



# **New Southwark Plan BACKGROUND PAPER**

**Affordable housing Contributions on minor developments  
of one to nine units  
December 2019**

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## 1. Executive Summary

- 1.1 Southwark Council has finished preparing and consulting on the New Southwark Plan (NSP), that will replace 2011 Core Strategy and saved policies of the 2007 Southwark Plan. With the new plan being submitted to the Secretary of State for examination in public, this paper sets out the evidence base supporting P1: Social rented and intermediate housing where *“Development that creates 9 units or less must provide the maximum viable contribution with a minimum of 35% towards the delivery of new council social rented and intermediate homes subject to viability”*.
- 1.2 Similar to other London boroughs taking an alternative approach to the national policy, this paper seeks to demonstrate the need and deliverability of the policy requirement and justify the departure from the national policy with robust evidence and local circumstances.
- 1.3 The updated Strategic Market Housing Assessment (2019) for Southwark demonstrates that there is a strong need for new affordable housing in Southwark, where there is a need for 2,932 additional homes with 2,077 affordable homes required per year.
- 1.4 In response to the significant need, the NSP sets out a strategic target of delivering 50% affordable housing overall. To achieve this target, the council will take a multi-pronged approach by using planning tool to require developers to increase the provision of social rented and intermediate homes on sites, and delivering 11,000 new council homes before 2043 by developing on our own land and some of our existing estates. The New Council Homes Delivery Programme work, as part of this commitment, aims to deliver 2,500 council dwellings by 2022 of which a significant number of homes have already been approved and delivered and a number are coming forward.
- 1.5 Although the majority of new homes have been built through major developments in Southwark, minor development, creating one to nine units inclusive, have significantly contributed to the net housing supply with 3,711 units between the financial years 2004/2005 and 2018/2019. If the policy was historically in place, a maximum equivalent of 1,300 affordable homes could have been secured from these developments to meet the acute affordable housing need in the borough.
- 1.6 Viability testing, undertaken by BNP Paribas Real Estate (‘BNPPRE’) in relation to the financial contributions for minor developments, concludes that the policy will not undermine the deliverability of the plan as it will *“both ensure the delivery of small development sites in*

*LBS, whilst providing the maximum viable quantum of much needed contributions towards affordable housing*". The council also takes a flexible approach to the policy requirement with the viability considerations to ensure it is viable and deliverable.

- 1.7 We will continue to regularly monitor the policy performance, in terms of the impacts on minor developments, the amount of the financial contributions received by the schemes and the delivery progress of affordable housing funded by the schemes, to review the success of the policy and identify any necessary amendment to the policy.

## 2. Introduction

- 2.1 This evidence paper addresses the need and deliverability of Policy 1: Social rented and intermediate housing in the New Southwark Plan, which requires development that creates nine homes or fewer to provide the maximum viable in-lieu contributions with a minimum of 35% towards the delivery of new council social rented or intermediate homes subject to viability.
- 2.2 It seeks to demonstrate that the council has considered the national and regional policy context, along with the local circumstances and evidence in making the justified and grounded departure from national policy. It also confirms the viability of the new policy requirement is both necessary and deliverable in solving the critical needs for affordable housing in the borough.
- 2.3 There is a significant need for new affordable housing in Southwark. The Strategic Housing Market Assessment prepared for Southwark by Cobweb Consult in 2019 (SHMA) states;
- A minimum of 2,932 additional households are needed per annum over twenty-year period from 2019 to 2039;
  - There is a net annual requirement for affordable housing of 2,077 units;
- 2.4 Southwark is a top performing borough delivering social rented and intermediate homes, having achieved 33% net affordable housing and 42% gross affordable housing on all schemes from 2004 to 2019 that trigger an affordable housing requirement. Even though the borough has a good track record of delivering affordable homes, a new approach is needed within the planning system to increase the supply of affordable homes and meet the strategic target of delivering 50% affordable housing set out in the New Southwark Plan. The new policy requirement will be implemented to contribute to the target.
- 2.5 The paper also provides further details on how contributions from small sites will be calculated and evidence outlining the viability of the new policy requirement.
- 2.6 The paper concludes by outlining how we will monitor the success of the new policy requirement and measuring its impacts on the delivery of minor developments, the scale of financial contributions received and the progress of new council homes delivery which the contributions will go towards.

