



GERALDEVE



Stag Brewery, Mortlake

Affordable Housing Statement

For Reselton Properties

February 2018



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1 Introduction and Instructions

- 1.1 This Affordable Housing Statement ('AHS') has been prepared by Gerald Eve LLP on behalf of Reselton Properties Limited ('the Applicant') in support of three linked planning applications ('the Applications') for the comprehensive redevelopment of the former Stag Brewery Site in Mortlake ('the Site') within the London Borough of Richmond Upon Thames ('LBRuT').
- 1.2 The former Stag Brewery Site is bounded by Lower Richmond Road to the south, the river Thames and the Thames Bank to the north, Williams Lane to the east and Bulls Alley (off Mortlake High Street) to the west. The Site is bisected by Ship Lane. The Site currently comprises a mixture of large scale industrial brewing structures, large areas of hardstanding and playing fields.
- 1.3 The redevelopment will provide homes (including affordable homes), potential accommodation for an older population, complementary commercial uses, community facilities, and a new secondary school alongside new public open and green spaces throughout. Associated highway improvements are also proposed, which include works at Chalkers Corner junction.
- 1.4 The three planning applications are as follows:
- Application A – hybrid planning application for comprehensive mixed use redevelopment of the former Stag Brewery site consisting of:
 - i. Land to the east Ship Lane applied for in detail (referred to as 'Development Area 1' throughout); and
 - ii. Land to the west of Ship Lane (excluding the school) applied for in outline (referred to as 'Development Area 2' throughout).
 - Application B – detailed planning application for the school (on land to the west of Ship Lane).
 - Application C – detailed planning application for highways and landscape works at Chalkers Corner.

- 1.5 Full details and scope of all three planning applications are described in detail in the accompanying Town Planning Statement.
- 1.6 This Affordable Housing Statement provides a review of relevant national, regional and local planning policy and guidance, affordable housing local context and the affordable housing proposal for the development.
- 1.7 The remainder of this report is set out as follows:
 - 2) The Proposed Scheme
 - 3) Local Planning Context: Affordable Housing
 - 4) Financial Viability and Overall Affordable Housing Proposal
 - 5) Affordable Housing Proposal: Tenure and Mix of Units
 - 6) Affordable Housing Proposal: Rental Levels and Affordability
 - 7) Concluding Statement

2 The Proposed Development

Introduction

- 2.1 A detailed description of the Site and its surroundings is contained within the accompanying Town Planning Statement. A summary is therefore provided in the section below.

The Site and Location

- 2.2 The former Stag Brewery site occupies a 9.25 ha site which is bounded by Lower Richmond Road to the south, the river Thames and the Thames Bank to the north, Williams Lane to the east and Bulls Alley (off Mortlake High Street) to the west. The site is bisected by Ship Lane, which runs in a north-south direction, between the Jolly Sailor public house on Lower Richmond Road and the Ship public house on Thames Bank.

Planning application

- 2.3 The planning application, description of development proposes:

“Hybrid application to include the demolition of existing buildings to allow for the comprehensive phased redevelopment of the site:

Planning permission is sought in detail for works to the east side of Ship Lane which comprise:

- a) Demolition of existing buildings (except The Maltings and the façade of the Bottling Plant and former Hotel), walls, associated structures, site clearance and groundworks;*
- b) Alterations and extensions to existing buildings and erection of buildings varying in height from 3 to 8 storeys plus a single storey basement*
- c) 443 residential apartments*
- d) Flexible use floorspace for:*
 - i. Retail, financial and professional services, café/restaurant and drinking establishment uses*
 - ii. Offices*
 - iii. Non-residential institutions and community use*

iv. Boathouse

- e) Hotel / public house with accommodation*
- f) Cinema*
- g) Gym*
- h) Offices*
- i) New pedestrian, vehicle and cycle accesses and internal routes, and associated highway works*
- j) Provision of on-site cycle, vehicle and service parking at surface and basement level*
- k) Provision of public open space, amenity and play space and landscaping*
- l) Flood defence and towpath works*
- m) Installation of plant and energy centres*

Planning permission is sought in outline with all matters reserved for works to the west of Ship Lane which comprise:

- a) The erection of a single storey basement and buildings varying in height from 3 to 7 storeys*
- b) Residential development of up to 224 units*
- c) Nursing and care home (up to 80 ensuite rooms) with associated communal and staff facilities*
- d) Up to 150 units of flexible use living accommodation for either assisted living or residential use*
- e) Provision of on-site cycle, vehicle and service parking*
- f) Provision of public open space, amenity and play space and landscaping.*
- g) New pedestrian, vehicle and cycle accesses and internal routes, and associated highway works*

Application B: School

- a) the erection of a three storey building to provide a new secondary school with sixth form;*
- b) sports pitch with floodlighting, external MUGA and play space; and*
- c) associated external works including, landscaping, car and cycle parking, new access routes and associated works.*

Application C: Chalkers Corner

Reconfiguration of Chalkers Corner traffic junction, to include existing public highway and existing landscaped and informal parking area associated to Chertsey Court, to facilitate alterations to lane configuration, a new cycle lane, works to existing pedestrian and cycle crossing, soft landscaping and replacement boundary treatment to Chertsey Court”.

