



**ELMBRIDGE BOROUGH COUNCIL**

**EXAMINATION OF THE ELMBRIDGE LOCAL PLAN**

**MATTER 6: AFFORDABLE HOUSING**

**PRE-HEARING STATEMENT ON BEHALF OF**

**ELMBRIDGE BOROUGH COUNCIL**

**March 2024**

## Matter 6: Affordable Housing

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

### Questions:

**5.2 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?**

### Council response

- 5.2.1 The Council's Local Housing Need Assessment (LHNA) [HOU005] establishes that there is a backlog of affordable housing need of 1,434 homes. Figure E.1 of HOU005 shows that this backlog is included within the 269 dpa total net affordable housing need at a rate of 72 dpa, which means the 1,434 unit backlog would be met in full over a period of 20 years.
- 5.2.2 Paragraph 4.13 of the LHNA states that "*ideally, backlog need would be met as quickly as possible, but official guidance recognises that it must be dealt with over a period of several years. The appropriate period is not specified but 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, so this has been assumed in the model. On this assumption the backlog of affordable need is 72 dwellings per annum*".
- 5.2.3 Given the high level of backlog need in Elmbridge, it was the Council's LHNA consultants – Cobweb's expert judgment that it would not be realistic or achievable to meet the Borough's backlog need in a shorter timeframe and an extended period would be required. In reaching this conclusion Cobweb, cited that the official DCLG affordable housing calculation guidance, which recognised that backlog need must be dealt with over a period of several years and that doing so over a 20-year period followed the practice used increasingly by Planning Authorities with significant levels of backlog need and high affordability ratios, including a number of London Boroughs and the Greater London Authority (GLA). The 20-year period also reflected low level of historic affordable housing delivery against identified need (paragraph 4.47 of HOU005 and highly limited availability of land (paragraphs 3.28 and 3.36 of HOU005).

5.2.4 Given the reasoning outlined above, the Council considers that meeting backlog need over a period of 20 years is a justified approach that reflects a realistic timeframe in the context of an acute and increasing need for affordable housing and limited supply of unconstrained land available for development. The proposed spatial strategy seeks to deliver a significant quantum of development that will be effective in addressing a proportion of the identified need for affordable housing, including the backlog need.

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

#### Council response

- 5.3.1 As summarised in figure E.1 and explained in detail within chapter 4 of HOU005. The methodology of calculating affordable housing need takes the backlog (1,434 dpa) at an annual quota of 72 households reflecting the assumption that the 1,434 unit backlog would be met in full over a 20 year period; the number of newly forming households (1,112 dpa); and the number of existing households falling into need (59 dpa), to quantify what is referred to as the 'potential annual need for affordable housing' (1,234 dpa). This assessment of 'potential need' does not take account of the ability of these households to afford market housing, that is the next step of the methodology for calculating affordable housing need detailed in HOU005.
- 5.3.2 The identified potential annual need for affordable housing would increase to 1,268 dpa if the backlog of 1,434 units were assumed to be met over the Plan Period (i.e. over a 15 year period rather than 20), reflecting an annual quota of backlog need of 97 households rather than 72.
- 5.3.3 To robustly assess the number of identified potential households in need of affordable housing that are unable to afford market housing, the consultants at Cobweb obtained estimates of the distribution of household incomes in the Borough, and of the incomes of the specific groups defined in Planning Practice Guidance (PPG) as potentially in need. Household incomes were then compared with the threshold entry cost for market housing, to give an estimate of the number of households in need of affordable housing, broken down by bedroom requirements. This approach found that an estimated 399 households per annum could not afford to pay the market entry threshold cost and therefore needed affordable housing.
- 5.3.4 The Council does not have the expertise to undertake such an assessment and create the models that sit behind the calculation needed to take account of the increased level of potential annual need for affordable housing generated by assuming the backlog need is met in full over the Plan Period.

