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Affordable Housing Statement

St Clare Business Park

APRIL 2023

Q100537

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1 Executive Summary

- 1.1 This Affordable Housing Statement ('AHS') has been prepared in support of the planning application submitted to the London Borough of Richmond upon Thames on behalf of Notting Hill Home Ownership Ltd ('the Applicant') for the proposed residential led mixed use development of St Clare Business Park, TW12. The development comprises the provision of 100 homes, accompanied by commercial floorspace (Class E), access, external landscaping and car parking.
- 1.2 The proposals include 35 affordable homes (35% by unit and 34% by habitable room), comprising 15 London Affordable Rent homes and 20 Intermediate Shared Ownership homes.
- 1.3 The affordable housing tenure split is informed by robust research into the local area, ensuring that the homes delivered meet local need. The proposals accord with the London Plan requirement to deliver 30% of the affordable housing as low cost rent (Policy H6). The affordable housing offer is also evidenced to be over and above the maximum viable amount having regard to financial viability, as evidenced in the Financial Viability Assessment prepared by JLL.
- 1.4 The London Affordable Rent homes will be available to those on the Council's housing waiting list whilst the Shared Ownership homes will be affordable to priority households that live/work in the borough, for example key workers, and/or first-time buyers who are unable to afford to buy or rent good quality housing locally.
- 1.5 The proposals will make a significant and positive contribution towards meeting the Council's annual affordable housing requirements. As identified by GLA London datahub, Richmond has consistently failed to deliver the necessary amount of affordable housing to cater for the needs of the Borough. The proposals therefore offer substantial benefits in terms of market and affordable housing delivery and should be given significant positive weight in the planning decision making process.
- 1.6 The issues highlighted above are set out in more detail within this report.

The proposals by Notting Hill Home Ownership should be considered an exemplar in affordable housing delivery and will:

- Deliver 35% affordable homes (35 homes) comprising 15 London Affordable Rent and 20 Intermediate Shared Ownership.
- Provide a route to home ownership which is affordable for 10,000+ keyworkers who live/work in the borough.
- Provide London Affordable Rent homes, which offer rents set by the London Mayor based on formula rent caps for social rents, including 40% 3- bedroom homes.

2 Introduction

- 2.1 This Affordable Housing Statement ('AHS') has been prepared in support of the planning application submitted to the London Borough of Richmond on behalf of Notting Hill Home Ownership Ltd ('the Applicant') in respect of St Clare Business Park (the 'Application Site').
- 2.2 The Application seeks permission for 100 homes of which 35 (35% by unit and 34% by habitable room) will be provided as affordable housing. The proposals also include the provision of 1,885 sqm of new commercial space suitable for office use (E Use Class).
- 2.3 This AHS has been prepared to summarise the affordable housing proposals, demonstrating in accordance with the Statutory Development Plan and other material considerations, the amount, type and mix of affordable housing is appropriate for the Application Site and the development proposals. The statement is structured as follows:
- An introduction to the Application Site and the Application proposals (Section 3)
 - An overview of the relevant national, regional and local planning policy (Section 4)
 - An overview of local housing need (Section 5)
 - Details of the proposed quantum, tenure and affordability of the affordable homes (Section 6)
 - A summary of the key conclusions (Section 7)
- 2.4 This document should be read in conjunction with a number of other planning Application documents including but not limited to the Planning Statement (prepared by RPS), Design & Access Statement (prepared by AHR) and the Viability Statement (prepared by JLL).

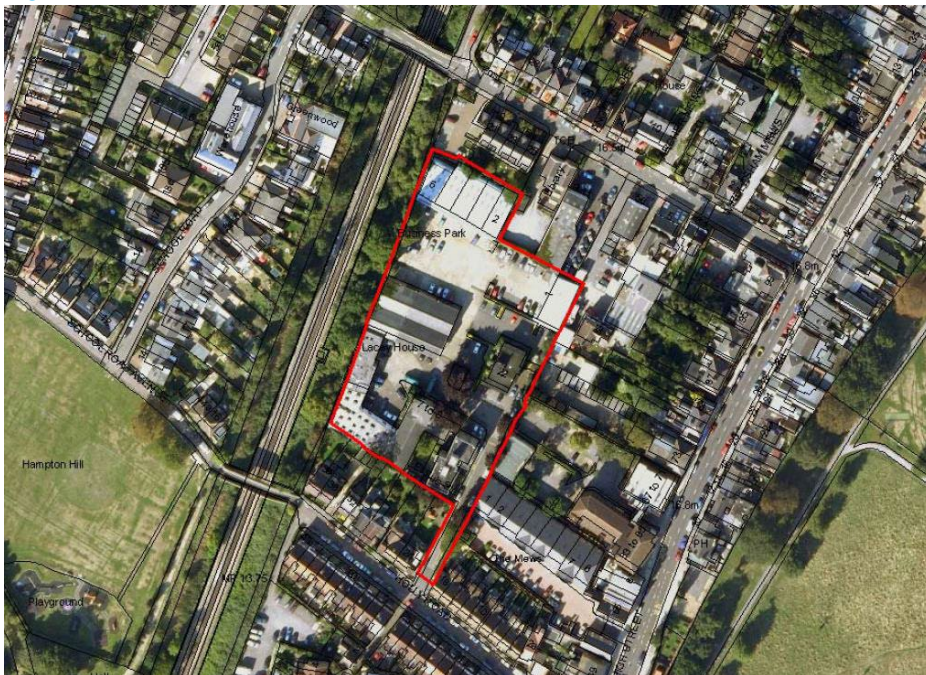
3 Application Overview

- 3.1 This section of the AHS provides an overview of the Application Site and the development proposals.
- 3.2 The first application was submitted in 2019 (REF: 19/3201/FUL). This first application was refused in January 2021, with the reasons for refusal including the loss of employment floorspace, the absence of a S106 agreement to secure affordable housing and other details. The application was appealed but subsequently refused in December 2022.
- 3.3 This Application seeks to refine the proposals to respond to the reasons for refusal and the appeal decision, and proposes an adjustment of employment floorspace, now equating to 1,885sqm. The height of the proposed building and the overall number of homes, and consequently the quantum of affordable housing, has been reduced to mitigate impact on the surrounding area.

The Application Site

- 3.4 The Site is located in the London Borough of Richmond within Hampton Hill and comprises a 0.85ha back land industrial estate, known as St Clare Business Park.
- 3.5 The Site is situated within Hampton Hill Town Centre and is bound by Windmill Road to the north, the High Street (A311) to the east, Holly Road to the south and the Shepperton Branch Railway line to the west. The site location plan is set out below.

Figure 1 - Site Location Plan



- 3.6 Although not located within, the site is situated immediately adjacent to the boundary of the Hampton Hill Conservation Area. No listed buildings are located on the site.

3.7 The Site is located in a predominantly residential area characterised by two storey terraced housing. A number of commercial properties, including retail and office space, are located along the High Street.

Development Proposals

3.8 The proposed development comprises a residential-led mixed-use scheme consisting of 100 homes, 35% of which will be provided as affordable housing.