- 2.4 In summary, the masterplan will deliver a significant amount of new housing across the Site, in line with policy aspirations. Those residential units on the eastern side of the Site will generally be delivered above commercial ground floor uses, in order to help create an active and lively community on this portion of the Site. The west of the Site is more residential in nature, and the residential will be provided in blocks 18 and 19, with up to 24 townhouses also provided along the north western edge of the Site (blocks 20 and 21). Blocks 13, 16 and 17 are applied for flexibly as either assisted living accommodation for older people, or more traditional residential accommodation.
- 2.5 The scheme would provide up to 667 residential units (or up to 817 if blocks 13, 16 and 17 come forward as residential accommodation rather than assisted living units). 443 of these would come forward on the eastern portion of the Site and in full detail, with up to 224 being delivered on the western portion of the Site (submitted in outline), or up to 374 if blocks 13, 16 and 17 come forward as residential.
- 2.6 The full masterplan and floorplans for the Scheme can be found in the Design and Access Statements which accompany the planning applications.

3 Planning Context

Introduction

- 3.1 In this section we provide a brief overview of relevant planning background to the Scheme. A more detailed assessment is contained within the Town Planning Statement, which has been submitted to LBRuT as part of the planning applications.
- 3.2 This section also provides an overview of key planning policies associated at national, regional and local level including an overview of the planning background relating to the Scheme. Additional reference should be made to the National Planning Policy Framework ('NPPF'), the Planning Practice Guidance ('PPG'), the London Plan, the London Housing SPG, London Borough of Richmond upon Thames Local policies ("LBRuT").
- 3.3 The affordable housing strategy for the application has been set in accordance with National and Regional Planning Policy guidance and has had regard for the following:
- National Planning Policy Framework (March 2012), ('NPPF')
 - The London Plan (2011) Further Alterations to The London Plan (March, 2016);
 - Greater London Authority Housing Supplementary Planning Guidance (March, 2016), ('SPG')
 - Affordable Housing and Viability Supplementary Guidance (August 2017), ('SPG')
- 3.4 Locally, it has also had regard for the following LBRuT policies and guidance:
- Core Strategy ('CS') (2009)
 - Development Management Plan ('DMP') (2011)
 - Affordable Housing Supplementary Planning Document ('SPD') (2014)
 - Stag Brewery Planning Brief ('SBPB') (2011)
 - Draft Local Plan (2017)

National Planning Policy Framework

- 3.5 The NPPF was published in March 2012 and sets out the Government's economic, environmental and social planning policies for England. It summarises in a single document all previous national planning policy advice. Taken together, these policies articulate the Government's vision of sustainable development, which should be interpreted and applied locally to meet local aspirations.
- 3.6 In respect of affordable housing, paragraph 50 of the NPPF aims to boost significantly the supply of housing and states that where local planning authorities have identified that affordable housing is needed, they should set policies for meeting this need onsite, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified. Such policies should be sufficiently flexible to take account of changing market conditions over time.
- 3.7 The NPPF also recognises that development should not be subject to such a scale of obligation and policy burdens that its viability is threatened. This reinforces the need for viability testing in order to allow willing landowners and developers to receive competitive returns which in turn enable the delivery of development.
- 3.8 In the context of achieving sustainable development the NPPF refers to ensuring viability and deliverability and states:

“To ensure viability, the costs of any requirement likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking into account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable”.¹

¹ Paras. 173-177 NPPF

Planning Practice Guidance (PPG)

3.9 The PPG provides guidance to support the NPPF and to make it more accessible. The statements below are from Section 3 of the PPG Viability Guidance found on the Governments online planning portal.

3.10 With regards to the Council's consideration of planning obligations in relation to viability – including the assessment of affordable housing provision, PPG states:

“In making decisions, the local planning authority will need to understand the impact of planning obligations on the proposal. Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations.

