

RICHMOND UPON THAMES LOCAL PLAN EXAMINATION HOUSING

Is the Local Plan's approach to housing provision sufficiently justified and consistent with national planning policy and in general conformity with the London Plan? With particular regard to deliverability, has the Plan been positively prepared and will it be effective in meeting the varied housing needs applicable to the Borough over the plan period?

LP 34 New Housing

1. *Is Policy LP34 justified, consistent with the National Planning Policy Framework and aligned adequately with the London Plan?*

The Local Plan is unsound with regard to national and London Plan policy.

In only meeting the London Plan minimum benchmark figure of 315 dpa the Council's new Local Plan fails to address fully the requirement in Policy 3.3Da of the London Plan that "Boroughs should seek to achieve and exceed the relevant minimum borough annual average housing target". The London Boroughs are required by the London Plan to exceed the benchmarks to contribute to closing the gap between the lower end of the OAN in the London Plan of 49,000 dpa and the capacity identified in 2013 for 42,000 dpa. Nor does the Council address the requirement of national policy to meet its OAN in full (NPPF paragraphs 47 and 182). The Mayor's *Housing SPG*, published in March 2016, provides guidance to the London Boroughs on how to conduct these local assessments of need, and it complements and develops the planning guidance provided by the NPPF and NPPG.

It is incumbent on all the London Boroughs to undertake local assessments of housing need and land supply to contribute to meeting London's strategic housing need of at least 49,000 net new homes a year. The table below shows the extent to which adopted and emerging borough Plans are able to tackle the problem of closing the London housing supply gap. This demonstrates that of the 18 out of 33 borough plans produced to date since the new London Plan, few are delivering above the minimum benchmark targets set by the London Plan. It therefore looks doubtful that the Mayor will be able to close the gap between need and supply by 2025 despite his assertions that he will owing to the policy constraints maintained by the London Plan. Nevertheless, some London Boroughs are making the effort. These are Camden, Croydon, Hammersmith & Fulham, Redbridge and Sutton.

Adopted and emerging plans in London: how local plan targets compare to the London Plan benchmark targets (all figures expressed as dwellings per annum)

	Local Plan	London Plan	Increase/shortfall
Bromley	641	641	0
Camden	1120	889	231
Croydon	1644	1435	209
Enfield	798	798	0
Hackney	1599	1599	0
Ham & Fulh	1100	1031	69
Haringey	1502	1502	0
Havering	1170	1170	0
Hounslow	822	822	0
Lambeth	1195	1559	-364

Redbridge	1252	1123	129
Rich' Upon Thames	315	315	0
RBKC	733	733	0
Southwark	2000	2736	-736
Sutton	427	363	64
Tower Hamlets	3931	3931	0
Wandsworth	1812	1812	0
Westminster	1068	1068	0
	23077	23527	-398

Richmond upon Thames Council needs to do more through its new local plan to meet a larger element of its OAN, even if it is unable to meet this in full. This is necessary to contribute to helping to close London's housing supply deficit. We consider that the Council needs to do more to justify why it can only provide 315 dpa. The Plan is unsupported by more recent assessments of land supply showing how Richmond upon Thames can contribute more land for housing to help address London's strategic housing shortfall and meet more of its own OAN. The last *Sustainable Urban Development Study* was completed in 2008. A more up-to-date study is required that would potentially revisit density assumptions.

A review of the existing plan, leaving existing policies of planning constraint largely unchanged is an inadequate response to the housing problem in London generally as well as Richmond more specifically. As such we consider the new local plan to be unsound in a number of respects: a) failure to discharge the duty to cooperate; b) failure to have regard to the policies in the London Plan about exceeding the benchmark target; c) failure to accommodate the OAN in full; and d) failure to review existing policies of constraint through an up-to-date SHLAA to accommodate all or at least a larger element of the OAN.

Is the evidence in support of the planned level of housing provision robust (with due regard to data relating to population projections and alternative methodologies and the Council's SHMA)?

We consider the SHMA to be reasonably robust. We do have serious qualms about the demographic basis for the GLA's SHMA and the Richmond SHMA. The HBF did challenge the Mayor's use of alternative migration assumptions at the examination of the London Plan, since these depressed the demographic starting point from a projection of 52,000 households per year in the DCLG 2011-Interim household Projections to just 39,500 households per year under the Mayor's Central Variant for the period 2011 to 2036 (see paragraph 3.60 of the Mayor's 2013 SHMA). We questioned whether the deployment of this alternative scenario was sound as it had not been agreed with the authorities of the wider south east. We still question the wisdom of this scenario, as few authorities outside of London are factoring-in the Mayor's alternative migration assumptions to their own demographic modelling. We fear that a large number of households have fallen through the gap as a consequence: they are being accounted for no-one. The Mayor assumes that some 12,500 fewer households will form in London each year because people will move out of London, and fewer will move in, but this is not being compensated for in the south east. The problems caused by this administrative sleight of hand are becoming manifest with authorities in the south east being surprised by the pace of inward migration of relatively affluent Londoners pricing out locals, and London boroughs buying-up housing to accommodate their own housing waiting lists.