3.9 The description of development is outlined below:

“Demolition of existing buildings and erection of 1 no. mixed use building between three and five storeys plus basement in height, comprising 86 no. residential flats (Class C3) and 1,290 sq.m of commercial floorspace (Class E); 1 no. two storey building comprising 595sq.m of commercial floorspace (Class E); 14no. residential houses (Class C3); and, associated access, external landscaping and car parking.”

3.10 The proposed housing mix is shown in Table 3-1 below:

Table 3-1: Proposed Housing Mix

Type	Market	London Affordable Rent	Shared Ownership	Total
1 Bedroom Flat	29	2	12	43
2 Bedroom Flat	22	7	8	37
3 Bedroom Flat	0	6	0	6
3 Bedroom House	14	0	0	14
Total	65	15	20	100

3.11 A significant proportion of the homes will be provided as family housing, with 40% of the London Affordable Rent homes being provided as 3 beds. This reflects the Local Plan Policy LP36 which identifies that the affordable housing mix should reflect the need for larger rented family units. The market 3-bed homes will also be provided as houses with external space and street access.

3.12 Further details relating to the Application Site location, planning history and details of the Application proposals are set out in the Planning Statement and the Design and Access Statement, submitted in support of the Application.

4 Planning Policy Context

- 4.1 This section of the Affordable Housing Statement sets out relevant extracts of national, regional and local policy and guidance which have informed the proposed approach.

National Policy

National Planning Policy Framework (2021)

- 4.2 The National Planning Policy Framework (NPPF), provides the national context for planning in England, including implementing Central Government’s housing policy objectives. The NPPF sets out national economic, social and environmental objectives and is an important material consideration in the determination of all planning applications.
- 4.3 The core message in respect of housing provision is that plans and decision-taking should ensure delivery of a wide choice of high-quality homes for a range of needs for today and in the future (paragraph 8(b)).
- 4.4 Paragraph 11 of the NPPF outlines an overarching presumption in favour of sustainable development. It confirms that:
- “For decision-taking this means: c) approving development proposals that accord with an up-to-date development plan without delay; or d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting permission unless: i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.”*
- 4.5 Paragraph 63 of the NPPF requires Planning Policies to specify the type of affordable housing required and set policies for meeting this need on site, unless off-site provision or an appropriate financial contribution in lieu can be robustly justified and agreed approach contributes to the objective of creative mixed and balanced communities.
- 4.6 Paragraph 124 of the NPPF confirms that planning policies and decisions should support development that makes efficient use of land.
- 4.7 Paragraph 69 states that small and medium sized sites can make an important contribution to meeting housing requirements of an area and are often built out relatively quickly. The NPPF seeks 10% of local area housing requirements to be on sites of one hectare or less, unless it can be shown through the relevant plan policies why this target cannot be met.
- 4.8 Section 5 of the NPPF, ‘Delivering a Sufficient Supply of Homes’, states that any scheme comprising 5 or more homes should provide affordable housing. It establishes that affordable housing should be delivered on-site. The NPPF requires a range size, type and tenure of housing to address the needs of different communities, including affordable housing, families with children, older people and students. NPPF paragraph 73 seeks to ensure that the size

and location of homes will support a sustainable community and ensure that a variety of homes are provided.

- 4.9 Paragraph 74 confirms that Local Authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement.
- 4.10 Paragraph 119 sets out that planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions, making as much use as possible of previously developed or brownfield land.
- 4.11 Affordable housing is defined in Annex 2 of the NPPF as *"housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)"* and which complies with the specified definitions, to include:
- Affordable Rent where rents are at least 20% below local market rents, provided by a registered provider and will remain affordable for future households or for the subsidy to be recycled for alternative affordable housing provision; and
 - Shared Ownership where homes are to be at a discount to market value and where grant is secured for these homes to remain affordable for future households.

National Planning Policy Guidance

- 4.12 Planning Practice Guidance (PPG) contains further guidance on the application of the policies set out in the NPPF (2021) clarifying that *"all households whose needs are not met by the market and which are eligible for one or more of the types of affordable housing set out in the definition of affordable housing in Annex 2 of the National Planning Policy Framework are considered to be in affordable housing need"*.
- 4.13 Paragraph 001 (Housing Need) states that housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for.
- 4.14 Paragraph 020 (Affordable Housing) identifies that strategic policy-making authorities can establish unmet need for affordable housing by assessing past trends and current estimates of:
- the number of homeless households;
 - the number of those in priority need who are currently housed in temporary accommodation;
 - the number of households in over-crowded housing;
 - the number of concealed households;
 - the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and

- the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.

4.15 Paragraph 001 (Viability & Plan Making) states that plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing required, along with other infrastructure. These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies and local and national standards.

4.16 Paragraph 007 (Viability & Decision Taking) states that where up to date policies have set out the contributions expected for development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.

Regional Policy

London Plan (2021)

4.17 The London Plan provides the overarching strategic planning framework for London. The plan identifies the Mayor's requirement to maximise affordable housing output and sets out a clear expectation for developers to make the most effective use of available resources to achieve this objective.

4.18 Policy H1 Increasing Housing Supply identifies the need for more homes in London and seeks to increase the supply of housing, requiring the optimisation of development on all available and suitable brownfield sites. Table 2 sets out the ten-year target for net housing completions that the London Borough of Richmond Upon Thames should plan for. It has been identified that the annual housing target for Richmond is 411 homes, this is based on 2019/20 to 2028/29 (4,110 homes total).

4.19 Policy H4 Delivering Affordable Housing states that the strategic target is for 50 per cent of all new homes delivered across London to be genuinely affordable. Affordable housing should be provided on site.

4.20 With respect to affordable housing, Policy H5 sets out how the Fast Track Route is intended to provide the incentivisation to deliver what London urgently needs – more genuinely affordable housing for working Londoners. The threshold approach, detailed in Part B, specifies the amount of affordable housing required to be achieved dependent on the type of site and its former use with a range from 35% to 50%. A requirement of schemes relying on Part B to progress through Fast Track is for the criteria set out Part C to be met – this includes the requirement to meet the tenure mix specific in Policy H6.

4.21 Policy H6 sets out the Mayor's affordable housing tenure mix as follows:

- A minimum of 30% low cost rented homes, allocated accorded to need and for Londoners on low incomes (Social Rent/London Affordable Rent)
- A minimum of 30% intermediate homes which meet the definitions of affordable housing including London Living Rent and Shared Ownership

- The remaining 40 per cent to be determined by the borough as low-cost rented homes or intermediate products (defined in Part A1 and Part A2) based on identified need.

4.22 Paragraph 4.6.8 of the London Plan confirms that currently all intermediate rented homes such as London Living Rent and Discounted Market Rent should be affordable on incomes of up to £60,000. Intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the definition of affordable housing) should be affordable to incomes of up to £90,000. Further information on the income caps is set out in the latest Mayor's Annual Monitoring Report, which states that Shared Ownership should be affordable to a range of household incomes, averaging £56,200 and up to the cap of £90,000. The caps will be reviewed and updated in the AMR. Annual Housing Costs should be no greater than 40% of net household income.