This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. These contributions should not be sought without regard to individual scheme viability. The financial viability of the individual scheme should be carefully considered in line with the principles in this guidance.”²

Regional Planning Policy

The London Plan (consolidated with alternations since 2011)

3.11 The London Plan, July 2011 with Revised Early Minor Alterations (October 2013) and Further Alterations (March 2015 and March 2016) is the Regional Spatial Strategy for Greater London defined to include the 32 Boroughs and the City of London. The aim of the London Plan is to set out a framework to co-ordinate and integrate economic, environmental, transport and social considerations over the next 20 to 25 years. The London Plan forms the London-wide policy context within which the Boroughs set their local planning agendas, and forms part of the statutory Development Plan.

² Para. 019. Ref ID: 10-019-20140306

3.12 The London Plan builds upon many of the policies set out at the national level with a significant emphasis upon achieving development in the most suitable and sustainable of locations, prioritising the use of previously developed land and making the most efficient use of available land.

3.13 The growth and management of the city form the major challenge and overarching concern of the London Plan, and are prioritised in order to allow London to excel among global cities within the context of significant rates of development and population increases. The detailed objectives of the Plan seek to ensure that London are set out below:

- A city that meets the challenges of economic and population growth;
- An internationally competitive and successful city;
- A city of diverse, strong, secure and accessible neighbourhoods;
- A city that delights the senses;
- A city that becomes a world leader in improving the environment; and
- A city where it is easy, safe and convenient for everyone to access jobs, opportunities and facilities.

3.14 The London Plan establishes the need for regional growth in housing and employment and identifies Opportunity Areas as a means by which this requirement can be accommodated. The London Plan seeks that development should maximise the potential of sites, create or enhance the public realm, provide or enhance a mix of uses, respect local context, character and communities and be sustainable.

3.15 Policy 3.8 states, that whilst boroughs should seek the maximum reasonable amount of Affordable Housing, regard should be had to the need to encourage rather than restrain residential development. Negotiations on sites should take account of their individual circumstances, including development viability.

- 3.16 Policy 3.10 goes on to state that affordable housing including affordable rented and intermediate housing, should be provided to meet the needs of specific households whose needs are not met by the market.
- 3.17 Policy 3.12 states that the maximum reasonable amount of affordable housing should be sought when negotiating on mixed use schemes. In particular the policy sets out that regard should be had to the current and future requirements for affordable housing at local and regional levels. Going on to state that there is a need to encourage rather than restrain residential development and promote mixed and balanced communities. The size and type of affordable housing delivered should reflect the size and type of affordable housing currently in need. Part B of Policy 3.12 states that negotiations on sites should take account of their individual circumstances including the viability of schemes and the availability of public subsidy.
- 3.18 The Affordable Housing thresholds are set out in Policy 3.13 which states that Boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes.

Mayors Supplementary Planning Guidance ('SPG')

- 3.19 The current Housing SPG March 2016 has been updated to reflect the Further Alterations to the London Plan ('FALP') and the Minor Alterations to the London Plan ('MALP'). It provides updated guidance on a range of strategic policies including housing supply, residential density, housing standards; build to rent developments, student accommodation and viability appraisals. This SPG replaces the 2012 Housing SPG and the Mayor's Housing Standards Policy Transition Statement.
- 3.20 In August 2017 the Mayor published the final SPG. We have therefore had regard to it in this statement.

3.21 The key theme from the SPG is the GLA's flexibility with regards to tenure mix on new developments. Point 2.40 of the document refers to the following flexibility allowed in regards to tenure mix is applied to the scheme.

- *30% low cost rent (social rent or affordable rent) with rent set at levels that the LPA considers genuinely affordable;*
- *30% as Intermediate products, with London Living Rent and/ or shared ownership being the default tenures assumed in this category;*
- *The remaining 40% to be determined by the relevant LPA.*

3.22 Further guidance on the above tenures as rental levels is discussed in Section 8 of this statement.

Local Planning Policy

Core Strategy (2009) and emerging Local Plan

3.23 LBRuT Core Strategy Policy CP14 and emerging Local Plan Policy LP 34 state that the Council will seek to exceed the minimum London Plan housing target. It is anticipated that East Sheen, Mortlake and Barnes Common and Barnes could deliver 400-500 units over the Plan period (2018 to 2033). The supporting text to Policy LP 34 states that proposals should optimise the potential of sites and recognises that there is potential for housing development on existing employment land where the level of employment floorspace is retained or enhanced.

3.24 Providing a living community (including housing) is a key aspect of the vision for the former Stag Brewery Site, and the SBPB recognises that the scheme can provide a significant contribution to housing provision. Para 5.22 of the SBPB notes that LBRuT will support a:

“mixed tenure residential led mixed use development provided there is a range of other uses to create a vibrant Riverside area and associated employment and leisure opportunities”. The emerging Site Allocation also echoes this and notes that the provision of residential uses will ensure that the new Mortlake village heart becomes a vibrant centre for new communities.”