### 3. Policy Background

3.1 The following section sets out the policy background in relation to the national and regional policies and strategies. The National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (PPG) exempt development of 9 or fewer units from requiring affordable housing contributions. However, this national policy has been an issue which a number of London boroughs have challenged and taken an alternative approach due to local housing needs.

#### National context

3.2 In November 2014 the Secretary of State for the Ministry of Homes, Communities and Local Government issued a Written Ministerial Statement (WMS) to exempt development of 10 units or less, or which have a maximum combined gross floor space of 1,000 square metres from affordable housing contributions, in order to 'tackle disproportionate financial burden on small scale developers'. This change was reflected in the PPG.

3.3 In 2015 the position of the WMS and the PPG was successfully challenged through a judicial review in the High Court (*West Berkshire District Council v Department for Communities and Local Government* [2015] EWHC 2222), in which the judgement was made in favour of West Berkshire on 31 July 2015 to revoke the relevant parts of the PPG and the WMS. However, the decision was reversed in the Court of Appeal on 11 May 2016 and the policy was reintroduced in the PPG.

3.4 Paragraph 63 of the NPPF states that provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer).

3.5 Paragraph 23 of the PPG (Reference ID: 23b-023-20190901) adds that planning obligations for affordable housing should only be sought for residential developments that are major developments, which is defined in the NPPF as 10 or more homes or have an area of 0.5 hectares or more.

3.6 Notwithstanding the national policy position on small sites' affordable housing contributions, a number of London boroughs, including Lambeth, Tower Hamlet and Camden, have lowered the threshold for affordable housing contribution to 9 or fewer units in their local plans given the acute affordable housing need and local housing circumstances.

3.7 On 28 March 2014, prior to the issue of the above WMS and changes to the PPG, Lambeth submitted their Local Plan that required one to nine unit developments to provide financial contribution towards the delivery of off-site affordable housing. The Inspector's Report found the plan sound on 11 August 2015 and it was adopted on 23 September 2015. Since then, given the co-existence of WMS and the policy requirement, relative weighting to both was addressed in the determination of individual planning applications within Lambeth.

3.8 In March 2017, the London Borough of Richmond wrote to the Planning Inspectorate regarding the inconsistency in the weight given to the WMS and PPG in appeal decisions. In response, the Inspectorate acknowledged that the WMS does not automatically outweigh relevant development plan policies and is not to reduce the weight that should be given to the statutory development plan. The response also noted that the WMS comes into play as a material consideration which may post-date the authority's own development plan, and which has to be balanced against the plan and the evidence base supporting the local planning authority's policy.

3.9 In June 2016, the London Borough of Camden submitted the new local plan for examination, which seeks affordable housing contributions from sites of one or more residential units. In 2017, the Inspector's Report acknowledged that there are specific local circumstances to adopt an alternative approach to the national policy and to support the proposed threshold of one or more units, and this would not jeopardise the delivery of small schemes in the borough. The plan was adopted by Camden on 3 July 2017.

### Regional Policy

3.10 The current London Plan (2016) sets out in Policy 3.13 Affordable Housing Thresholds that boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes. Nonetheless, boroughs are encouraged to seek a lower threshold through the local development framework process where this can be justified in accordance with guidance and in light of their local circumstances (para 3.77).