The Council would need the assistance of our local housing need consultants to do so. However, the consultants at Cobweb have retired since preparing the Council's LHNA and they are not available to undertake this work or attend the Examination hearings.

- 5.3.5 Again, given the evidence taken into account within the HOU005, the Council considers that meeting backlog need over a period of 20 years is a justified approach in the context of an acute and increasing need for affordable housing and limited supply of unconstrained land available for development and reflects a realistic timeframe. The proposed spatial strategy seeks to deliver a significant quantum of development that will be effective in addressing a proportion of the identified need for affordable housing, including the backlog need.

**5.4 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?**

Council response

- 5.4.1 The Council considered a number of options for the spatial strategy during the development of the Local Plan, including several options that would support an greater quantum of development and annual housing target than the 6875 homes (452 dpa) proposed in the Plan. The Council's assessment of these options took full account of the benefits of delivering a greater number of homes, which would enable the delivery a greater proportion of its identified affordable housing need. These options and their assessment are explained in detail within the Council's Sustainability Appraisal (SA) [CD002] and Topic Paper 1 [TOP001].
- 5.4.2 For example, **Option 5a – optimisation and small Green Belt release** was found to be able to deliver 9,182 homes over the Plan Period and could support a housing target of 612 dpa. Whilst this option would see a greater quantum of development and annual housing target than the 452 dpa proposed in the Local Plan, it still represents a shortfall of 35 dpa, equating 525 homes over the Plan Period, against the Council's standard method housing need of 647 dpa.
- 5.4.3 In addition, the Council considered an option that could deliver a greater number of homes than the standard method housing need of 647 dpa (9,705 over the Plan Period). This is referred to as **Option 6 – optimisation and intensification in more sustainable locations** within CD002 and TOP001. This option was found to be capable of delivering 9,776 homes over the Plan Period and could support a housing target of 652 dpa. This represents an

additional 5 dpa over the Council's standard method housing need, equating to 71 additional homes over the Plan Period.

- 5.4.4 The Council also considered an option that would deliver the Borough's housing need in full, with a significant surplus that could be used to assist one or more of the Council's neighbouring authorities meet their housing need. This is referred to as **Option 3 – Optimise urban area and large Green Belt release** within CD002 and TOP001. This option was found to be able to deliver 16,300 homes over the Plan Period, 1,087 dpa, which represents an additional 435 dpa over the Council's standard method housing need and 2,175 over the Plan Period.
- 5.4.5 The Sustainability Assessment of Option 3 [CD002] found that it would result in many significant negative impacts and would undermine the aim and purposes of Green Belt. In addition, an initial assessment of the transport mitigation required to deliver Option 3 was not considered to be deliverable. For these reasons, this option was not developed further as a reasonable alternative for the spatial strategy.
- 5.4.6 As set out in response to Matter 4 – Question 3.1, the Council reached the conclusion that the necessary exceptional circumstances required to amend the boundaries of the Borough's Green Belt through the preparation of the new Local Plan, were not fully evidenced and justified. Therefore paragraph 11(b)(i) of the NPPF (2021) provided a strong reason for restricting the scale and distribution of housing development in the Borough.
- 5.4.7 Although it is acknowledged that the release of Green Belt land for development, as identified in Option 3 and Option 5a, would enable a greater number of homes to be delivered over the Plan Period, which in turn would support the delivery of more affordable homes than could be delivered through the proposed spatial strategy and meet a greater proportion of the Borough's identified affordable housing need. The Council considers that the benefits of doing so do not outweigh the harm in releasing and developing the Green Belt.
- 5.4.8 The Council also concluded that the option to intensify its urban areas, as identified in Option 6, would see the delivery of residential units that would negatively impact the urban structure and grain of local communities through the continued sub-division of plots beyond the scope of 'optimising' / making efficient use of land, which would be contrary to the NPPF, including paragraph 11(a).
- 5.4.9 The Council considers that the size, height and bulk of the new structures required to intensify urban areas would be substantially different to the

existing scale of buildings in these areas and would negatively impact on the built form (the function, shape and configuration of buildings as well as their relationships to streets and open spaces) and the character of our existing urban areas and communities. This is set out in the Council's Sustainability Appraisal [CD002]. Therefore, it is the Council's position, that the development of schemes at the densities promoted through the intensification of urban areas option (i.e. Option 6) could not be integrated sensitively into the locality.

