

# GREATER LONDON AUTHORITY

Ms Charlotte Glancy  
c/o Banks Solutions,  
80 Lavinia Way,  
East Preston,  
West Sussex,  
BN16 1DD

**Department: Planning**

Our reference: LDF27/LDD12/LP05/EX01/JB01

Date: 6<sup>th</sup> June 2024

Email: [bankssolutionsuk@gmail.com](mailto:bankssolutionsuk@gmail.com)

Dear Charlotte,

**Re: Richmond Local Plan Examination. Consultation on the Inspectors' Matters, Issues and Questions.**

### **Main Matter 3 – Delivering New homes and an affordable borough for all (Policies 10 – 16)**

Thank you for inviting written statements in advance of the London Borough of Richmond Upon Thames's (LBRuT) Local Plan Examination in Public hearing sessions. In the Mayor's response to the Regulation 19 consultation in July 2023 he raised a general conformity objection regarding the proposed approach to affordable housing as set out in Policy 11 of the draft Plan (Ref:LDF27/LDD12/LP03/JB01). In his earlier Regulation 18 consultation response in January 2022 (Ref:LDF27/LDD12/LP02/JC01) the Mayor had raised the same concerns and was disappointed these had not been addressed to bring the draft Plan into closer alignment with the LP2021.

As you will be aware, Development Plan Documents prepared by London boroughs must be in general conformity with the Spatial Development Strategy for London (referred to as the London Plan (LP2021)) in accordance with S.24 of the Planning and Compulsory Purchase Act 2004 (as amended). The LP2021 was formally published on the 2 March 2021, and now forms part of LBRuT's Development Plan and contains the most up-to-date policies.

In his Local Plan Regulation 19 response, the Mayor made it clear that as currently written it was his opinion that the draft Plan was not in general conformity with the LP2021 regarding the proposed approach to affordable housing and its failure to reflect the threshold approach as set out in LP2021 Policy H5. This letter should be read alongside the Mayor's earlier consultation responses which continue to remain valid.

Since the Regulation 19 consultation LBRuT's policy on affordable housing has not changed and thus the Mayor still considers it to be a significant issue which means that the draft Plan continues not to be in general conformity with the LP2021.

If there are further proposed modifications to the draft Local Plan and subsequent consultations in the future, the Mayor would review and provide his opinion on the general conformity of the draft Plan at that time.

## **Mayor of London Statement**

### **Mayor's response to Matter 3, – Delivering New homes and an affordable borough for all (Policies 10 – 16)**

#### **Policy 11 Affordable Housing- Are requirements for affordable housing positively prepared, in a way that is aspirational but deliverable? Are the plan's requirements consistent with the NPPF and in general conformity with the LP?**

In his response to LBRuT's Regulation 19 consultation, the Mayor made it clear that in his opinion Policy 11 of the draft Plan was not in general conformity with the LP2021. In this respect the draft Plan remains unchanged and fails to reflect Policy H5 of the LP2021 as it does not take account of the Mayor's threshold approach to affordable housing.

Policy H5 of the LP2021 sets out the Mayor's threshold approach to affordable housing delivery and seeks to reduce the circumstances where viability evidence is required as part of residential planning proposals, incentivising developers to achieve at least the minimum level of affordable housing to qualify for the Fast Track Route (FTR). The threshold levels are 35% on private land and 50% for schemes on public or industrial land<sup>1</sup>. These have been informed by viability testing and help to embed affordable housing requirements into land values, creating greater certainty and consistency across London, while also speeding up the planning process.

The affordable housing policy set out in the draft Plan is a continuation of the borough's current approach (as set out in LBRuT's adopted Local Plan (2018)) which sets a 50% affordable housing target for all sites and requires that any scheme not achieving this is subject to viability testing on a case by case basis. This approach is contrary to national Planning Practice Guidance which states that the role for viability assessment is primarily at the plan making stage<sup>2</sup>. National guidance also envisages that affordable housing requirements should strike a balance between meeting need and development being deliverable without requiring further assessments on a site specific basis:

*"Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage."*<sup>3</sup>

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<sup>1</sup> Where industrial floorspace capacity is re-provided, the threshold is 35%.

<sup>2</sup> Planning Practice Guidance Viability, Paragraph: 002 Reference ID: 10-002-20190509

<sup>3</sup> Planning Practice Guidance Viability, Paragraph: 002 Reference ID: 10-002-20190509

This principle is also reflected in London Plan policy DF1 which states that:

*Where relevant policies in local Development Plan Documents are up to date, it is expected that viability testing should normally only be undertaken on a site-specific basis where there are clear circumstances creating barriers to delivery.*

This is important because the council’s approach has consistently resulted in low levels of affordable housing in practice.