4.23 To follow the Fast-Track Route, the tenure of 35 per cent of homes must adhere to the tenure split set out in Policy H6 Affordable housing tenure. Where a scheme is delivering more than 35 per cent, the tenure of the additional affordable housing is flexible and should take into account the need to maximise affordable housing provision along with any preference of applicants to propose a particular tenure (there is further flexibility where schemes are providing more than 75% affordable housing). Schemes that cannot meet the Fast Track Route are required to go down to Viability Tested Route and provide detailed supporting viability evidence to be submitted in a standardised and accessible format as part of the application. Such assessments are required to ascertain the maximum level of affordable housing deliverable on a scheme, the assessment should be treated transparently and undertaken in line with the Mayors Affordable Housing and Viability SPG (Part G).

4.24 Policy H10 Housing Unit Mix states that schemes should generally consist of a range of unit types. To determine the appropriate mix of unit types in relation to the number of bedrooms for a scheme, applicants and decision makers should have regard to robust local evidence of need where available, the requirement to deliver mixed and inclusive neighbourhoods, the need to deliver a range of unit types at different price points across London, the mix of uses in the scheme and the range of tenures in the scheme.

[GLA Affordable Housing and Viability SPG](#)

4.25 The GLA adopted its Affordable Housing and Viability SPG in August 2017. This guidance introduced the threshold approach to viability which was reinforced in the London Plan set out above. This reiterates that, where the level of affordable housing meets the threshold approach, evidence is not required to be submitted and this will enable the proposal to be considered as the maximum reasonable amount of affordable housing.

Local Policy

[Richmond Local Plan \(2018\)](#)

4.26 Local Plan Policy LP36 states that the Council expects 50% of all housing units will be affordable housing, this 50% will comprise a tenure mix of 40% of the affordable housing for rent and 10% of the affordable intermediate housing. Where onsite provision is required, an application should be accompanied by evidence of meaningful discussions with a Registered Provider which have informed the proposed tenure mix, size of units and design to address local priorities and to explore funding opportunities.

- 4.27 LP36 further states that the Council will seek the maximum reasonable amount of affordable housing, including taking into account viability. Where the above quotas are not met, the application should be accompanied by a viability report to demonstrate that the maximum amount is provided. The Council will rigorously evaluate such appraisals and assess if the maximum reasonable amount of affordable housing is being delivered based on delivering the appropriate tenure, unit sizes and types that address local needs.
- 4.28 The supporting text states that the Council will consider different products, such as for intermediate rent or low-cost home ownership, to ensure delivery at a local level is affordable and relevant to the housing needs in the borough (paragraph 9.3.3).
- 4.29 Local Plan policy LP35 does not set out a specific housing mix, but does state that development should generally provide family sized accommodation, except within the five main centres and Areas of Mixed Use where a higher proportion of small units would be appropriate. The housing mix should be appropriate to the site-specifics of the location.

Richmond Affordable Housing SPD

- 4.30 The borough's affordable housing policy is set out in further detail in their SPD adopted in 2014, though this predates the Local Plan adopted in 2018 & 2020 following legal challenges. The SPD sets out a number of different tenure types including social rent, affordable rent and intermediate housing. The tenure affordability terms have since been updated in the borough's Tenancy Strategy and Intermediate Housing Policy Statement, details of which are set out below.
- 4.31 The Council's preferred affordable rented tenure is at London Affordable Rent, with rent levels defined by the London Mayor and updated annually.
- 4.32 The Borough published its Intermediate Housing Policy Statement in January 2018 which highlighted a priority cascade to reflect those currently living and working in the borough. The borough also set out upper limits to align with GLA policy, £90,000 for shared ownership and £60,000 for intermediate rent. It is understood that the Intermediate Housing Policy Statement was updated in June 2021 which set out an expectation that two thirds of scheme applicants will have an income up to £50,000 per annum, and these households are prioritised. The borough also supports the provision of London Living Rent capped at £60,000 incomes.

Richmond Emerging Local Plan

- 4.33 The Richmond Pre-Publication Draft Local Plan (Reg 18) was issued for consultation between December 2021 and January 2022. This is still in the early stages of development, with adoption targeted for Autumn 2024.
- 4.34 Draft affordable housing Policy H11 Part A maintains a requirement for a minimum of 50% of units to be provided as affordable housing, however this is measured on a habitable room basis rather than by unit, which is currently used in the Adopted Plan.
- 4.35 Part D proposes a tenure split of 70% affordable rented housing and 30% intermediate housing to align with London Plan Policy H6. The supporting text indicates Social Rent is the preferred tenure, but London Affordable Rent will be accepted where evidence is provided to show that it will be affordable to the majority of residents.

5 Housing Needs Assessment

5.1 This section of the AHS sets out an overview of local housing need. These considerations have informed the proposed housing strategy.

Overall Housing Delivery

5.2 The Richmond Local Plan (2018) outlines a minimum housing delivery target of 3,150 net additional dwellings over the plan period (2015-2025). This equates to an average of 315 per year. The current London Plan allocates Richmond a higher target of 4,110, equating to 411 homes per year. This target is based on the London SHMA (2018) and the SHLAA (2018). The housing target outlined in the Local Plan is therefore significantly lower than what is identified in the recently adopted London Plan. As identified in Section 5 of Richmond's SHMA (2016), the overall housing need is 1,047 homes per annum.

5.3 The table below outlines the level of delivery when benchmarked against the targets outlined above from 2017/18 – 2022/23. Whilst reporting for 2022/23 is not yet complete, the table shows that Richmond has consistently failed to deliver on its housing targets in recent years. Delivery equates to 94% of the London Plan target (2017/2020), reducing to 59% across 5 years, and just 28% of the objectively assessed need identified in the Strategic Housing Market Assessment (2016). It is clear that if the Council's past trends in housing delivery are measured against any up to date measure of housing need, a significant increase in delivery is required. Data from 2020/21 evidences that delivery of housing has reduced significantly in recent years. This demonstrates that there is a significant need for the delivery of all types and tenures in the borough.

Table 5-1: Overall Housing Delivery

Total Completions	2017/18	2018/29	2019/20	2020/21	2021/22	2022/23	Total
Housing Delivery (London Datastore)	247	427	361	151	33	5	1,224
Objectively Assessed Need (SHMA 2016)	1,047	1,047	1,047	1,047	1,047	1,047	6,282
% of Objectively Assessed Need	24%	41%	34%	14%	3%	0%	19%
London Plan (2016/2021)	315	315	315	315	411	411	2,082

% of London Plan 2016/2021	78%	136%	115%	48%	8%	1%	59%
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Affordable Housing Delivery

- 5.4 London has a 10-year housing target to deliver 522,870 new homes and a strategic target for 50% of these to be genuinely affordable. Over the period 2019/20 – 2021/22, London achieved 76% of its overall housing target. Furthermore, only 20% of completions were affordable, meaning the city is falling significantly short of the 50% strategic target.
- 5.5 Looking forwards, construction commencements continue to fall year-on-year, as do new planning applications and permissions. The considerable shortfall on the delivery of London’s affordable housing targets has been further set back as a result of the COVID-19 pandemic. Uncertainty and risk now characterises London’s housing market which similarly risks the delivery of affordable housing through Section 106 agreements.
- 5.6 London is not delivering its affordable housing targets and the undersupply of affordable housing is on track to continue. Schemes delivering a high proportion of affordable housing are important and much needed.
- 5.7 The London Borough of Richmond’s Strategic Housing Market Assessment 2016 (‘SHMA’) identifies a net affordable housing need in Richmond of 964 dwellings per annum. However, this need is based on an out of date definition of housing need (NPPF 2012), a consequence of which is that the overall proportion of need that is affordable is likely to be under-estimated and that the need for intermediate tenures is likely to have increased. This is supported by the findings of the Council’s LHNA (2021) which has been prepared to inform the emerging Local Plan. The report estimates the need to be 1,675 affordable homes per annum, which is considerably higher than that identified in the 2016 SHMA.
- 5.8 Table 5-2 below indicates that delivery over the last 5 years has fallen substantially short of target, pointing to a need for a step-change in delivery rates. The London Datastore shows that only 16% of all new homes delivered in this period were affordable housing, equating to just 154 homes.