Affordable Housing

- 3.25 LBRuT's affordable housing target is for 50% of all new housing to be affordable, with a tenure mix of 80% social rent and 20% intermediate (Core Strategy Policy CP 15 and emerging Local Plan Policy LP 36). The Council will seek the maximum reasonable amount of affordable housing on private residential and mixed use schemes, having regard to individual site circumstances (DMP Policy DM HO 6 and emerging Local Plan Policy LP 36). Draft Policy LP 36 states that, on sites capable of 10 or more units, at least 50% on-site provision will be sought and, where possible, a greater proportion than 50% should be achieved.
- 3.26 Para 5.22 of the SBPB recognises that the amount of affordable housing on Site may be affected by the provision of a mix of uses, open space, community uses and restoration of historic buildings. Therefore, the amount of affordable housing that can be provided will be assessed on a case by case basis and subject to a detailed viability appraisal.

Unit Mix

- 3.27 The emerging Local Plan Policy LP 36 9.3.3 requires that "*Affordable housing should be designed to the same high quality and sustainability standards as private housing,*" referring to policy LP 35.
- 3.28 We have liaised with LBRuT regarding the mix of affordable units, and this has been outlined in points 5.11 and 5.13.

LBRuT Intermediate Housing Policy Statement (January 2018)

- 3.29 This policy statement outlines the Council's position with regards to the income eligibility range for applicants to intermediate housing schemes in the Borough.
- 3.30 It states that the range of income for intermediate housing, there is an upper cap on salaries set by the GLA of £90,000 per annum for shared ownership and £ 60,000 per annum for intermediate rent. Beyond this households are not eligible for intermediate

housing.

- 3.31 The Council expects however that 2/3rds of scheme applicants will have an income up to £47,000 per annum, and that these households are prioritised.

Summary

- 3.32 A review of national, regional and local policies demonstrates that the LBRuT is generally aligned with national and GLA policies.
- 3.33 The affordable housing policy agenda has undergone important change at the London level, with the emergence of GLA policy through the SPG and the emerging London Plan. The SPG supports flexibility within affordable housing offers and encourages LPAs to adopt this strategy.
- 3.34 LBRuT seeks developments containing 80% Social-Affordable and 20% Intermediate housing. (Core Strategy Policy CP15 and emerging Local Plan Policy LP 36)
- 3.35 The Unit mix specified places an emphasis on larger family sized accommodation for the Social-Affordable units. (Core Strategy Policy CP15 and emerging Local Plan Policy LP 36)

4 Scheme Design – Registered Provider Consultation

Introduction

4.1 In this section we discuss the scheme consultation exercise that was undertaken with Registered Providers ('RPs') operating in LBRuT. We then summarise the main conclusions from the consultation which have been considered during the design for the planning application.

Registered Providers

4.2 Following discussions with Housing Officers at the LBRuT, GE consulted with three of the main RP operators with stock and active development programmes in the borough.

4.3 The RPs that were consulted are as follows:

- Paragon Asra ('PA')
- Richmond Housing Partnership ('RHP')
- Thames Valley Housing Association ('TVHA')

4.4 A series of meetings were held where the GE Planning Team set out the masterplan and more detailed scheme, focusing specifically on the potential affordable housing provision.

4.5 The following table provides a summary of the key issues that were discussed with the RPs. A copy of the follow up letters and subsequent briefing note are available to view in Appendix 1.

Table 1: Summary of Registered Provider Consultation

Affordable Housing Issue	Registered Provider Responses
Tenure Mix	All of the RPs were of the view that London Shared Ownership would be in high demand in this location. It was acknowledged that due to affordability requirements, 1 and 2 bed units would be the most appropriate. However, all expressed an openness to working in partnership with LBRuT to agree the final tenure split.
Affordability of Tenures	The RPs were aware of the LBRuT's approach to affordability of affordable and intermediate housing products and agreed that they would work in partnership to deliver these.
Design Access and Cores	All of the RPs acknowledge the need to provide separate cores for the different designated tenures. The need to ensure blocks are tenure blind was also raised although the design should have regard to the longer term management and maintenance considerations which would be the responsibility of the acquiring RP.
Car Parking	The view on the provision of parking for different tenures varied between the RPs. Generally, a 1:1 provision was considered preferable for the Shared Ownership units and all family sized units across both tenures. A lower provision would be required for the smaller rented units. Overall, none of the RPs raised objections to the principle of underground parking for the affordable housing units.
Combined Heat and Power/ Energy	A pre-pay metering system would be preferable for the Affordable Rented units. Although this was not something raised by all the RPs, generally it is considered an important issue that when agreeing the longer term management arrangements for the affordable housing.
Estate Management	All of the RPs set out their flexibility over the future estate management services and a willingness to work in partnership to agree the most suitable arrangement.