3.11 In August 2017, the Greater London Authority (GLA) published the Affordable Housing and Viability Supplementary Planning Guidance (SPG). This states that the Mayor "supports LPAs that wish to apply requirements for affordable housing contributions on sites providing fewer than 10 homes where the LPA can demonstrate the role that these sites can play in supporting affordable housing delivery, and that sites would remain viable" (para. 279)

- 3.12 In December 2017, the Mayor of London published a Draft London Plan, in which Policy H2 recognises the significant role small sites are playing in meeting housing need in London and encourages LPAs to seek affordable housing contributions from sites of ten or fewer units. This states “For some boroughs, sites of ten or fewer units are the main source of supply and play an important role in contributing to affordable housing delivery, often via cash in lieu contributions which are then used as part of borough-wide affordable housing programmes. Given the important role these sites play, the Mayor believes that boroughs should be capable of securing cash in lieu contributions for affordable housing from such sites. Therefore, boroughs are encouraged to include policies requiring affordable housing from sites of ten or fewer units in their Development Plans” (Para 4.2.12).
- 3.13 In July 2019, the Mayor of London published the Consolidated Suggested Changes version of the Draft London Plan where Policy H2A setting out the presumption in favour of small site development of one to 25 homes was introduced. The policy in which the Mayor encourages boroughs to apply a tariff approach to affordable housing contributions on small housing developments (Para: 4.2A.12) was amended to the threshold of nine homes or fewer and moved from Policy H2 to Part F of Policy H2A.
- 3.14 In October 2019, the Inspector’s report recommended deleting Policy H2A in entirety, and so the provision that encouraged boroughs to require cash-in-lieu contributions of affordable housing on schemes of nine homes or fewer set out in the policy. Nonetheless, the report states that ‘individual boroughs are not precluded from bringing forward their own policies in this respect if this is warranted and having regard to paragraph 63 of the 2019 NPPF’ (paragraph 169).

#### Local Policy

- 3.15 Southwark’s Local Plan consists of Saved Southwark Plan Policies (2007) and Core Strategy (2011). It sets out a minimum of 35% affordable housing required on development providing 10 or more homes, with an aim to providing a minimum of 8,558 net affordable housing units between 2011 and 2026. Currently, the policy does not cover small housing developments providing 9 or fewer homes.
- 3.16 The New Southwark Plan sets out the borough-wide planning and regeneration strategy up to 2033. Recognising the acute affordable housing need and the housing circumstances in the borough, the plan sets the strategic 50% target of affordable homes. Under the



development management policy, Policy P1, major developments providing 10 or more units are required to deliver a minimum 35% of affordable housing. Smaller schemes of one to nine units are also be required to provide financial contribution in order to finance the delivery of additional council homes.

## 4. Southwark’s approach to minor development’s affordable housing contributions

4.1 This section sets out how the policy requirement on minor development’s affordable housing contributions in P1: social rented and intermediate housing of New Southwark Plan has evolved at different stages of the Plan and the key change at each stage. The summary of consultation feedback at each stage is also provided.

Table 1: sets out the evolution of the Policy P1 in relation to small sites’ affordable housing contributions

NSP Options (2014)	NSP Preferred Options (2015)	NSP Proposed Submission Version (2017)	NSP Amended Policies (2019)	NSP Submission (2019)
(former policy: DM2)  Affordable housing provision on developments of 10 or more units only	(former policy: DM1)  Developments for nine or fewer homes where a financial contribution towards the delivery of council homes is provided. The value of the financial payment will be the difference in gross development value between a scheme providing the level of affordable housing required through DM1.1, and a fully private housing scheme	Developments of 10 homes or less must provide the maximum viable amount towards the delivery of new council homes.  All development that does not meet affordable housing requirements for viability reasons will be subject to viability reviews. Viability reviews must be published for public scrutiny.	N/A	The definition of minor developments on payment-in-lieu contribution towards council homes changes from one to 10 homes to one to nine.

## Consultation responses

4.2 A summary of the consultation responses received in different stages of the Plan in relation to the affordable housing provision from minor developments in P1 are listed below:

- In accordance with the announcement by The Minister of State, Department for Communities and Local Government (2014), affordable housing should now be sought on sites of 11 units or more only. Policies should therefore be updated to reflect this recent announcement and comply with national policy
- Objection to the small sites requirement to provide affordable housing contributions
- Concern that the need for social affordable housing is not met
- Southwark should use an affordable housing threshold of 10 or more dwellings
- The requirement for the provision of social rented housing should be increased

## New Southwark Plan

4.3 In the Submission version of New Southwark Plan (NSP), Policy 1: social rented and intermediate housing requires developments of nine homes or less must provide the maximum viable contribution with a minimum of 35% towards the delivery of new social rented or intermediate homes subject to viability (see Table 2). The policy extract is included at Appendix 1.

