

# **Elmbridge Local Plan Examination**

## **Response to Inspector's Stage 2 Matters - Matter 6**

### **Affordable Housing**

Mactaggart & Mickel Strategic Land

Representor Number 41089281

25 March 2024

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## 1.0 **Matter 6 Affordable Housing**

### **Issue 10: Does the Plan set out a justified and effective approach to the provision of affordable housing?**

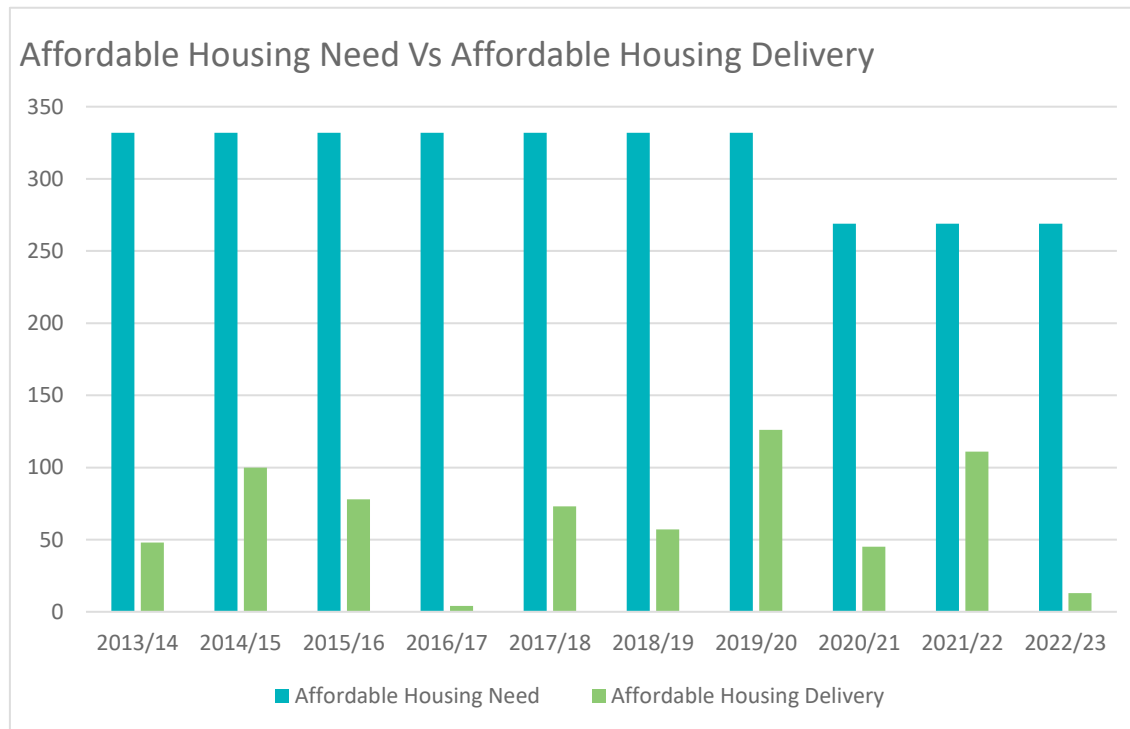
#### **Questions**

**5.1 The evidence identifies an affordable housing need of 269dpa. HOU005 sets out that there is a backlog need for affordable housing of 1434 units. The Plan proposes to address this backlog need over a period of 20 years. The evidence states that in the context of a high demand area such as Elmbridge, an extended period is likely to be necessary. What is the reason for this and does it present a justified approach? Will it prove effective in addressing the need?**

- 1.1 This approach is not justified and it will not prove effective in addressing affordable housing need. The backlog will continue to worsen if this is addressed over a 20 year period.
- 1.2 As set out below as well as in response to Matter 4 and 5, we do not see any evidence to support the Plan's claim that it will deliver 30% of homes as affordable. Furthermore, we cannot see any evidence to demonstrate that the Plan will address a backlog of 1,434 affordable homes. The evidence in fact confirms that the preferred strategy will have negative implications in terms of meeting the affordable housing need.
- 1.3 Policy SS3 states that the Plan will deliver 6,785 homes of which at least 30% will be affordable, which would result in the provision of 2,035 affordable homes over the plan period. Policy HOU4 provides further details on how the Council are seeking to address the affordable housing need and requires 50% affordable housing provision for green field sites, with 30% on brownfield sites of 10 or more units and a financial contribution equivalent to provision of 20% on sites of 9 units or less.
- 1.4 Paragraph 2.26 of document TOP002 states that Policy HOU4 would result in the delivery of 1,057 affordable housing units from years 1-15. This would therefore leave a short fall of 978 affordable homes against the requirement in Policy SS3 and confirms that the Council will not be able to meet the 30% target.
- 1.5 Paragraph 6.17 of TOP002 states that "in order to deliver the full 269 dpa the Council would therefore need to broadly double the quantum of development in the DELP to 13,600 homes". This further demonstrates that the Council will not meet the affordable housing backlog.
- 1.6 Whilst the Council acknowledged that ideally the backlog of affordable homes need would be met as quickly as possible, the proposed approach involves an extended period to 20 years. Paragraph 4.3 states that "in a context of high demand such as Elmbridge, an extended period is likely to be necessary. A period of twenty years is increasingly used" (HOU005).