Source: GE and RP consultation meetings

4.6 At this stage of the process, the RPs were not asked to make a financial offer for the Section 106 affordable housing element of the Scheme. However, when the Applicant is in a position to tender the affordable housing disposal, the RPs will be required to consider this in line with the availability of public grant funding, if appropriate.

Summary

4.7 Overall, all of the RPs considered the proposed scheme design to be suitable and in line with their general requirements and standards for the delivery of affordable housing.

5 Financial Viability and overall Affordable Housing Proposal

Introduction

- 5.1 In this section of the report the proposed affordable housing offer is set out.

Financial Viability Position

- 5.2 In accordance with planning policy, the level of affordable housing that can be supported by the proposal is determined by Scheme viability through the Financial Viability Assessment ('FVA').
- 5.3 In light of the planning policy position, during the early stages of scheme design and evolution, initial viability analysis was conducted to identify whether a 50% affordable housing scheme could be achieved, but this was discounted very early on as this level of affordable housing was clearly not viable. Equally, options involving 35% on-site provision were also investigated to identify whether it might be achievable to qualify for the GLA 'fast-track' viability route but, again, this level of on-site affordable housing was discounted at an early stage on viability grounds.
- 5.4 These planning applications are accompanied by a Financial Viability Appraisal (FVA), prepared by BNP Paribas. Section 5 of the FVA provides the results of the appraisal of the scheme the subject of these applications. A benchmark land value of £52.8m has been derived, following the preferred method of both the GLA and LBRuT: 'Existing Use Value plus'.
- 5.5 If no affordable housing was proposed (i.e. all 667 residential dwellings were for open market sale), the resultant residual land value would be significantly less than the site's benchmark land value. Even if all existing buildings on site are accepted as having been lawfully used over the past three years, the residual land value would still be significantly less than the benchmark land value.
- 5.6 The FVA has therefore appraised the development with 20% on-site affordable housing (Block 18 – 132 dwellings), with LBRuT's preferred 80/20 tenure mix. It has been demonstrated in the FVA, where a 100% private scheme is not viable, in a scenario where all existing floorspace on site, and a significant proportion of offsite highways works are paid for by the ESFA / school delivery body, there would a significant deficit against the residual land value, equating to approximately £86m. If the tenure mix was

changed to reflect a higher proportion of intermediate housing (70/30 in favour of intermediate), the viability position would improve slightly, but there would still be a deficit against the residual land value of approximately £78m.

5.7 In order to assess what the development could potentially achieve (with favourable positions in respect of CIL floorspace, highway works funding and growth rates against sales values), the FVA contains further sensitivity analysis in respect of inflation and growth rates (Table 5.2.3). This includes provision for 6% growth in sales values each and every year over a 7 year period and a much lower inflation on costs (2.5%) over the same period. In this scenario, the following is assumed:

- a) 20% affordable comprising 80/20 tenure split in favour of affordable rent
- b) All existing floorspace on site is accepted as having been in lawful use for six out of the prior thirty six months, reducing the overall CIL liability;
- c) Blocks 13, 16 and 17 operate as assisted living use as opposed to residential use;
- d) All off-site highways works are funded by the school provider;
- e) Ambitious growth rates are applied to sales values; and
- f) The affordable housing is provided in the western part of the site after the eastern part has been completed and sold with a mechanism in place to ensure that the affordable housing on the western side is subsequently provided.

5.8 In the above scenario, a residual land value marginally higher than the benchmark land value is derived which would enable the development to come forward with 20% affordable housing on-site. In this scenario, which relies on significant and consistent annual growth in sales, there should be no requirement for any form of viability review after the grant of planning permission. The applicant is willing to offer a minimum of 20% affordable housing if the conditions above are met. The level would have to be revised and recalculated if the conditions are not met using a mechanism to be agreed as part of the planning agreement.

5.9 It is also important to note the relevance of the flexible assisted living / residential use (up to 150 units) to the viability position as per c) above. In the event that Blocks 13, 16 and 17 were restricted to residential use only (as opposed to flexible assisted living / residential), a significant additional CIL requirement would be generated from this element of the development which would result in the residual land value falling beneath the benchmark land value. A lower amount of on-site affordable housing

would be necessary in order to reach a viable position.

