

## Balfour Beatty comments

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General needs housing The Draft New London Plan sets out ambitious targets for affordable housing. Balfour Beatty is broadly supportive of policies that aim to deliver housing that is affordable for Londoners. However, in our view, these policies should include enough flexibility to ensure that the delivery of all forms of housing is prioritised. Policy H5 – Delivery of affordable housing While we recognise that the delivery of affordable housing across public sector land portfolios is a key priority for the Mayor, and while we support the principle behind the policy, Balfour Beatty is concerned that the evidence base for the Draft New London Plan does not support the specific 50% affordable housing target. In addition to the London Plan Viability Study (December 2017), which wrongly assumed that all public sector land will be able to support 50% affordable housing due to low benchmark land values, the policy also does not take into account that public sector organisations rely on value released through disposals in order to allow them to reinvest in critical public infrastructure projects. Ideally public sector land should be treated the same as land in any other ownership, and at the very least, a mechanism should be included in the policy to allow public sector organisations to set out cases for exemptions from the proposed higher 50% affordable housing target where it can be demonstrated that there is a need to release value to fund infrastructure. We accept that the 50% is a threshold that will be tested through viability. However, this in itself creates uncertainty that can frustrate surplus land from coming forward for much need housing development. Policy H6 - Threshold approach to applications We believe that the proposed threshold approach is too rigid. Balfour Beatty is concerned by the requirement of proposed Policy H6 B3 that, as the initial position through the threshold approach, 50% of housing delivered on industrial land should be affordable. Any difference between benchmark land values and residual values for schemes including housing on industrial land is likely to be significantly eroded by abnormal costs, such as remediation and mitigation needed due to proximity to industrial uses. Whilst the viability study allocates an abnormal cost allowance of £183 per square metre, Paragraph 5.6.13 acknowledges that abnormal 'costs are not generic across all development in London but are often encountered and they also can vary significantly in scale between sites' and that the 'figure is an average cost only and may over or under-estimate the actual costs on individual schemes depending on the specific site conditions.' Given the above, Balfour Beatty believes that the approach should be tightened, given the specific challenges faced in relation to industrial sites. The approach that has been taken has led to inaccurate conclusions about the ability of industrial site to support affordable housing, which could result in delays to or even prevent the delivery of housing. Balfour Beatty's concerns expressed above in relation to proposed Policy H5 are also reiterated in relation to the requirement, as the initial position through the threshold approach, for 50% affordable housing on public sector land. We believe that the threshold approach should set 35% affordable housing as the initial position regardless of ownership, existing use or the designation of the land as a better way of delivering the significant amount of affordable housing London needs. In fact, the need for the development of public sector land to release funding for infrastructure and the significant costs associated with unlocking industrial land would lend reason to a case for a lower threshold being applied to such sites. In relation to proposed threshold