1.7 The evidence demonstrates that the Council has faced chronic under delivery of affordable housing over the last 10 years (Figure 1 below). This further emphasises that addressing the back log over a 20 year period will not be effective.

Figure 1.1 Affordable Housing Need Vs Affordable Housing Delivery



Source: Elmbridge BC Authority Monitoring Reports 2013/14 to 2022/23 and Local Housing Needs Assessment (2020).

1.8 Overall, this approach is not justified as the evidence above confirms that the Council are not going to be able to deliver the requirement of 30% affordable housing. As a result, the level of need will continue to increase and the backlog will worsen. The affordable housing need should be addressed now.

**5.2 What would be the affordable housing need if the backlog were to be addressed over the Plan Period?**

1.9 We do not have any specific submissions to make on this.

**5.3 The Planning Practice Guidance states that an increase in the total housing figures included in the Plan may need to be considered where it could help deliver the required number of affordable homes. Have the Council considered this?**

1.10 The Council have considered this point within HOU001. However, we do not think that this has been given sufficient consideration. As a result, we do not agree with the conclusions that have been reached or the Councils approach.

1.11 Paragraph 5.65 of the Establishing Local Housing Need 2022 (HOU001) report states that “given the high level of affordable housing need within the borough and increasing issues relating to affordability, it is unlikely that the affordable housing needs of the borough will be met regardless of the housing target.” This statement appears to be a rejection of the

guidance at paragraph 60 of the Framework and a clear refusal to even try and meet the communities housing needs.

- 1.12 Paragraph 5.68 states that “In addition, the need for affordable homes within the borough is not uncommon amongst neighbouring Surrey Authorities or London Boroughs. In light of this, the council does not consider this to be an exceptional circumstance which would justify the council for deviating from the standard method.”
- 1.13 It therefore appears that the Council have decided that a higher housing target is not worth pursuing as the affordable housing targets would not be met even with a higher target. This approach is not justified or sound.
- 1.14 We also note that this conflicts with the second part of Paragraph 5.68 which states “the need for affordable housing within the borough and the limited opportunities to deliver this type of homes within the urban areas, is a driver of higher housing number”. Further clarity and explanation in relation to this point is required.
- 1.15 HOU001 refers to Oxford City Council using the issues of affordability and the need for more affordable homes to go beyond the housing figure set out in the standard method. Rather than providing either 764 dpa (capped) or 810 dpa (uncapped) as required by the standard method, they went with a target of 1,400 dpa in recognition that a higher housing target would be required to deliver the level of affordable housing needed (Para 5.67).
- 1.16 Further consideration to an approach as set out above should be explored by Elmbridge Borough Council. Overall, the plan is not positively prepared in accordance with Para 35 of the NPPF.

**5.4 In pursuing a strategy which fails to meet the boroughs affordable homes needs over the Plan period, what are the likely implications of this strategy for affordability ratios?**

- 1.17 The implication of this strategy is that affordability ratios will increase as there will be continued chronic under supply of affordable homes. Our response to question 5.1 confirms that the evidence demonstrates that the affordable housing need will not be met.
- 1.18 There is also evidence to suggest that affordability ratios will worsen. EBC’s Statement on Affordable Housing Provision on Small Sites (update) (October 2021) confirms that “Average (mean) house prices in 2019/20 in Elmbridge Borough were exceptionally high, amongst the highest in the country and, as prices continue to rise, are now 2.5 times that of the national average at £309,678” (Para 5.2).
- 1.19 In addition, “continued increases in house prices in Elmbridge Borough show that the area is becoming increasingly expensive and at a faster rate than most areas. For example, since 2010, house prices have increased by 38% in Elmbridge Borough in comparison to the England average of 26%” (Para 5.2).
- 1.20 The figure below confirms that Elmbridge Borough had the 8th highest average (mean) house price across the entirety of England in 2019/20, with all the seven higher price Local Authority areas being in London.