Table 1 below illustrates the low levels of affordable housing delivery achieved by unit<sup>4</sup> in the borough since the adoption of the Local Plan in 2018. An average of 12% affordable housing has been achieved between 2018 and 2023.

Year	Total Units	Open Market Units		Affordable Units	
		Units	%	Units	%
2018/19	419	349	83%	70	17%
2019/20	331	297	90%	34	10%
2020/21	206	189	92%	17	8%
2021/22	164	142	87%	22	13%
2022/23	141	127	90%	14	10%
<b>Total</b>	<b>1,261</b>	<b>1,104</b>	<b>88%</b>	<b>157</b>	<b>12%</b>

Table 1: LBRuT Net Affordable housing completions (source LBRuT AMR)

The level of affordable housing in approved schemes has also been low as shown in Table 2.

Despite average residential prices in Richmond at £732,025 (existing) and £646,394 (new build) being significantly higher than average London prices at £513,545 (existing) and £563,867 (new build), which is one of the key drivers of development viability, the average level of affordable housing secured in the borough over this period is well below the London average<sup>5</sup>.

<sup>4</sup> London Plan Policy H5 measures by habitable room but data is only available by residential unit

<sup>5</sup> Residential values from Land Registry House Price Index latest data January 2024

Year	Total Units	Open Market Units		Affordable Units	
		Units	%	Units	%
2018/19	221	227	103%	-6	-3%
2019/20	235	207	88%	28	12%
2020/21	340	305	90%	35	10%
2021/22	178	152	85%	26	15%
2022/23	695	425	61%	270	39% <sup>6</sup>
<b>Total</b>	<b>1,669</b>	<b>1,316</b>	<b>85%</b>	<b>353</b>	<b>15%</b>

Table 2: LBRuT Net Affordable housing approvals (source Planning London Datahub May 2024)

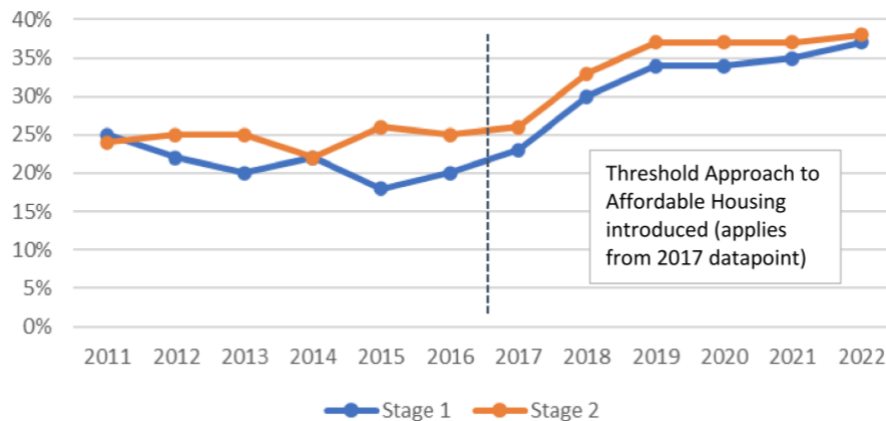
In May 2023, the Mayor published a report on Affordable Housing in Planning Applications Referred to the Mayor of London<sup>7</sup>, which shows that the FTR has continually achieved a higher level of affordable housing (by habitable room) than the Viability Tested Route (VTR) since its introduction in 2017<sup>8</sup>. In the last available year of data in 2022, the FTR permitted on average 42 per cent affordable housing in schemes across London, compared to 28 per cent via the VTR. The overall proportion of affordable housing secured following the threshold approach has also increased significantly, from 25% in 2016 to 38% in 2022, as has the provision of low cost rent housing.

Graph 1 below shows the level of affordable housing as a proportion of residential units in planning applications referable to the Mayor of London increased significantly following the introduction of the Threshold Approach in June 2017.

<sup>6</sup> The higher level of affordable housing approved in 2022/23 was due to two major planning applications Ham Close an estate regeneration scheme where the threshold approach would not apply and Richmond College located on public land where the 50% threshold applied

<sup>7</sup> <https://www.london.gov.uk/media/101469/download?attachment>

<sup>8</sup> The data is recorded by full calendar year from 2018-2022.