Table 5-2: Affordable Housing Delivery

Total Completions	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Affordable Housing Delivery (London Datastore)	41	70	4	17	22	154
SHMA (2016)	964	964	964	964	964	4,820
% of SHMA	4.3%	7.3%	0.4%	1.8%	2.3%	16.0%
London Plan 2021 (50% target)	158	158	206	206	206	933

% of London Plan (50% AH)	26.0%	44.4%	1.9%	8.3%	10.7%	16.5%
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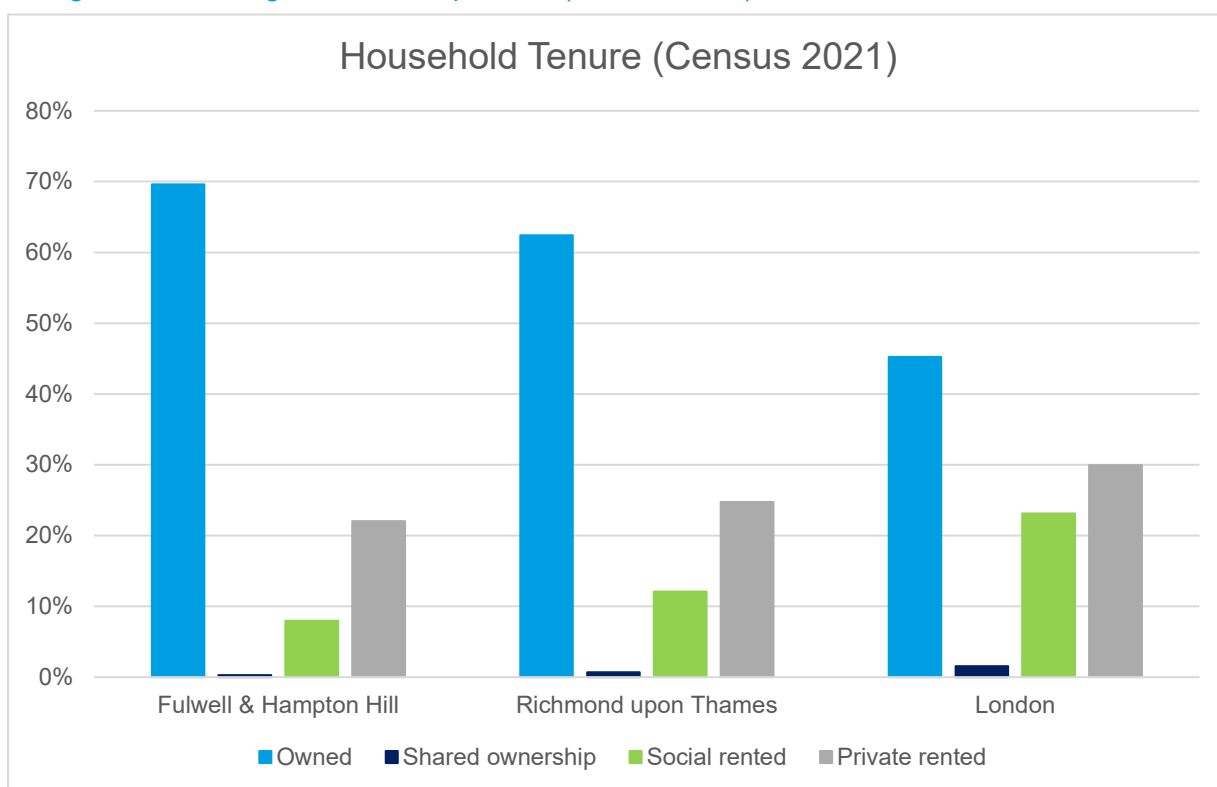
5.9 Table 5-2 shows that over the last five years Richmond has met just 16% of the affordable housing need identified by the SHMA (2016) and only 17% of the London Plan target.

5.10 This demonstrates that there is a need to increase delivery of affordable housing. The provision of any affordable housing should therefore be afforded positive decision-making weight in the overall planning balance.

Household Composition & Supply – Local Issues

5.11 The key characteristics of the dwelling stock are of significance when assessing the current and future housing requirement within the borough. Figure 2 outlines the household composition of Richmond and the Fulwell and Hampton Hill Ward evidenced through the latest Census undertaken in 2021.

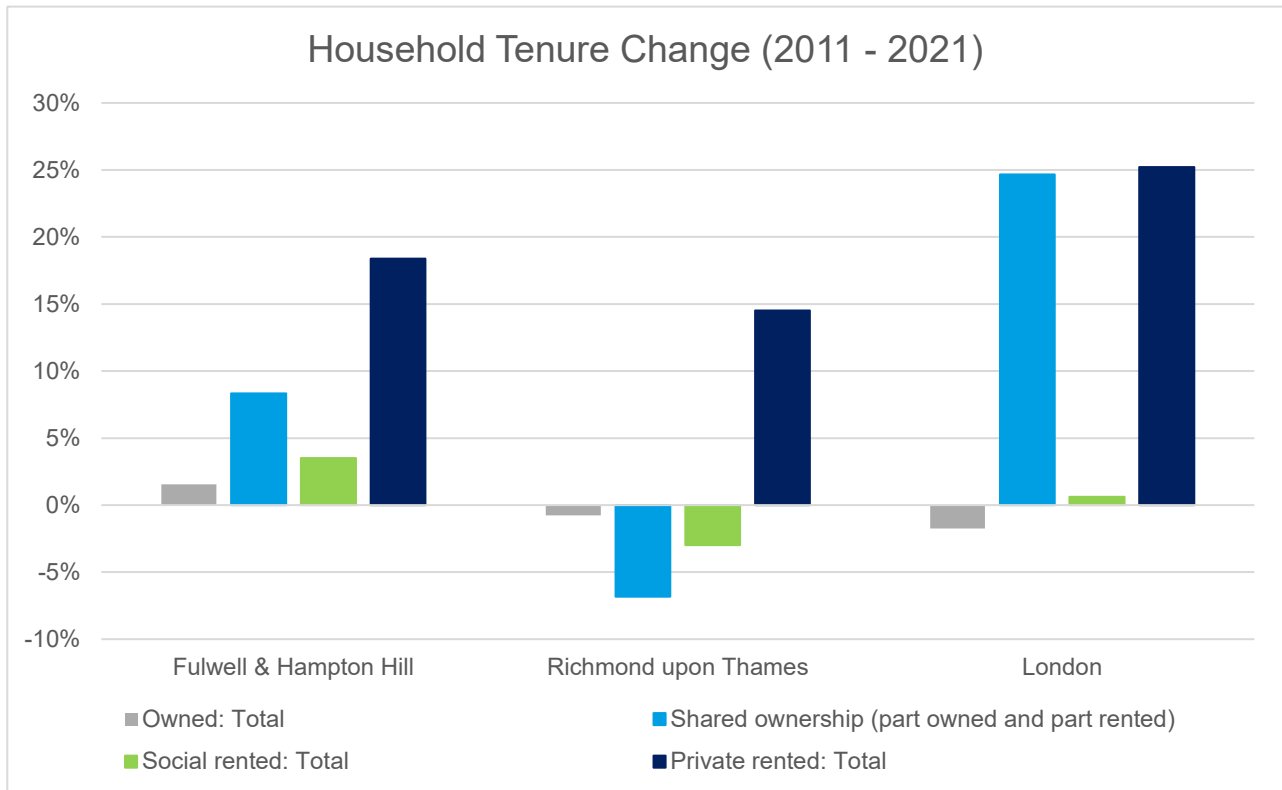
Figure 2 - Existing Tenure Composition (Census 2021)



