London Affordable Rent (LAR) or indeed just London Living Rent (LLR – an intermediate tenure). The blended value for the Tenancy Strategy mix is £318 per sqft NIA, compared to £226 for just LAR and £304 for LLR.

- 4.42. Therefore, Lambeth's DRLLP PSV policy H11 fully addresses the requirements of the London Plan footnote 67 by providing guidance setting out the proportion of DMR homes to be provided at different rental levels to benefit from the Fast Track Route; and by having regard to the relationship between the level of discount required and the viability of achieving the relevant threshold. This is also consistent with national planning practice guidance paragraph: 005 Reference ID: 60-005-20180913, which states that it should be possible to explore a trade-off between the proportion of discounted units and the discount(s) offered on them, with the proviso being that these should accord with the headline affordable housing contribution agreed through the planning permission.

Eligibility for/allocation of DMR units in Build to Rent schemes

- 4.43. Paragraph: 009 Reference ID: 60-009-20180913 addresses eligibility to occupy affordable private rent homes in Build to Rent schemes and states this should be agreed locally between the local authority and the scheme operator, with regard to criteria set out in planning guidance. It adds that local authorities must take a reasonable position on this and eligibility should not constitute grounds for refusing planning permission. It goes on to state that eligibility should be determined with regard to local household income levels, related to local rent levels. Where authorities maintain an 'intermediate housing list' they may wish to suggest names from this, or potentially even their statutory housing list, taking into account the affordability of the homes to those on the list. Authorities should refrain from having direct nominations rights from their housing list. In the absence of an established local intermediate housing list, developers and authorities may consider assembling a unique dataset for the development having regard to local authority housing allocation policies.
- 4.44. Lambeth does not maintain its own 'intermediate housing list'. The draft Tenancy Strategy explains the process for accessing intermediate properties in Lambeth, via the GLA Homes for Londoners portal, and sets out the criteria to be followed for allocation of intermediate units. It also makes clear that in Build to Rent schemes, units let at the equivalent of London Living Rents should be made available via the Homes for Londoners portal (or equivalent) and that the remainder of the Discount Market Rent units let at a range of genuinely affordable rents should be made available through Lambeth Private Sector Solutions Service (or equivalent).
- 4.45. This last point is also addressed in the DRLLP PSV, specifically to provide clarity on how Lambeth's approach is in conformity with national guidance. Paragraph 5.116 of the supporting text to Policy H12 states that under parts (a) and (b) of the policy units secured at rents equivalent to London Living Rent levels should be advertised via the GLA Homes for Londoners portal and allocated in accordance with the criteria for eligibility for intermediate affordable housing set out in the Council's Tenancy Strategy. The paragraph goes on to state that under part (b) of the policy, the 70 per cent secured at a range of genuinely affordable rents to meet priority housing need in Lambeth should be advertised via the Lambeth Private Sector Solutions service. It then elaborates that this offers a tenant-finding service and dedicated tenancy sustainment team who support tenants after they move in; and that this service carries out affordability checks on prospective tenants and typically arranges viewings with multiple candidates, allowing the landlord to choose the tenant. Finally, it states that if the landlord has not found a suitable tenant through this process within six months, the landlord will be free to market the properties more widely to other priority groups in the borough subject to income

thresholds appropriate to the level of rent secured for the units (social tenants, local residents and those working in the borough).

- 4.46. This approach explicitly avoids direct nominations under part (b) of the policy as required by national guidance. It provides an alternative approach that makes use of an existing mechanism that is known to function well, and which includes safeguards for the landlord on the one hand and support and affordability checks for tenants on the other. It is also a reasonable and proportionate approach that allows the landlord final say in the choice of tenant, and allows them to market properties more widely if a suitable tenant has not been found after six months.