4.4 Schemes that create one to nine residential units are referred to as 'minor development' in this paper, instead of 'small sites' as set out in Policy H2 of the Draft new London Plan that generally defines developments of 25 or less homes.

4.5 The policy aims to ensure that all development, both minor and major (those of 10 and more units), contribute towards the delivery of social rented and intermediate housing in the borough.

Table 2: Affordable homes requirement (Policy P1: social rented and intermediate housing)

Market Housing	Affordable housing	
Up to 65%	A minimum of 35%	
	Social rented housing	Intermediate housing
	A minimum of 25%	A minimum of 10%

4.6 The NSP is seeking contributions (payment in-lieu, PIL) from the minor developments, calculated on the basis of habitable rooms, to contribute to off-site delivery of social rented and intermediate homes.

4.7 Defined by our plan, a habitable room means a room within a dwelling, the main purpose of which is for sleeping, living or dining. It is any room with a window that could be used to sleep in, regardless of what it is actually used for. This excludes toilets, bathrooms, landings, halls and lobbies, and also excludes kitchens with an overall floor area of less than 11 square metres. For any habitable rooms sizing above 28sqm, they are counted as two habitable rooms or more depending on how large they are.

4.8 Southwark currently applies the figure of £100,000 per habitable room as a starting point of negotiations on PIL of on-site and off-site affordable housing subject to viability. This figure is set out in adopted Affordable Housing Supplementary Planning Document (SPD) in 2008 and the Draft Affordable Housing SPD in 2011.

4.9 The viability appraisal report undertaken in 2019 by BNP Paribas Real Estate suggested the council revise the PIL figures in a nuanced tariff approach based on the zoning designated for community infrastructure levy (CIL), subject to viability, as follows:

- CIL Zone 1: £250,000 per habitable room;
- CIL Zone 2: £130,000 per habitable room; and
- CIL Zone 3: £82,000 per habitable room

## 5. Southwark's housing context

5.1 We recognise the need to seek affordable housing contributions from small sites in the context of local housing circumstances. The main issues are:

- To meet the high affordable housing need in the borough set out in the 2019 SHMA, the provision of affordable housing can be increased through the amendment to policy (Chapter 5);
- The past trends demonstrate the significant housing supply and potential financial contributions towards affordable homes on minor developments of one to nine units in the borough, totalling 3,711 units and accounting for 16% of all new homes between 2004 and 2019 (Chapter 6);
- As part of the council plan's commitment to providing 2,500 council homes by 2022, the housing strategy is being updated and the New Council Homes Delivery Programme is in place using S106 contributions (Chapter 7);
- The policy requirements and contributions expected from minor developments will "not undermine the deliverability of the plan" (NPPF para 34), as proved by the viability test undertaken by BNP Paribas (Chapter 8)

## 6. Affordable housing needs in Southwark

### Overall housing needs

- 6.1 The London Plan (2016) sets a target of 27,362 new homes between 2015 and 2025 (in table 3.1). These targets are informed by the need for housing as evidenced by the Greater London Authority's 2013 Strategic Housing Market Assessment and London's housing land capacity as identified through its 2013 Strategic Housing Land Availability Assessment.
- 6.2 The emerging Draft London Plan (2019) sets the 10 year target for net housing completions in Southwark to be 25,540 units. These figures have been informed by the London-wide Strategic Housing Market Assessment (2017) and the Strategic Housing Land Availability Assessment (2017).
- 6.3 However, following receipt of the Inspector's Report to the Mayor of London on the Draft London Plan in October 2019, our 10 year housing target has been reduced to 23,550 homes over ten years (2019/20-2028/29) which includes 6,010 homes on small sites over ten years, therefore this target is included within the Submission version of the NSP.