Delivery and timing

- 5.10 Timing of delivery of affordable housing is another key factor, which affects potential overall quantum.
- 5.11 As stated above, and in the FVA, Block 18 has been identified as potential on-site affordable housing. Block 18 is located on the western part of the site and is applied for in outline under these applications. In order to maximise the provision of affordable housing, the eastern part of the site, applied for in detail, does not include provision for any affordable housing.
- 5.12 If early delivery of affordable housing is insisted upon, then the overall quantum that the development could deliver would have to be reduced, given the viability position.

Summary

- 5.13 The scheme will provide 20% on-site affordable housing. The proposal has been viability tested in accordance with the Development Plan policies. Both accept that the level of affordable housing should reflect viability considerations. If the FVA is accepted then the proposal is in accordance with the development plan. The final quantum, mix, type and timing for delivery will be determined having regard to an agreement on scheme viability.

6 Tenure, Mix and Location of Affordable Housing

Introduction

- 6.1 This section provides further detail on the different affordable housing products that could be provided as part of the development. The proposals on this are subject to further discussions and agreement with LBRuT Officers and the GLA.

Tenure of Affordable Housing

Social/Affordable Rented Housing

- 6.2 The LBRuT SPD (2014) sets out the different types of affordable housing that are considered appropriate for development sites in Richmond.

- 6.3 Point 2.2.1 states that:

“Affordability is an important issue in the borough and the Council will therefore seek a balance of tenures (as defined in the NPPF and the London Plan) to enhance choice”.

- 6.4 The NPPF defines Social Rented housing as follows:

“Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency” (NPPF, p.56)

- 6.5 It is further defined in the SPD (2014) as follows:

“Social Rent...owned by local authorities or private Registered Providers, for which guideline target rents are determined through the national rent regime” (Point 2.2.1).

6.6 Affordable Rented housing is defined as:

“Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)” (NPPF, p.56).

6.7 The same definition is provided in the SPD (2014)

Intermediate Housing

6.8 Intermediate Housing is defined as:

“Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared equity and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing” (NPPF, P.56).

6.9 Intermediate Housing is defined by the NPPF as follows:

“Housing that costs more than social housing but less than the equivalent market housing. Intermediate housing costs (including service charges) must also be cheap enough for eligible income groups to afford. It can include a range of tenures such as:

- *Rented housing*
- *Shared Ownership housing (where occupiers buy a share and rent the remainder)*
- *Shared Equity housing*
- *Homes for sale at less than market price”.*

6.10 Similarly, the SPD (2014) defines Intermediate as follows:

“Homes available for sale or rent at a cost above social rent, but below market levels. These can include shared equity (shared ownership and equity loans), other low costs homes for sale and intermediate rent, but not affordable rent” (Point 2.2.1).

Unit Mix of Affordable Housing

Mix of Units: Social-Affordable Rent

- 6.11 Following consultation with the LBRuT Housing and Planning Officers, it was agreed that the following unit mix would be targeted for this tenure. This is set out in the following table:

Table 2: Targeted Unit Mix: Social/Affordable Rent

Unit Type	Councils Preferred Housing Mix
1 Bed	5%
2 Bed	40%
3 Bed	50%
4 Bed	5%
Totals	100%

Source: LBRuT and GE

- 6.12 This is in line with LBRuT's priority to provide family accommodation. In addition, it is anticipated that the two and three bedroom units will be able to accommodate households of 4 and 6 persons respectively.

Mix of Units: Intermediate

- 6.13 Again, following consultation with the LBRuT Housing and Planning Officers, it was agreed that the following unit mix would be targeted for this tenure. This is set out in the following table:

Table 3: Targeted Unit Mix: Intermediate

Unit Type	Councils Preferred Housing Mix
1 Bed	60%
2 Bed	40%
Totals	100%

Source: LBRuT and GE

- 6.14 It has been confirmed by the LBRuT that affordability is a key consideration in the provision of intermediate housing. Therefore the provision of larger family sized units in

this tenure may not be practical.

Location of Affordable Housing

- 6.15 At this stage, it is anticipated that the affordable housing will be located in Block 18, on the Western side of the development. The block will comprise of 138 units including 110 units for affordable rent and 28 units for Shared Ownership.

Summary

- 6.16 Overall, the proposed affordable housing offer is in line with the required planning policy tenure split of 80% Social/ Affordable and 20% Intermediate housing.
- 6.17 The proposed unit mix is also considered compliant and has been set following consultation with the LBRuT Housing Officers.
- 6.18 In the following section, we consider the affordability of these units for households.