5.12 As illustrated above, both Richmond and Fulwell and Hampton Hill Ward have a high proportion of owner occupation (c.62% and 70% respectively). The overall proportion of Shared Ownership homes in Richmond is however extremely low at 560 homes (equating to less than 1% of total housing).

5.13 Figure 3 identifies the household composition change between the 2011 and 2021 Census dates. In Richmond, there was a decrease in the number of Shared Ownership homes, whilst in the Fulwell & Hampton Ward this increased by 8%. Based on Land Registry data, c.2.1% of households in Richmond can afford to buy a median priced home (£700,000). This indicates that there is likely to be significant demand for low cost home ownership products but also a low supply of products which are affordable on intermediate incomes. A cause of this the reduction is likely to be a result of households purchasing additional equity, known as staircasing, to own 100% of the property, or RPs choosing to amend the affordable housing

Figure 3: Household Tenure Change



provision on existing sites.

5.14 The data also demonstrates that there continues to be significant growth in the Private Rented Sector. During this period the total number of households living in the Private Rented Sector in Fulwell and Hampton Ward increased by c.18%. The borough’s rental stock is insufficient to cater for those who are unable to afford market sale housing and has resulted in overcrowding and poor living conditions. The growth in the Private Rented Sector may be due to a lack of options in affordable housing, a lack of supply / affordability issues for market housing and the absence of intermediate housing.

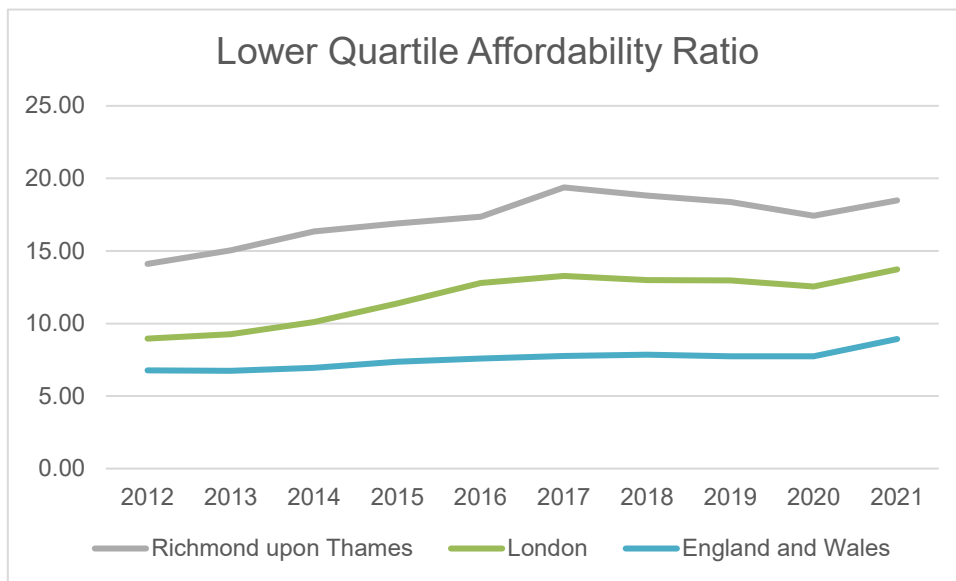
Housing Affordability – Emerging Issues

5.15 As identified in the SHMA (2016) and the Richmond Housing and Homelessness Strategy (2018 to 2023), housing affordability is a major issue within the Borough. Market sale housing requires a mortgage which is commonly capped as up to c. 4-4.5x income and a large equity deposit in the region of 10%. Affordability issues in Richmond have been increasingly sharply over recent years, particularly since 2012. In 2021, the lower quartile house price was c.18.5x

the lower quartile income (see Figure 4). This contrasts with London where there was an affordability ratio of c.13.7x the lower quartile income, and the national average of c 8.9x.

- 5.16 High house prices relative to earnings mean that many first-time buyers and key workers cannot afford to buy a home in Richmond. Pressure on home ownership affordability is evidenced through the significant rise in the Private Rented Sector. As identified in the Housing Strategy, the high cost of market housing in the borough highlights the clear need for a range of intermediate affordable housing products like low cost home ownership to accommodate the needs of households on a range of incomes.
- 5.17 It is important to note that affordability issues have substantially worsened since the time of preparation of the borough's last SHMA. This means that additional households will have fallen into intermediate housing need.
- 5.18 Unlike market sale housing, Shared Ownership homes do not require a large equity deposit and have much lower monthly costs (including mortgage costs and rent paid on unsold equity). As a result, the income required to access Shared Ownership housing is significantly lower than for market sale. Shared Ownership therefore provides a suitable housing option for the growing number of households who are unlikely to be eligible for council allocated housing but who are also unable to afford market sale housing. The importance of Shared Ownership is likely to increase in coming years as the government Help to Buy scheme which has supported many people without access to large equity deposits is scaled down.