### Affordable housing need

- 6.4 The Greater London Authority (GLA) published the London Strategic Housing Market Assessment (SHMA) in November 2017 that estimated the annual net requirement for new homes to be around 65,000 in London over the period of 2016 and 2041, with 65% being affordable homes including social rented and intermediate types. This informed the new London Plan target of 50% of all new homes delivered across London to be affordable.
- 6.5 The Southwark SHMA was published in 2019 to provide an updated analysis of the borough's housing need, using the 2016-based central trend household projections produced by GLA. It estimates there will be an annual need of 2,932 new homes with additional need of 2,077 net affordable homes per year.
- 6.6 There has been a significant increase in the need of new homes and affordable homes compared to the 2014 South East London SHMA undertaken at the sub-regional level. Building on and referring to the 2013 GLA SHMA, the 2014 SHMA analysed the housing needs within South East London sub-region, including Southwark, Lewisham, Greenwich,

Bexley and Bromley. Southwark was previously estimated to have annual need of 1,647 new homes and 799 net affordable homes.

- 6.7 The updated evidence base demonstrates that the need for new homes and affordable homes has become even more acute in Southwark over the past years, where there is 78% and 1.6 times growth in the annual need for new homes and affordable homes.
- 6.8 Providing affordable housing is always a strategic priority in Southwark. The current Local Plan, comprising Core Strategy 2011 and the Saved Southwark Plan Policies 2007, sets out a 35% target of schemes that create 10 homes or more to be affordable (except Aylesbury Action Area where the target is higher at 50%), aiming to provide a minimum of 8,558 net affordable housing units between 2011 and 2026, an equivalent of 571 affordable homes per year.
- 6.9 Being the only borough who asks for social rented housing and are determined to deliver affordable housing for our residents, Southwark has secured 3,148 affordable homes out of 12,925 total new completed homes between 2011 and 2019 through the planning system (see table 3).
- 6.10 Compared against the target for 4,564 affordable homes for the same period as derived from the plan's 35% target, an additional 1,416 affordable homes would be required to meet the target.
- 6.11 If all developments regardless of their scale were required to provide affordable homes, an overall supply of affordable homes would increase from the additional contributions from minor developments.

Table 3: Net Completion of total units and affordable homes in Southwark (2004 – 2019)

Year	Total units (of schemes creating 10 or more homes)	Affordable homes	Percentage of affordable homes (%)
2004 – 2005	1008	161	16%
2005 – 2006	1157	278	24%
2006 – 2007	1701	735	43%
2007 – 2008	1079	536	50%
2008 – 2009	775	299	39%
2009 - 2010	1119	700	63%
2010 - 2011	1334	559	42%
2011 - 2012	847	593	70%
2012 - 2013	833	488	59%
2013 - 2014	1456	483	33%
2014 - 2015	1031	109	11%
2015 - 2016	978	113	12%
2016 - 2017	2196	552	25%
2017 - 2018	591	184	31%
2018 - 2019	3226	626	19%
<b>Total</b>	<b>19,331</b>	<b>6,416</b>	<b>33%</b>

6.12 As the affordable housing demand is even more acute as identified in the updated SHMA, we recognise the need to amend our policy position to maximise development contributions towards the delivery of affordable homes and meet the local housing need.



## 7. Delivery of homes from minor development in Southwark

### New homes delivered on minor development annually between 2004 - 2019

7.1 Situated in inner London with high land value, Southwark delivers new homes mainly through large developments and strategic sites. However, minor development has significantly contributed to delivering new homes as shown in Table 4. Over the past 15 years from 2004 to 2019 there were 3,711 net homes delivered through minor developments, averaging around 250 units per year.