7 Affordability of Accommodation

Introduction

7.1 In this section Social/Affordable and Intermediate housing is considered in further detail.

Social/Affordable Rented Housing

7.2 It is proposed that the rental levels will in set in line with the London Affordable Rent figures, as specified in the GLA's Homes for London Investment Prospectus. The units will be set at rent levels in line with the 2017-18 benchmarks. These reflect the formula rent cap figures for social rents uprated by CPI for September 2016 plus one per cent.

7.3 The proposed rent levels are set out in the following table and highlighted where relevant.

Table 4: London Affordable Rent Proposed Rent Levels

Unit Size	London Affordable Weekly Rents Benchmark Levels (£)	Estimated Weekly Service Charges (£)	Total Weekly Housing Costs inc. Service Charges (£)	Local Housing Allowance Weekly (£)
1 Bed	£141.26	£21	£162	£210
2 Bed	£152.73	£27	£180	£281
3 Bed	£161.22	£39	£201	£337
4 Bed	£169.70	£43	£213	£417

Source: Homes for Londoners Investment Prospectus (2016), Local Housing Allowance.

7.4 The proposed rent levels have been compared against the Local Housing Allowance (LHA) for the Outer South West London Broad Rental Market for information. The local limits are based on the cheapest 30% of properties in an area. It is evident that the proposed rent levels fall well below the caps for this area.

7.5 The level of service charge will be set at a reasonable and affordable level. The internal design and communal amenity space will be designed in a way that

ensures durability and low maintenance ensuring service charges are kept to a minimum.

7.6 In order to calculate the estimated total weekly housing costs, an assumption of £2.00 psf service charge has been included in the table in line with market norms. Please note that this could be subject to change once the detailed design and scheme specifications are completed.

7.7 Based on the above analysis, Table 4 sets out the annual household income levels that would be required in order to afford the weekly housing costs for these properties.

Table 5: Income Affordability Requirements for London Affordable Rents

Unit Size	London Affordable Weekly Rents Benchmark Levels (£)	Estimated Weekly Service Charges (£)	Total Weekly Housing Costs inc. Service Charges (£)	Estimated Annual Household Income Approximate (£)
1 Bed	£141.26	£21	£162	£30,180
2 Bed	£152.73	£27	£180	£33,515
3 Bed	£161.22	£39	£201	£37,373
4 Bed	£169.70	£43	£213	£39,725

Source: GE

Intermediate Housing

7.8 It is proposed that the Intermediate Housing is delivered as London Shared Ownership (LSO).

7.9 The Draft London Plan states that Intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the definition of affordable housing), should be affordable to households on incomes of up to £90,000.

7.10 LBRuT's Intermediate Housing Policy Statement supports the upper cap of £90,000. However they expect that 2/3rds of scheme applicants will have an income of £47,000.

7.11 Table 6 demonstrates the monthly housing cost and the required income.

Table 6: Income Affordability Requirements for London Shared Ownership

Unit Size	Value	Initial Equity Share Purchased	Monthly mortgage cost (£)	Monthly rental payment (£)	Total monthly housing cost (£)	Estimated required Annual Household income (£)
1 bed	£440,572	25%	£556	£559 (2% rent)	£1,106	£43,134
2 bed	£600,000	25%	£777	£375 (1% rent)	£1,152	£44,928

Source: SharetoBuy.com – assuming a £10,000 deposit and a 3 year fixed mortgage at 4.49-7.9%

7.12 This demonstrates that the Shared Ownership units can be afforded by households within LBRuT's affordability parameters.

Summary

7.13 It is anticipated that the Social/Affordable Rented units provided as part of this scheme will be let at affordable rented levels in line with the Council and GLA requirements.

7.14 The affordability of the Intermediate units will be set in line with the LBR IHPS (2018) statement and the GLA SPG requirements, with a maximum cap of £90k per household per annum, set overall.

8 Conclusion

- 8.1 GE tested the provision of a policy compliant level of affordable housing on this Site, in line with the aspirations of Policies CP15, emerging Local Plan Policy LP 36, considering the maximum reasonable amount of affordable housing that can be provided, having regard to individual site circumstances (DMP Policy DM HO 6 and emerging Local Plan Policy LP 36). However, this was discounted at an early stage on financial viability grounds.
- 8.2 The scheme will provide 20% on-site affordable housing, with a tenure split and mix in accordance with the Council's policies and guidance and consistent with Housing Officer discussions. The proposal has been viability tested in accordance with the Development Plan policies. Both accept that the level of affordable housing should reflect viability considerations. If the FVA is accepted then the proposal is in accordance with the development plan.
- 8.3 The proposed Social/Affordable Rent levels meet both the Council and GLA policies for rented housing and the affordability requirements associated with this.
- 8.4 The Intermediate housing will be provided as London Shared Ownership. The proposed household income requirements for this product are within the Council requirements and will be accessible to households on income of between £47,000-90,000.