We have other reservations regarding the approach of the London SHMA 2013 in that it adopts a 'policy-on' approach to assessing need – namely that the dearth of housing supply

in London would inhibit in-migration of younger age groups. This is highlighted in Richmond upon Thames SHMA on page 75. This would not be an approach that accords with the NPPF and the guidance in the PPG. This misunderstanding of national policy is repeated by the Council in the Local Plan in paragraph 9.1.5.

We note that the SHMA shows that the unadjusted DCLG 2014 household Projection indicates that 1,239 households would form per year. We consider this to be the truer forecast of future housing need in the borough. Because the Mayor has discharged responsibility for the duty to cooperate to the London Boroughs, it is down to the London Boroughs to convince local authorities outside of London to plan on the basis of the Mayor's migration assumptions. Richmond upon Thames has not been able to do this because there is no reference to this in the supporting evidence base. Therefore, we consider that the OAN for Richmond upon Thames is likely to be 1,239 dpa.

However, the inspector examining the London Plan found in favour of the Mayor's alternative demographic assumptions. HBF lost that argument at the London Plan examination. Therefore it might be reasonable for the Council to use the GLA migration variant in undertaking its local assessment of need. This does not discharge it from responsibility for agreeing this with its neighbours in Surrey who will have to deal with the consequences.

The Council's SHMA does utilise the latest DCLG 2014-based Household Projections amended to take account of the GLA's migration assumptions. Using of the most recent DCLG projections is a strength of the assessment. The Council's SHMA also makes use of the headship rates in the 2014 projections. We are therefore satisfied that the demographic starting point of 1,050 dwellings per annum for the period 2014-2033 is representative of the unconstrained need in the borough.

Nevertheless, it is important to bear in mind that the demographic projections are shaped by past planning policy decisions and housing supply. The PPG refers to this tendency in paragraph 015 Reference ID: 2a-015-20140306 where it says:

"The household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour."

The fact that the demographic projection is still so much higher than the policy constrained requirement (i.e. 315 dpa) is indicative of the scale of the housing crisis as it is experienced in London. It also illustrates the scale of the duty to cooperate challenge facing the Council and why what it has done in support of this Plan is inadequate.

Because the demographic projections provided by the DCLG, or by the GLA, project forward on past trends shaped in turn by past planning policy decisions and completions achieved, it is recognised that on their own they rarely provide a reliable indicator of what housing needs are likely to be in the future – i.e. what needs to be done to ameliorate the housing crisis. The crisis of affordability in Richmond would require the Council to lift supply above the level of need indicated by the bald projection. An assessment of the housing need undertaken in the context of the NPPF and PPG requires a more considered assessment of housing needs than a simple reliance on demographic and household data and, importantly, requires such consideration to take place within the context of the housing market area.

This question will be explored below.

Is the SHMA robust, has it used the most up to date housing projections and how does it inform the Plan housing requirement with due regard to the housing market area? How does the Council anticipate that the housing needs identified in the SHMA will be met?

We consider the SHMA to be robust. It has utilised the most recent household projections. The definition of the housing market area as consisting of the London boroughs of Hounslow, Wandsworth and Kingston upon Thames and the Surrey boroughs of Elmbridge and Epsom and Ewell is reasonable.

The SHMA concludes that the OAN for the Borough is 1,047 dpa.

In terms of the problem of how the unmet housing need will be met – which would be 732 dpa (the difference between an OAN of 1,047 dpa and a requirement of 315 dpa) – the Plan is silent.

How have market signals been considered?

The Council provides some analyses in its SHMA which demonstrates that Richmond is clearly a borough confronted by challenging issues of affordability. However the Council evades the next essential step which is to decide how to respond to that problem. The appropriate response, in line with the PPG and establish practice elsewhere in the country, is to apply a percentage uplift to the demographic baseline figure.

The SHMA in table 50 records how in 2013 Richmond had a lower quartile affordability ratio of 14.5 – i.e. the cheapest homes are 14 and half times more expensive than the lowest incomes. The median ratio is 15.

The ONS records how the lower quartile ratio rose to 16.9 in 2015 while the median ratio rose to 17.3 in 2015.

At the recent Mid Sussex Local Plan examination the inspector has determined that a 20% uplift is appropriate for a district where the lower quartile ratio was 12.6 in 2015 (see the Inspector's interim conclusions on the Housing Requirement for Mid Sussex, dated 20 February 2017).

The affordability problem demonstrated by the lower quartile and median ratios speaks to the nature of the housing crisis in Richmond. It also explains why a review of the plan which carries forward existing policy constraints is an inadequate response to the housing crisis in London and more locally.

Should housing targets be referenced clearly as minimums? Are the ranges shown in LP34 B minimums?