Table 4: Number of homes completed on minor developments in Southwark (2004 – 2019)

Financial Year	Net delivery of homes on minor development (1-9 units)	Total delivery of all developments	Percentage
2004 - 2005	219	1,227	18%
2005 - 2006	240	1,394	17%
2006 - 2007	263	1,958	13%
2007 - 2008	166	1,249	13%
2008 - 2009	266	1,041	26%
2009 - 2010	216	1,333	16%
2010 - 2011	166	1,391	12%
2011 - 2012	244	1,084	23%
2012 - 2013	244	1,065	23%
2013 - 2014	215	1,669	13%
2014 - 2015	313	1,216	26%
2015 - 2016	424	1,390	31%
2016 - 2017	231	2,432	9%
2017 - 2018	272	859	32%
2018 - 2019	232	3,208	7%
<b>Total</b>	<b>3,711</b>	<b>22,516</b>	<b>16%</b>
<b>Average</b>	<b>247</b>	<b>1,501</b>	

7.2 The above completion figures suggest that, if the past trends of minor development continue, these developments will provide an important role in supplying new homes, accounting for 15 to 30% of new homes every year. In years like 2015/2016 and 2017/2018, the share of minor development was equal to almost 1/3 of the total new homes. It represents a considerable financial contribution in funding the delivery of council homes.

### Potential contribution to affordable housing from minor development

- 7.3 If historically we had been requiring affordable housing on minor developments, the amount of PIL received from the 3,711 homes completed on minor developments over the past 15 years would have seen a maximum equivalent of an additional 1,300 affordable homes (see table 5).

Table 5: Potential supply of affordable homes secured from completed minor developments

Target level of affordable housing provision	Potential affordable homes delivered (unit)
10%	371
20%	742
30%	1,113
35%	1,300

- 7.4 The provision of windfall sites and small sites are accounted for in the 5 to 15 years housing land supply assessment which will contribute towards the supply of affordable housing.

### Steady level of permissions on minor developments

- 7.5 The assumption behind the steady future supply of minor development is supported by the high historical permissions and delivery of minor developments over the last 15 years. Between 2004 and 2019, there was an average of 152 permitted and 100 completed minor developments every year (see table 6).

Table 6: Permissions on minor development between 2004 and 2019

Financial Year	No. of Permissions on 1-9 units	No. of completed developments on 1-9 units
2004 - 2005	163	91
2005 - 2006	137	94
2006 - 2007	130	116
2007 - 2008	150	83
2008 - 2009	139	100
2009 - 2010	109	89
2010 - 2011	127	75
2011 - 2012	144	98
2012 - 2013	129	81
2013 - 2014	160	94
2014 - 2015	184	137
2015 - 2016	185	161
2016 - 2017	183	95
2017 - 2018	166	97

<b>2018 - 2019</b>	169	94
<b>Total</b>	<b>2,275</b>	<b>1505</b>
<b>Average</b>	<b>152</b>	<b>100</b>

## 8. Delivery of council homes in Southwark

- 8.1 Southwark has one of the most ambitious council home building programmes in the country, with the aim to deliver 11,000 new council homes by 2043. The new stream of Section 106 affordable housing contributions from minor developments can significantly contribute to the council's ambition in delivering the target.
- 8.2 The Council's long term housing strategy and commitment of increasing the housing supply is set out in the Southwark's Housing Strategy to 2043, which is currently being updated and to be out to consultation at the end of 2019/start of 2020.
- 8.3 The New Council Homes Delivery Programme forms part of this commitment, as the aim is to deliver 2,500 council dwellings by 2022. A number of sites across the borough have been assessed to understand their housing capacity, of which a significant number of homes have already been approved and delivered and a number are coming forward.
- 8.4 Of these new homes, 654 have been delivered, 223 are under construction and a further 539 council homes having planning permission. A further 1,426 are in various stages of design development.
- 8.5 Minor developments can play an important role in contributing financially to the council's delivery of affordable housing schemes and meeting the strategic 50% target of affordable homes set out in NSP. Where we receive payments in lieu through Section 106 agreements, they go towards the delivery of these council homes and we are proactive in delivering these.