- 5.4.10 Amenity and other open space would also need to be limited on sites to achieve the intensified yields required. This would place greater pressure / reliance on the borough's public open spaces. The lack of amenity and other open spaces would also conflict with other policies in the draft Local Plan.
- 5.4.11 In addition, an intensification strategy would likely not deliver the balance in the type of homes required within the Borough. It is considered that a strategy of intensification would constrain the delivery of new homes to flatted development when the need is for a range of homes to be provided and, in terms of affordable homes, larger homes as set out in the Council's Local Housing Need Assessment [HOU004 & HOU005].
- 5.4.12 It is the Council's position that an intensification strategy would not promote a sustainable pattern of development and that the benefits of meeting local housing need in full or an increased housing target, as well as the associated potential to increase the delivery of affordable homes through such an approach is significantly and demonstrably outweighed by the impact on the built-form and character of the Borough's existing urban areas and is not acceptable when assessed against the policies in the NPPF when taken as a whole, in particular paragraph 11(b)(ii).
- 5.4.13 Given the considerations set out above, the Council is of the view that it has robustly considered and assessed options to bring forward a spatial strategy that supports the delivery of a greater level of market housing, including the benefits this would have for the delivery of more affordable homes, in full. The Council's assessment of this approach found that the harm resulting from the development of Green Belt land and intensification of its urban areas needed to deliver such a strategy would outweigh the benefits, including the delivery of additional affordable homes to meet a greater proportion of the Borough's identified affordable housing need.

**5.5 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?**

Council response

- 5.5.1 The Council expects that the proposed spatial strategy would have limited or no impact on the Borough's affordability ratios and that current/recent trends will continue. The Council is of the view that even if the Borough's identified affordable housing need were met in full over the Plan Period, this would do little to change the affordability ratio in the Borough. This is because the affordability ratio is influenced factors beyond the local supply of housing and affordable housing that act at a regional and national scale. Including changes in household income; the location and proximity to employment opportunities; and desirability.
- 5.5.2 Elmbridge is located on the periphery of London which is home to the Country's most significant concentration of employment opportunities, and it has accessible fast public transport links that enable quick and easy access to the city. Elmbridge is a highly desirable location to live, in part due to its proximity to London but also due to the proximity to countryside, attractive natural landscape and Green Belt land. The highly desirable nature of the Borough means that there is a premium on the cost of housing and strong in-migration particularly from London, which will act to maintain the current trends in affordability ratios, even if identified housing and affordable housing need were met in full over the Plan Period. This position is outlined in paragraph 6.41 of TOP001 and is supported by evidence work prepared by Justin Gardener Consulting that the Council submits for the Inspector's consideration along with this hearing statement [HOU016].
- 5.5.3 The above notwithstanding, the NPPF and PPG do not require affordable housing need to be met in full, it must be reflected. This was established by *Barker Mill Estates Trustees v Test Valley BC* [2016] EWHC 3028 (Admin.)<sup>101</sup> at paragraph 37. The Council considers that the proposed spatial strategy and policies within the Plan reflect the identified need for affordable housing in accordance with the NPPF and will be effective in meeting as much of that identified need as possible in the context of a highly constrained land supply.
- 5.6 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?**