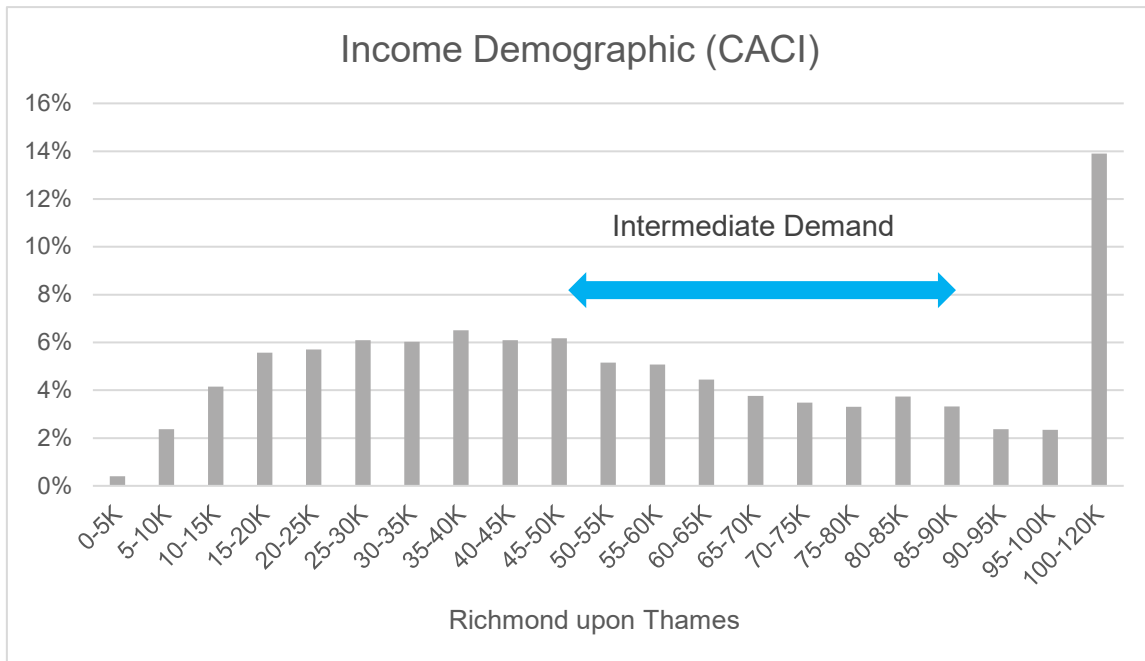
Figure 4 - Affordability Ratio (ONS)



- 5.19 The household income required for market sale housing could range from as high as c.£73,000 for a 1 bed to over £116,500 for a 3 bed (income required is calculated as housing costs being 40% of net income). This contrasts to Shared Ownership which targets a range of incomes up to the £90,000 cap with £56,200 being the mid-point of this range, as set out in GLA guidance.

5.20 Figure 5 below identifies that 38% of the borough would be eligible for intermediate products, unable to afford market sale, and would be unlikely to be allocated traditional affordable / social rented housing.

Figure 5 - Household Income Distribution

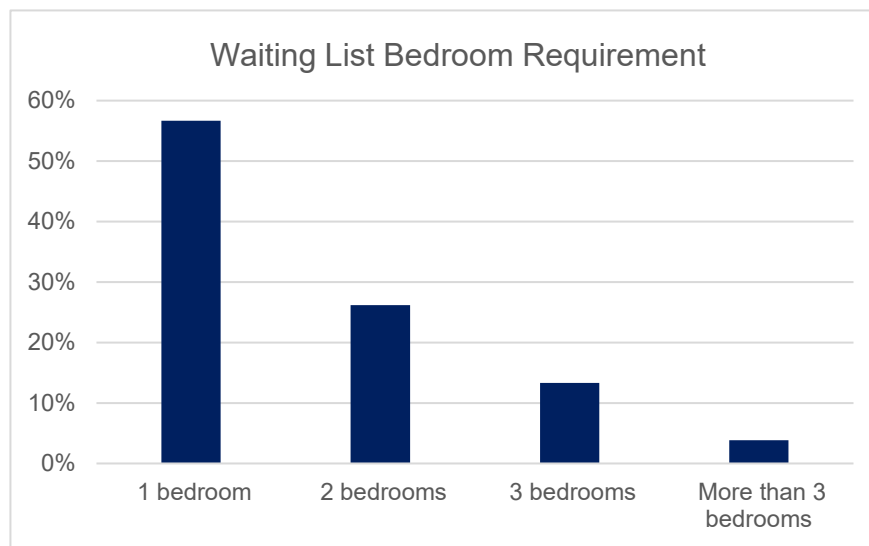


5.21 Increasing demand/affordability issues and lack of supply is resulting in housing issues such as overcrowding, increasing numbers of households living in temporary accommodation and the loss of economically active people from the Borough. As of September 2022, there were 411 households in Richmond residing in temporary accommodation, equating to an increase of over 100 households from March 2022. As the GLA datastore identifies, the most common reason for households becoming homeless across London is the termination of an Assured Shorthold Tenancy (generally a “buy to let” tenancy). This shows that households are often unable to afford market rents which have increased rapidly and are therefore likely to be suited to the low cost and stability of outgoings offered by products such as Shared Ownership.

Demand by Unit Type

5.22 Local Authority Statistics Data (2020/21) outlines that there are currently 4,893 households on Richmond’s housing waiting list. The graph below outlines the level of demand for each unit type. There is a significant demand for smaller homes with 1 and 2 beds making up c.83% of the demand.

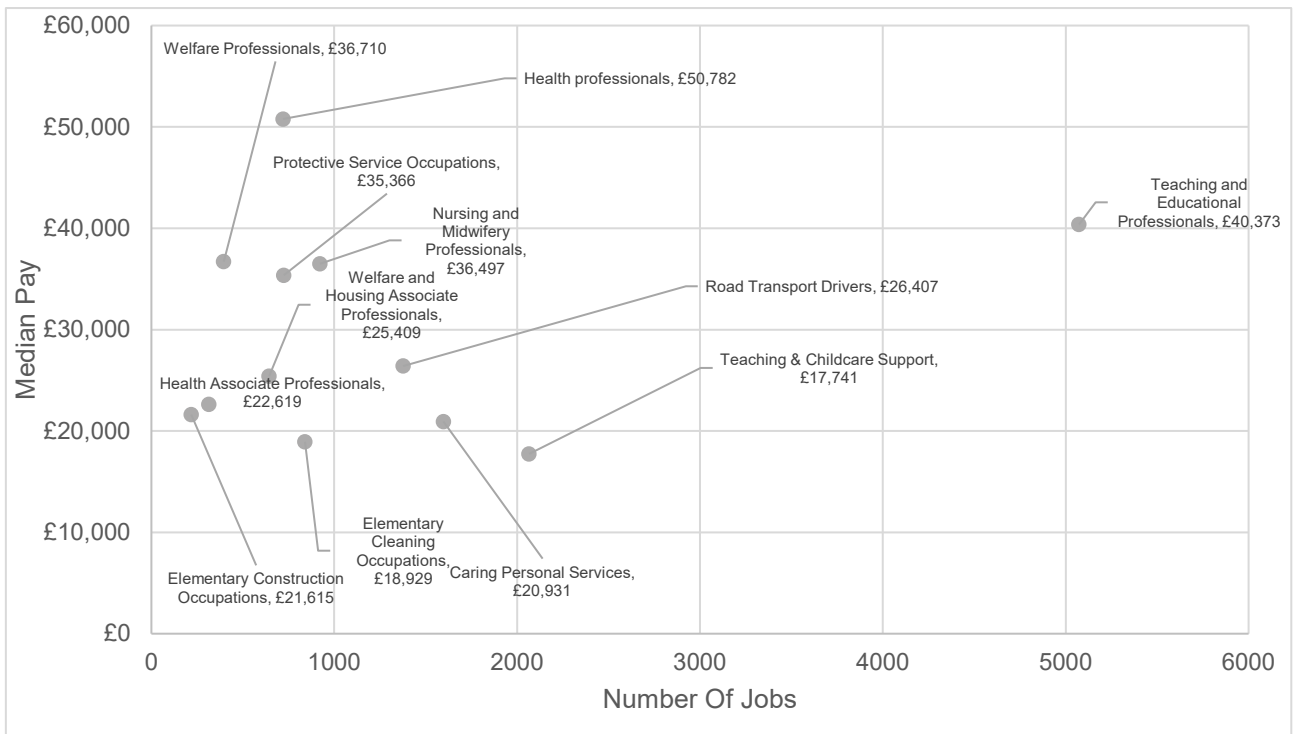
Figure 6 - Local Authority Waiting List Bedroom Requirement