APPENDIX 1



Stag Brewery, Mortlake

Summary of Registered Provider discussions to date

1. Gerald Eve has recently met with the following Registered Providers (RPs) suggested by the London Borough of Richmond upon Thames (LBRuT).
 - Thames Valley Housing Association (TVHA)
 - Richmond Housing Partnership (RHP)
 - Paragon Asra (PA)
2. At these meetings, GE presented the latest iteration of the scheme and discussed a number of issues relating to the affordable housing provision.

Car parking

3. None of the RPs has any objection to the provision of underground car parking for affordable units.
4. There were no requirements for 1:1 car parking for all of the affordable units.
5. RHP advised that they would be seeking 1:1 for Shared Ownership (SO) and family-rented units, and around 0.6-0.7 for other rented units.
6. PA would be seeking 1:1 for family units/0.4-0.6 for rented 1 and 2 beds/1:1 for SO preferable.
7. TVHA would be seeking 1:1 for family units/0.5-6 for the remaining units.

Design

8. All RPs acknowledged the need for core separation between tenures. RHP further requested that all blocks/units are tenure blind where possible.

Tenure

9. All RPs commented on the demand for SO in the area, and feel that the scheme would be attractive to potential buyers. 1 & 2 bed units would be preferred for SO. All RPs would be happy to work with LBRuT to develop the ideal tenure mix.

General

10. All of the RPs were supportive of the scheme, and would be happy to work with the team to develop the planning application and affordable housing offer.



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4 July 2017

Our ref: G6796

Dear Chris

Stag Brewery, LB Richmond Upon Thames

Many thanks for meeting with me to discuss the development at the Stag Brewery, and in particular the emerging details of the affordable housing provision.

I have listed below the matters we discussed:

- Basement parking – PA have no particular aversion to basement parking on the development.
- Parking ratios – you would not expect one for one parking for the affordable units. An acceptable provision would 33% spaces for 1 bedroom flats, 50% for 2 bedroom flats, and 100% for 3 bedroom flats for rent, and less than 100% would be required for shared ownership units.
- Design – you would prefer separate cores for each tenure, for ease of management and control of service charges.
- Combined Heat and Power/Energy – you would prefer to see a metering arrangement in the rented units.
- Estate management – you are flexible over estate management services, and happy to pursue the most suitable arrangement.

Should there be any issues that I have not recorded or you wish to highlight please get in touch.

Many thanks for your time, and I look forward to discussing the scheme in further detail when appropriate.

Yours sincerely,



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Partner

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18 July 2017

Our ref: G6796

Dear Robin

Stag Brewery, LB Richmond Upon Thames

Many thanks for meeting with me to discuss the development at the Stag Brewery, and in particular the emerging details of the affordable housing provision.

I have listed below the matters we discussed:

- Basement parking – RHP have no particular aversion to basement parking on the development.
- Parking ratios – whilst it would be desirable, you would not expect one for one parking for the affordable units. An acceptable provision would be in the region of 60-70% overall, with one for one parking being essential for the larger family units and shared ownership.
- Design – you would prefer separate cores for each tenure, for ease of management and control of service charges.
- Intermediate units – you would prefer 1 and 2 bedroom units for intermediate tenures, with family provision concentrated in the Affordable Rented tenure. There is likely to be a strong demand for Shared Ownership units in the area.

Should there be any issues that I have not recorded or you wish to highlight please get in touch.

Many thanks for your time, and I look forward to discussing the scheme in further detail when appropriate.

Yours sincerely,

Julian King
Partner

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4 July 2017

Our ref: G6796

Dear Tim

Stag Brewery, LB Richmond Upon Thames

Many thanks for meeting with me to discuss the development at the Stag Brewery, and in particular the emerging details of the affordable housing provision.

I have listed below the matters we discussed:

- Basement parking – TVHA have no particular aversion to basement parking on the development.
- Parking ratios – you would not expect one for one parking for the affordable units. An acceptable provision would be in the region of 50-60%, with larger units being given priority.
- Design – you would prefer separate cores for each tenure, for ease of management and control of service charges.
- Design – you would not support the provision of roof terraces for rented units.
- Intermediate units – you would prefer 1 and 2 bedroom units for intermediate tenures.

Should there be any issues that I have not recorded or you wish to highlight please get in touch.

Many thanks for your time, and I look forward to discussing the scheme in further detail when appropriate.

Yours sincerely,

Julian King
Partner

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