Yes. The housing requirements in part B of the policy should be expressed as a minimum to conform to the London Plan Policy 3.3D.

Is the level of proposed housing over the plan period deliverable? How has the housing trajectory been derived and is it robust? Does the Council have a five year supply of housing sites that is consistent with national policy?

The Plan requirement is to provide 3,150 homes between 2015 and 2025.

The Council provided 491 homes in the first year of the Plan 2015/16 and 460 in 2016/17 (Figure 2: housing Trajectory of Housing Local Monitoring Report, August 2017). It has

therefore delivered in excess of the annual average for the plan period. This leaves a residual requirement for 2,199 homes or 275 dpa for the last 8 years of the plan. The Council needs to clarify whether it will apply the 5% or 20% buffer.

Residual annual requirement per year – 275

Multiplied by 5 = 1,375

5% buffer = 1,375 + 69 = 1,444

20% buffer = 1,375 + 275 = 1,650

The Council maintains that it can achieve its five year land supply requirement as it has land to accommodate 1,546 homes (page 16 of the Housing local Monitoring Report, August 2017).

Generally the housing land supply appears robust. The exception is some of the large proposal sites listed in Annex B. Since these sites are proposals, they will require permission and discharging of conditions for work can start. While these may well come forward within the five year period, we have some doubts about the Budweiser Stag Brewery site which is marked down to provide 200 homes in the next five years. This is an industrial site which will require remediation and demolition before it can be developed for homes. 200 completions within the next five years on an industrial site seems optimistic.

To what extent has the council considered increasing the overall level of housing proposed to increase provision of affordable homes?

The PPG advises that “an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes”. The Council has avoided an increase. The Council’s justification for not increasing its OAN to account for the affordable housing need is to cite in its SHMA case law (Kings Lynn and West Norfolk v SSCLG and Elm Park Holdings in particular) which has established that the percentage proportion required from market sites (e.g. 50% in the case of Richmond Council) does not drive the calculation of the OAN. The HBF has always accepted that this is not necessarily the right approach, although a local authority could choose to take this approach if it thought that this was appropriate. The court judgement merely established that this was not a prescribed method that local planning authorities had to follow.

Unfortunately, while rejecting this more ‘mechanistic’ approach, the Council has still not made any adjustment to the OAN to improve the supply of affordable homes. It is hard to see how no adjustment would be appropriate in the borough where the affordability problems are so great. While the mechanistic Kings Lynn calculation may not be appropriate, it does not follow from this that no increase in delivery is necessary. The Council should deliver more of its OAN of 1,047 dpa to help alleviate the affordable housing need.

Is a ‘non-implementation allowance’ required?

This would be advisable, especially when the Council relies on many proposal sites as part of its five year land supply calculation. We recommend a 10% non-implementation allowance.

LP 35 Housing Mix and Standards

We refer to our original representations.

We consider that the application of Part B of the Policy – the Nationally Described Space Standards – is unjustified in the context of Richmond and its very large unmet housing need and the high cost of housing in the borough. The PPG advises that local authorities should

consider the *“the impact of adopting the space standard...as part of a plan’s viability assessment with account taken of the impact of potentially larger dwellings on land supply. Local planning authorities will also need to consider impacts on affordability where a space standard is to be adopted”*.

Part C of the Policy reflects the London Plan. The Council has factored the costs of building to Part M4(2) and Part M4(3) in its viability assessment although we consider figures used may be on the low side for Part M4 (3) when the DCLG has calculated the average cost to be £16,779, and this excludes professional processing costs that range between £1,174 per dwelling for small developments to £4,570 on large schemes.

LP 36 Affordable Housing

Is a 50% threshold for affordable housing deliverable and viable? Is the policy consistent with the NPPF, with due regard to positive planning and considerations of viability?

We had queried why the original viability assessment had not tested 50% affordable housing. The Council has produced an addendum report examining this question.

The *Whole Plan Viability Assessment*, December 2016 (SD-024) sets out the viability thresholds in paragraph 8.12.

Clearly there remain issues with viability of providing 50% affordable housing on residential land and some employment land especially at the higher value points.

We note on page 4 of the viability assessment that the justification for the affordable housing percentages is predicated largely on employment sites being used. This seems to contradict Local Plan policies LP 40 and LP 41 which operate a presumption against the development of employment sites.

The addendum report has still not tested the viability to securing affordable housing on sites of 9 units and fewer.

What is the expected tenure mix for affordable housing and is it justified by the evidence base?

We refer to our original representations. The Policy is vague about the tenure mix. It states that of the 50% affordable housing, 40% should be provided as ‘rent’ and 10% as intermediate. It does not specify what form the other 50% of the affordable housing should take.

Nor is ‘rent’ specific enough. It is unclear if the Council wants social rent or affordable rent.

Nor is the supporting viability assessment very clear about what tenure mix has been modelled. The Addendum appears to model Affordable Rent and Shared Ownership only (see appendix 1). The Local Plan needs to be clearer about the mix.

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