Figure 1.2 Highest average mean house price across England in 2019/20

Ranking	Local Authority	Region	Average (mean) house price 2019/20	Mean annual earnings in 2019/20	Ratio of house prices to incomes in 2019/20	Income required for 80% mortgage in 2019/20
1	Kensington & Chelsea	London	£2,157,920	£66,778	36	£493,239
2	Westminster	London	£1,846,881	£52,510	35	£422,144
3	Camden	London	£1,143,403	£43,217	27	£261,349
4	City of London	London	£1,049,533	-	-	£239,893
5	Hammersmith & Fulham	London	£969,247	£45,656	21	£221,542
6	Richmond upon Thames	London	£829,925	£51,444	16	£189,697
7	Islington	London	£780,934	£42,084	19	£178,499
8	Elmbridge	South East	£780,413	£43,966	18	£178,380
9	Wandsworth	London	£775,985	£47,382	16	£177,368
10	Hackney	London	£705,480	£37,034	19	£161,253

Table 2: Highest average mean house price across England in 2019/20 (National Housing Federation)

Source: EBC’s Statement on Affordable Housing Provision on Small Sites (update) (October 2021)

- 1.21 Para 5.4 confirms that “whilst the annual average mean income of Borough residents is amongst the highest in England, the National Housing Federation has identified that due to high average mean house prices, the ratio of house prices to income (often referred to as the ‘affordability’ ratio) is 18. Again, this is on par with the levels experienced in London, Elmbridge Borough having the 7th highest affordability ratio in England”.
- 1.22 EBC acknowledge at Para 5.6 that it is “important to also look at affordability issues in the Borough in the context of lowest quartile house prices and lowest quartile earnings. As shown in Table 3, data from the ONS6 identifies the lowest quartile house price in Elmbridge Borough was £411,250 in 2020 compared to the lowest quartile earnings of Elmbridge residents at £24,964. In terms of the lowest quartile house prices, Elmbridge Borough experienced the highest levels outside of London and the 11th highest across England and Wales including London Boroughs.”

Figure 1.3 House price to workplace-based earnings ratio based on the lower quartiles of both house prices and earnings in England and Wales

Ranking	Local Authority	Region	Lower quartile house price (2020)	Lower quartile annual earnings (2020)	Affordability Ratio (2020)
1	Kensington & Chelsea	London	£740,000	£25,662	28.84
2	Westminster	London	£620,000	£32,571	19.04
3	City of London	London	£550,000	£38,885	14.14
4	Camden	London	£526,500	£29,603	18.00
5	Hammersmith and Fulham	London	£500,000	£29,666	16.85
6	Wandsworth	London	£490,000	£25,366	19.32
7	Richmond upon Thames	London	£475,000	£27,727	17.13
8	Islington	London	£470,000	£28,844	16.29
9	Hackney	London	£447,000	£26,536	16.85
10	Lambeth	London	£415,700	£28,316	14.68
11	Elmbridge	South East	£411,250	£24,964	16.47

Table 3: House price to workplace-based earnings ratio based on the lower quartiles of both house prices and earnings in England and Wales (ONS, March 2021)

Source: EBC’s Statement on Affordable Housing Provision on Small Sites (update) (October 2021)(ONS, March 2021).

1.23 Elmbridge Borough at 16.47 is the 13th highest experienced across England and Wales and the affordability ratio for Elmbridge Borough sits alongside those experienced in London Boroughs as well as St Albans (at 15.00) and Waverley (at 14.46), both in the South East, and Epping Forrest (at 16.97) in East of England.

1.24 In addition, Table 3 within HOU001 shows the number of net additional homes completed in the borough over the last seven reporting years (2014/15 – 2020/21) alongside the annual variance against the standard method and affordability ratio.

Figure 1.4 Net additional homes completed in the borough per annum between 2014/2015 and 2020/21 alongside the annual variance against the standard method and affordability ratio

Reporting period	No. of net completions	Variation against the local housing need (641)	Affordability Ratio
2014/15	273	-368	14.28
2015/16	240	-401	14.81
2016/17	267	-374	15.26
2017/18	231	-410	16.53
2018/19	353	-288	15.83
2019/20	396	-245	15.86
2020/21	294	-347	16.38

Table 3: Net additional homes completed in the borough per annum between 2014/15 and 2020/21 alongside the annual variance against the standard method and affordability ratio

Source: Establishing Housing Need Assessment 2022

1.25 Overall, this evidence makes clear that opportunities for finding an affordable home in Elmbridge is limited. As a result of the shortage of affordable housing, it is anticipated that the affordability ratio will continue to worsen if the need it not being met.