Key Workers

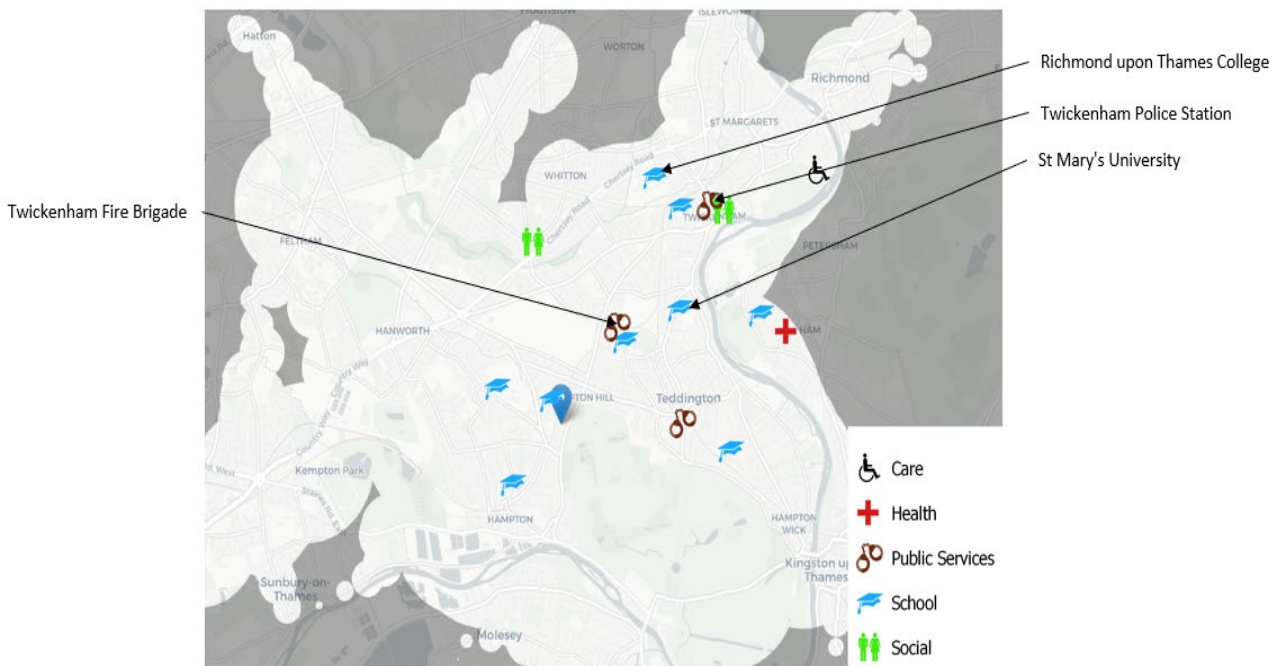
- 5.23 Key Workers are primarily public sector employees who provide frontline service in areas of health, education and community safety. The Annual Survey of Hours and Earnings (ASHE) provides an indication of the income of full-time key workers in London, which range from circa £28k for teaching professionals to £59k train drivers.
- 5.24 Despite working full-time, keyworkers' salaries may not enable them to buy or rent a market rate home close to where they work. Shared Ownership homes will be affordable to a range of keyworkers on an individual or household basis.
- 5.25 Figure 7 below outlines the number of people who work within key worker and enterprise professions in Richmond. It identifies that a significant number of people or households would be eligible for Intermediate affordable housing products proposed in the scheme. For example, there are currently over 5,000 teaching and educational professionals working within the borough, earning circa £40,000. The GLA Intermediate Housing consultation evidences 26.3% of Richmond's resident workforce as being in key worker occupations.

Figure 7 - Number of Key Workers Employees



5.26 The figure below outlines the Key Worker Institutions located within a 30-minute commute from the Application site. It reinforces the level of need within the borough for intermediate housing products.

Figure 8 - Key Worker Institutions Within a 30 Minute Commute



6 Affordable Housing Proposals

6.1 This section provides an overview of the proposed approach to affordable housing delivery which has been informed by and responds to the previous sections of this report. A number of site-specific factors have been taken into consideration including practical feasibility, and local housing need.

Proposals & Policy Justification

6.2 The Application Scheme proposes a diverse mix of types and tenures of homes, to meet a range of needs in the local area. It is proposed that 35 of the 100 homes will be provided as affordable housing. The tenure split has been adjusted from the previous application to include a greater proportion of London Affordable Rent homes. The proposed affordable housing tenure mix is outlined in the table below.

Table 6-1: Affordable Housing Mix

Tenure	Total Homes	% by Unit	% by Hab Room
Total Affordable Housing	35	35%	34%
<i>London Affordable Rent</i>	<i>15</i>	<i>43%</i>	<i>51%</i>
<i>Shared Ownership</i>	<i>20</i>	<i>57%</i>	<i>49%</i>

6.3 The affordable tenure split meets the GLA requirement to deliver 30% low cost rent as set out in the Affordable Housing & Viability SPG and the London Plan (Policy H5 & H6). It is recognised that local policy requires 50% affordable housing, and a tenure split of 80% Affordable Rent and 20% Intermediate housing.

6.4 A viability appraisal has been prepared by JLL which evidences that the scheme is providing a quantum of affordable housing which is in excess of what can reasonably be supported (or that which would a more typical developer would deliver). As well as responding to specific local needs, the balance of the proposed tenure split enables the scheme to provide a larger overall quantum of affordable housing in viability terms.

Identifying Local Housing Need

6.5 The affordable housing proposals will make a significant and positive contribution towards meeting the Council's annual affordable housing requirements set out in the SHMA (2016) and the London Plan (2021). As identified in the most recent London Datastore data, Richmond has consistently failed to deliver the necessary amount of affordable housing to cater for demand and the needs of the Borough. The proposed tenure mix will ensure the scheme meets a wide range of local housing needs by providing low cost housing options for priority needs households. The significant provision of intermediate housing will be affordable to 38% of households in the borough and will provide housing options for young professionals, key

workers, and first-time buyers. The significant provision of intermediate homes will also contribute to creating a mixed and balanced community (in accordance with London Plan Policy CG4), increasing the proportion of intermediate housing locally (currently c.1% in Census 2011).

Affordability

6.6 The affordability of the affordable homes in the Application has been informed by the London Plan and Affordable Housing & Viability SPG. The affordable rent units are to be provided at London Affordable Rent and the intermediate units as Shared Ownership. Details of each are set out below.

London Affordable Rent

6.7 The 15 Affordable Rented homes proposed are to be let at London Affordable Rent levels consistent with the London Plan 2021 and the Mayor’s SPG. The rents are set within the Mayor’s funding guidance updated annually. Current rents, and indicative service charges are set out in the table below.