Covenant period

- 4.47. The final Lambeth-specific requirement in DRLLP PSV policy H12 relates to the length of the covenant period for Build to Rent schemes. Part (d) of the policy states that the minimum covenant period for all Build to Rent schemes in Lambeth will be 25 years, with a claw-back mechanism that will apply in accordance with London Plan policy. Supporting paragraph 5.115 in the DRLLP PSV explains that this is to ensure Build to Rent schemes make a long-term contribution to meeting housing need in the borough across all tenures. It adds that a claw-back mechanism will be applied in accordance with London Plan policy and national planning practice guidance on Build to Rent.
- 4.48. This approach is fully consistent with the planning practice guidance and is in general conformity with the London Plan, which specifies in Policy H11 a covenant period of “at least 15 years”, with footnote 66 noting that this is expected to increase as the Build to Rent market matures. The Mayor raised no concerns about the general conformity of Lambeth’s approach to Build to Rent in his opinion dated 13 March 2020.
- 4.49. The justification for the 25 year covenant period is the level of unmet affordable housing need in the borough and the need for a stable supply of affordable housing in the borough. The evidence for this need is set out in paragraphs 4.23 to 4.32 above.
- 4.50. The viability implications of this length of covenant were assessed in the Council’s [Local Plan and CIL Viability Review December 2019](#). This notes at paragraph 6.23 that if the covenant period were moved out to 25 years (from the 15 year minimum specified in the London Plan), it would simply defer the time when any uplift in value for a scheme can be realised. The value of the development as a rented housing scheme would be unchanged as a result of any extension to the covenant period, as valuation approaches would simply reflect the value of the ongoing rental income stream. The main effect of any extension would be on potential investor appetite for purchasing build to rent units due to the deferred ‘exit’ from the investment, which may have a modest impact on investment yields (and consequently on capital value).
- 4.51. It should be noted that the Mayor agreed in February 2020 to a covenant period of 20 years in a Build to Rent scheme in Southwark known as the Former Biscuit Factory and Bermondsey Campus ([representation hearing report GLA/3776a/03](#)). The report concludes at paragraph 226 that – whilst less than the 30 years required in the Draft New Southwark Plan (currently undergoing examination) – “on balance, the GLA are satisfied that the 20-year period provides an acceptable degree of certainty and is in line with recent Build to Rent approvals around

London". This is acknowledgement that the Build to Rent market has matured since the Draft London Plan 2017 in which the original 15 year minimum covenant period was included. It will have further matured by the time Lambeth's revised Local Plan is adopted (expected to be 2021), so a 25 year covenant period in Lambeth is considered appropriate.

Conclusion

- 4.52. In relation to part (a) of DRLLP PSV Policy H12 on Build to Rent, the arguments set out above provide clear justification to seek low cost rented accommodation managed by RPs through Build to Rent schemes wherever this is feasible in design terms, on the basis of the level and make-up of affordable housing need in the borough; the growing prevalence of Build to Rent as a proportion of new housing delivery; and the inability of DMR units in Build to Rent schemes to be made available to nomination from the local housing register (those in highest priority housing need). This accords with the approach in London Plan paragraph 4.11.10 and is allowed for in planning practice guidance. Lambeth's policy approach is proportionate, reasonable and flexible to allow for site-specific circumstances where this cannot be achieved.
- 4.53. In relation to part (b) of the policy, Lambeth's approach fully addresses the requirements of the London Plan by providing guidance setting out the proportion of DMR homes to be provided at different rental levels to benefit from the Fast Track Route; and by having regard to the relationship between the level of discount required and the viability of achieving the relevant threshold. This is also consistent with national planning practice guidance. The approach to eligibility for DMR units explicitly avoids direct nominations as required by national guidance. It provides an alternative approach that makes use of an existing mechanism that is known to function well, and which includes safeguards for the landlord on the one hand and support and affordability checks for tenants on the other. It is also a reasonable and proportionate approach that allows the landlord final say in the choice of tenant, and allows them to market properties more widely if a suitable tenant has not been found after six months.
- 4.54. In relation to part (d) of the policy, the justification for the 25 year covenant period is the level of unmet affordable housing need and the need for a stable supply of affordable housing in the borough. This is allowed for by the London Plan as the Build to Rent market is maturing. The viability implications have been considered.
- 4.55. Overall, Lambeth policy approach to Build to Rent in DRLLP PSV Policy H12 is therefore considered to be justified, effective, consistent with national policy and in general conformity with the London Plan.

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