**5.5 My initial letter (ID-001, notably paragraphs 11-17) raised some concerns and questions regarding the Council's approach to affordable housing delivery. These concerns can be summarised as follows: The spatial strategy and the impact of this in terms of affordable housing delivery, with particular reference to the reliance on sites within existing urban areas as well as the requirement set out at policy HOU4 for affordable housing to be sought on sites which are not major development, which is contrary to paragraph 64 of the Framework. The Council have responded to these concerns through the preparation of a Topic Paper (TOP002). Having reviewed this document, the following questions arise:**

- **Document TOP002 states that without the ability to collect affordable housing contributions on small sites, the ability of the Council to provide affordable homes will be highly restricted. However, the Statement on Affordable Housing provision on Small Sites (October 2021) states that between April 2011 to March 2021, there have been the delivery of 87 affordable homes over this 10 year period. This is less than 9dpa. The funding secured through the Section 106 Agreements has resulted in a total fund of £17.8m for this period. Are these figures correct? If these figures are correct, in what way does this demonstrate that the policy approach to collecting affordable housing payments on small sites is resulting in the delivery of affordable homes?**
- **The evidence states that for the period 2011/2012-2021/2022, a total of 771 affordable units have been delivered across the Borough. The small sites contribution equates to 11% of this overall supply. In what way can this be described as an important component of the overall affordable housing supply?**
- **How are the remaining 978 (minimum) affordable dwellings to be delivered and in what way will the Plan achieve this?**
- **Paragraph 2.27 of document TOP002 states that the financial contribution expected from small sites would be subject to a contribution methodology. However, this approach is not reflected in the policy wording. Indeed, paragraph 6.34 confirms that there should be no need for further viability assessments to be undertaken at the decision making stage. Is this a justified approach?**
- **Whilst the Council have confirmed that 98 of the proposed site allocations contained within the Plan are small sites, it is not possible to provide information concerning how many affordable dwellings the policy approach would deliver – is this correct? If this is correct how is this approach justified and effective?**



1.26 We do not have any specific submissions to make on this.

**5.6 Given the Council's acceptance that one of the biggest opportunities the Council has to meet its affordable housing need is through the development of larger sites (paragraph 5.66 of Establishing Local Housing Need, May 2022) what are the implications of the Council's spatial strategy in terms of affordable housing delivery?**

1.27 The Council has prepared a spatial strategy that will not deliver affordable housing to meet its affordable housing need and ignores one of the biggest opportunities to do so.

1.28 The Local Housing Needs Assessment 2022 (HOU005) sets out a net annual requirement for affordable housing of 269 units, which equates to 4035 units over the Plan period. Policy SS3 states that the Plan will make provision for the delivery of 30% affordable homes. This would equate to 2,035 affordable dwellings over the Plan period.

1.29 This results in a shortfall of 2,000 affordable homes, therefore not addressing the council priority of addressing the acute affordable housing need within the Borough.

1.30 Draft Policy HOU1 also requires the delivery of 30% affordable homes across the plan period. This Policy is assessed against Option 4a within the SA and it is concluded that "significant negative impacts are expected because the draft policy will not meet housing need or provide the housing required to enable people to live in a home suitable to their needs and which they can afford. Urban land supply is also likely to become scarcer in the long term. There is no mitigation" (Page 140). This conclusion confirms that the spatial strategy will not address the Council's priority of addressing the acute affordable housing needs and no mitigation is proposed to address this issue.

1.31 The Establishing Housing Need Report (2022)( HOU001) states that in terms of meeting affordable housing need "one of the biggest opportunities the Council has to do this is through the development of larger sites...given that this cannot be met solely within the existing urban areas. Through the delivery of large sites, the council is more likely to see the delivery of affordable housing on-site and at a higher percentage of all units proposed than on smaller sites." (Para 5.66). However, within the draft Local Plan, there are 199 proposed site allocations. Of these sites 98 are small sites (1-9 units) (Para 2.26 ref. TOP002). Therefore, the spatial strategy does not reflect the evidence base.

1.32 In addition, Paragraph 8.11 of the Exception Circumstances Case (2022) (ref. OTH043) confirms that "officers have also attached great importance to the council priority of providing more affordable homes and consider that this can best be achieved through Option 5a". This again confirms that affordable housing would be more appropriately addressed by an alternative spatial strategy.

1.33 Overall, the evidence confirms that the spatial strategy will result in a significant negative impact for affordable housing. We do not consider this approach to be in accordance with Paragraph 60 of the NPPF which makes clear that a sufficient amount and variety of land must be allocated.

1.34 Therefore, in order for the Plan to be found sound, we recommend that the spatial strategy is amended to include some release of Green Belt land.

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