Table 6-2: London Affordable Rent Levels (2022/23)

Unit Type	Rent p/w	Service Charge p/w	Total Housing Cost per week
1 Bedroom	£168.34	£20.69	£189.03
2 Bedroom	£178.23	£28.97	£207.20
3 Bedroom	£188.13	£35.60	£223.73

6.8 Comparison of the total housing cost to LHA and as a % of market rent is shown below (market rent based on London Rent Map upper quartile postcode evidence). This evidences that the proposed rents are below LHA and significantly below the 80% of market rent definition of affordable housing.

Table 6-3: Comparison of proposed rent to LHA and Market Rents (weekly)

Unit Type	Total Housing Cost	LHA	Market Rent	% of Market Rent
1 Bedroom	£189	£242	£242	78%
2 Bedroom	£207	£305	£323	64%
3 Bedroom	£224	£368	£414	54%

Shared Ownership

- 6.9 The Shared Ownership homes are proposed to be sold at a range of equity shares, with a minimum of 25% and a maximum of 75%. The rent will be charged at up to 2.75% on unsold equity in accordance with standard terms. The income required based on current sales value expectations is set out in Table 6.4 below, however these are indicative and are dependent on the achieved value.
- 6.10 In accordance with GLA guidance in the latest London Plan AMR, the Shared Ownership units will be affordable to households earning a range of incomes up to the cap of £90,000. Estimated incomes in line with current affordability calculations highlight the household income requirement for each unit size.

Table 6-4: Shared Ownership Affordability Examples

Unit Type	Minimum Equity Share	Rent on Unsold Equity	Income Requirement
1 Bedroom	25%	2.75%	c.£47,500
1 Bedroom	50%	2.75%	c.£55,500
2 Bedroom	25%	2.75%	c.£66,500

Key Worker Need

- 6.11 The Shared Ownership homes proposed are suitable for Key Workers and other Enterprise Workers and cater for those who would otherwise be unable to afford market sale housing. The table below provides example Key Worker households which would be able to afford Shared Ownership products based on ASHE income data (2022).

Table 6-5: Key Worker Example Households

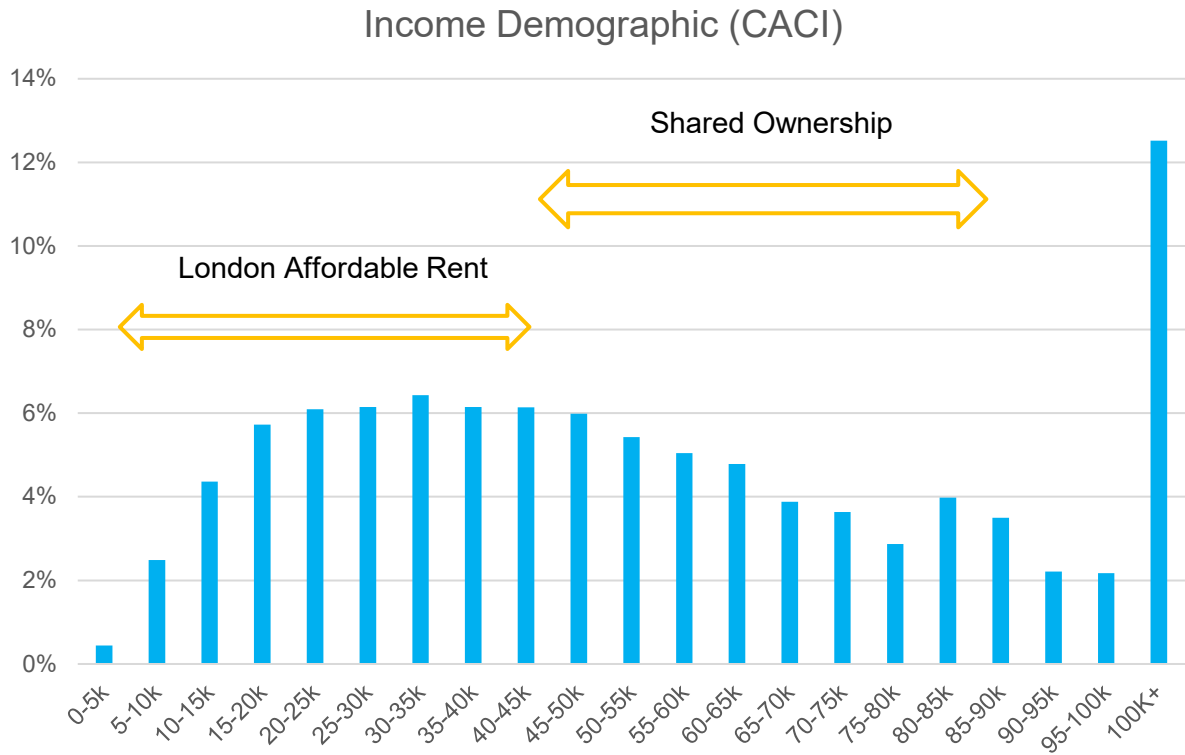
Apartment Type	Tenure	Minimum Income Required	Example Household
1 Bedroom	Shared Ownership (25% Initial Share)	c.£53,000	Teaching assistant (£20,500) & Security guard (£26,000)
1 Bedroom	Shared Ownership (50% Initial Share)	c.£55,500	Teacher (£28,000) & Youth & Community Worker (£30,500)
2 Bedroom	Shared Ownership (25% Initial Share)	c.£66,500	Government Administrator (£30,500) and Construction Operative (£37,000)

- 6.12 Subject to agreement with the Council, a local allocations scheme could be developed to ensure that local workers and key workers are prioritised for a proportion of the affordable

homes. This approach would help ensure direct local benefits, supporting the delivery of local services.

6.13 CACI Paycheck Data (2021) shown in Figure 9 below indicates the household incomes in the area, taking into account all households including those who are retired and unemployed. As indicated, the proposed scheme will deliver homes for a very wide range of local people, meeting need and supporting a mixed and balanced community.

Figure 9 - Affordable Housing Products



7 Summary and Conclusions

- 7.1 The proposed development represents a unique opportunity for the redevelopment of a currently underutilised site for mixed use development. The proposed scheme will provide 100 new homes and commercial floorspace, assisting with meeting both the housing need and economic objectives of the borough.
- 7.2 The proposal presents an opportunity to significantly increase the delivery of affordable housing. The proposed development will deliver 35 affordable homes which equates to 35% by unit and 34% by habitable room.
- 7.3 In accordance with GLA guidance, the Shared Ownership homes will be affordable to households on a range of incomes up to £90,000. This responds positively to the national and regional policy requirements to deliver mixed and balanced communities.
- 7.4 A viability assessment has been prepared by JLL which evidences that the scheme viability is challenging. The proposal of 35 affordable homes therefore exceeds the maximum reasonable level.
- 7.5 The affordable housing proposals are informed by robust research into the local area, ensuring that the homes delivered will meet local need:
- The affordable rented homes will provide housing for those who are currently on the Council's housing register at London Affordable Rent levels.
 - The Shared Ownership homes will provide housing options for the growing number of households, typically young professional first-time buyers and public sector key workers, who are unable to afford to buy or rent good quality existing housing locally but are unlikely to be allocated social rented housing.
 - The proposed affordable housing offer aligns with local demand.
- 7.6 In summary, the proposed application should be considered policy compliant, and offers substantial benefits in terms of market and affordable delivery. The housing proposals within the application should therefore be given significant positive weight in the planning decision making process.