## 9. Viability

- 9.1 Whilst Southwark sees the potential in capturing contributions from minor developments to the delivery of affordable housing, consideration needs to be given to viability impacts and to ensure the policy for minor development contributions is viable and deliverable.
- 9.2 In July 2019, BNP Paribas Real Estate ('BNPPRE') published "New Southwark Plan Evidence Base: Housing Policy Additional Small Sites Viability Testing", which was commissioned by Southwark Council to undertake additional viability testing in relation to financial contributions for minor developments of one to nine units set out in Policy P1 of the NSP.
- 9.3 It adopts standard residual valuation approaches to test the viability impact of the policy requirement on minor developments, by which the residual land values of a range of small development typologies on sites in Southwark are compared to their value in current use plus a premium (known as Benchmark land value). If the minor development incorporating the new policy requirements, i.e. affordable housing contributions, generates a higher residual land value than the benchmark land value, then it can be judged that these policy requirements will not adversely impact on scheme viability.
- 9.4 The report runs appraisals on seven typologies which reflect the range of sizes/types of development and densities of small schemes across Southwark. These typologies were selected through reviewing the borough's historic planning applications as well as having regard to development likely to come forward.
- 9.5 The results identify that the majority of small schemes in Southwark can viably accommodate the proposed policy requirement for affordable housing contributions. Only around 20% of these schemes scenarios are unviable with the proposed payment-in-lieu requirement, where the highest benchmark value and lower sale values are identified, as well as some typologies identified to be mostly unviable but in practice they are unlikely to come forward for residential development as they are more valuable in their existing or an alternative use. As a result of the appraisals, the report states that contribution is unlikely to be the defining factor in the viability of such schemes.
- 9.6 However, in order to provide an appropriate approach to deal with viability issues and not to put disproportionate burden on minor developments, we are taking a flexible approach in the

application of the policy requirement, allowing for the consideration of the viability impacts of financial contributions on a scheme-by-scheme basis.

- 9.7 The report concludes that the policy requirements and contributions expected from small sites development under Policy P1 *“will therefore both ensure the delivery of small development sites in LBS, whilst providing the maximum viable quantum of much needed contributions towards affordable housing”*, thus will “not undermine the deliverability of the plan” (NPPF para 34).

## 10. Summary – Monitoring the performance

- 10.1 Southwark is leading the way in London to build more homes of every kind and to use every tool at our disposal to increase the supply of all different kind of homes, with our target for 50% of all new homes as social rented and intermediate homes. The additional affordable housing contributions from housing schemes of one to nine units as set out in Policy P1 proves to be one of the effective and deliverable approaches to achieving this strategic target in New Southwark Plan.
- 10.2 As informed by evidence, there is a pressing need for affordable homes in Southwark. Therefore we are taking a new approach to maximise the delivery of council homes. Absolutely committed to responding to the housing crisis, Southwark has launched a number of initiatives and programmes to deliver council homes, which can be supported by the financial contributions received through the planning system.
- 10.3 It confirms that minor developments are an important source of housing supply and affordable housing contributions can be increased to meet the council's commitment to deliver 2,500 council homes by 2022. Historical figures prove that minor developments will continue to take an important role in supplying new homes and provide a potential financial contribution through PIL to fund the delivery of council homes.
- 10.4 The council's flexible approach to requiring financial contributions from minor development subject to viability ensures the new policy requirement is viable and deliverable. There will not be disproportionate burden imposed on small developments while the potential contributions towards affordable housing can be maximised to meet the acute housing needs in Southwark.
- 10.5 Considering the urgent local housing need and feasibility of the new policy requirement, the NSP will take an alternative approach to the national policy and regularly evaluate its success and impacts. We will continue to undertake the monthly recordings of approvals and completions of minor developments on LDD to monitor the impacts after the implementation of the policy. We will also review the amount of the financial contributions received by the schemes and evaluate the delivery progress of affordable housing funded through small site contributions, which will determine the success of the policy and inform any necessary amendments to the policy.

## Glossary

GLA – Greater London Authority

LDD – London Development Database

Major development – development that creates 10 or more units

Minor development – development that creates one to nine units

NPPF – National Planning Policy Framework

NSP – New Southwark Plan

PIL – Payment in lieu

PPG – Planning Practice Guidance

SPG – Supplementary Planning Guidance

SHMA – Strategic Housing Market Assessment

WMS – Written Ministerial Statement