Graph 1: Affordable Housing as a Proportion of Total Residential Accommodation (by Habitable Room) in planning applications referable to the Mayor (Source: Affordable Housing in Planning Applications Referred to the Mayor of London)

Given the Mayor’s threshold approach has helped to deliver more affordable housing than a blanket 50% requirement (as set out above), LBRuT have failed to justify why the draft Plan should take a different approach to Policy H5 of the LP2021.

The Whole Plan Viability Report<sup>9</sup> that forms part of LBRuT’s evidence base, makes the argument that Policy H5 of the LP2021 would clearly result in schemes that could have potentially provided 50% only achieving 35%. However, Table 1 above indicates that very few schemes on private land in the borough have achieved 50%. None of the six approved applications on private (non-industrial) land in the borough referred to the Mayor since 2011 provided 50% affordable housing<sup>10</sup>.

In practice, requiring every scheme including those on private, non-industrial land to provide 50% affordable housing, results in the majority being viability tested. This slows down the planning process and fails to provide certainty to developers when acquiring land due to a lack of consistency in affordable housing provision from site to site. Rather than factoring in affordable housing at the levels set out in the development plan when purchasing land as required by national planning guidance<sup>11</sup>, developers are more likely to take into account typical affordable housing levels agreed on other sites, resulting in the potential for land overpayments and dispute through the viability process.

Analysis of the time between Stage 1 and Stage 2 Reports also indicates that the Threshold Approach has had a material impact on the time taken to determine planning applications, with Fast Track Schemes in 2021 and 2022 progressing to Stage 2 on average four months quicker than Viability Tested schemes<sup>12</sup>. Applications assessed under the Viability Tested Route schemes took on average nearly a third of the time longer than Fast Track Route

<sup>9</sup> [https://www.richmond.gov.uk/media/28052/local\\_plan\\_viability\\_assessment\\_2023.pdf](https://www.richmond.gov.uk/media/28052/local_plan_viability_assessment_2023.pdf)

<sup>10</sup> GLA Referable applications data 2011-2022 (April 2024)

<sup>11</sup> PPG Viability Paragraph: 014 Reference ID: 10-014-20190509

<sup>12</sup> Affordable Housing in Planning Applications Referred to the Mayor of London. GLA May 2023.

schemes to progress to Stage 2. This does not take into account further time savings at pre-application stage, pre-Stage 1, and post Stage 2.

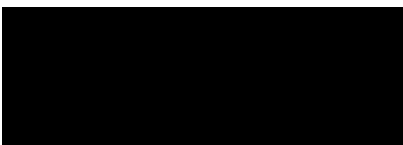
Applying a 50% requirement on private sites reduces the incentive to follow the London Plan FTR by meeting the 35% threshold, because applicants would be still required to undertake viability testing and agree to additional review mechanisms by the borough if not providing 50%. This has the potential to undermine the threshold approach and the progress made in affordable housing delivery since its introduction.

The approach in the Whole Plan Viability Report is also a misunderstanding of how the threshold approach works and fails to recognise that the Mayor's strategic target is also to deliver 50% affordable housing which matches LBRuT's intention. As noted above, the threshold level for public and industrial land is 50%. It is also important to understand that the 35% threshold for private land does not represent a minimum target that needs to be achieved in order for development to be permissible: it is the threshold at which viability evidence is no longer required as part of residential planning applications. This is reflected in Policy H5C4 of the LP2021 which makes it clear that in order to demonstrate that the Mayor's strategic 50% affordable housing target has been taken into account, FTR applications must demonstrate that they have sought grant to increase the level of affordable housing above the thresholds. Residential development following the FTR can still achieve figures of affordable housing above the threshold rate as clearly illustrated in the evidence referenced above as well as schemes such as the former Citroen site in the London Borough of Hounslow (50% affordable housing), One Vinyl Square in the London Borough of Hillingdon (36% approved, 100% delivered), Boston Road in the London Borough of Ealing (37.9%) and 100 West Cromwell Road in the London Borough of Kensington and Chelsea (40%).

Without necessary amendments to Policy 11 as discussed above and as currently written the draft Plan continues to not be in general conformity with the LP2021.

GLA officers will continue to offer their support going forward. I hope this statement will help inform the Examination of LBRuT's Local Plan. If you have any questions in relation to this Statement, please contact Jonathan Blathwayt at [Jonathan.blathwayt@london.gov.uk](mailto:Jonathan.blathwayt@london.gov.uk)

Yours sincerely

A large black rectangular redaction box covering the signature of Lucinda Turner.

Lucinda Turner  
**Assistant Director of Planning**

Cc: Gareth Roberts, London Assembly Constituency Member  
Andrew Boff, Chair of London Assembly Planning Committee

National Planning Casework Unit, DLUHC