#### Council response

- 5.6.1 As the Inspector sets out, the small sites affordable housing contribution requirements have enabled the Council to collect £17.8 million through Section 106 Agreements over the 10-year period between April 2011 and March 2021. The latest data provided by the Council's Housing Department, which updates the position detailed in the Statement on Affordable Housing provision on Small Sites (March 2021) referenced in TOP002, shows that this £17.8 million has been used deliver 98 additional affordable homes rather than 87 over that same period (Table 1 below). This includes of a range of tenures, such as social rent, affordable rent and intermediate homeownership; and a range of sizes, demonstrated by the range in the average enabling fund contribution per unit. The Council typically works with partners, such as Registered Providers (RPs) to deliver new build affordable homes and acquire market homes which are converted into affordable housing.
- 5.6.2 The reason for the increase in the number of affordable homes delivered between April 2011 and March 2021 is that data on the number of homes delivered through the Elmbridge Homeownership Assistance Scheme was not fully available at the time the Statement on Affordable Housing provision on Small Sites (March 2021) was prepared and published.
- 5.6.3 The Council considers that the latest data, detailed in Table 1 below, demonstrates that the affordable housing contribution fund from small sites has been used to deliver almost 100 additional affordable homes that meet a wide range of needs. This represents 100 more affordable homes than would have been delivered over the 10-year period April 2011 – March 2021, which



in the view of the Council, is a significant number in the context of a highly constrained land supply and an acute and increasing need for affordable housing.

**Table 1: Breakdown of affordable housing fund spend and delivery:  
April 2011 – March 2021) – completed schemes**

<b>Scheme</b>	<b>Description</b>	<b>Tenure</b>	<b>Number of units delivered</b>	<b>Total contribution from EBC</b>	<b>Average enabling fund contribution per unit</b>
Elmbridge Homeownership Assistance Scheme	Catalyst scheme	Intermediate affordable housing	55	£2,115,000	£38,454
Imber Cross	Crown Simmons	Social rent new-build	12	£300,000	£25,000
Empty Homes Scheme	Paragon	Affordable rent	2	£100,000	£50,000
Supported housing acquisition	Transform & Walton Charity	Affordable rent	2	£140,000	£70,000
Former Royal British Legion Site, Hersham	PA Housing	Affordable rent	8	£839,485	£104,935
Albemarle House	EBC	Temporary Accommodation	5	£424,097	£84,994
Weybridge Estate	EBC Homes	Affordable Rent	16	£2,400,000	£150,000
Elmbridge Property Accommodation Scheme	Crown Simmons	Temporary Accommodation	5	£850,000	£170,000
Perfect Fit Under-	Making best use of	Affordable rent / social rent	181 households downsized & properties	£584500	£3,229

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occupation scheme	social housing		released for re-letting		
The Quintet, Walton	Walton Charity	Temporary Accommodation / move-on	3	£270,000	£90,000
<b>Total</b>				<b>£8,023,082.00</b>	
	<b>Of which:</b>	<b>Additional supply</b>	<b>98</b>	<b>£7,447,582</b>	<b>Average Enabling Fund contribution per unit £68,959</b>
		<b>Temporary Accommodation</b>	<b>10</b>	<b>£1,274,097</b>	<b>Average Enabling Fund contribution per unit £127,410</b>
		<b>Making better use</b>	<b>181</b>	<b>£584,500</b>	

5.6.4 Since April 2021 the Council has stepped up the delivery of affordable housing through the small sites affordable housing contribution fund, with an additional 22 affordable homes delivered between April 2021 and December 2023 (Table 2) and a further 43 additional affordable homes in the pipeline as of February 2024 (Table 3).

**Table 2: Breakdown of affordable housing fund spend and delivery: April 2021 – December 2023)**

<b>Scheme</b>	<b>Description</b>	<b>Tenure</b>	<b>Number of units delivered</b>	<b>Total contribution from EBC</b>	<b>Average enabling fund contribution per unit</b>
Barnet House	EBC	Affordable Rent	4	£477,421	£119,355
Move on Fund	Transform	Affordable Rent	3	£230,000	£76,666

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Next Steps	Transform	Affordable Rent	5	£213,000	£42,600
Rough Sleepers Accommodation Programme	Transform	Affordable Rent	2	£164,000	£82,000
Harry Fletcher House	EBC	Affordable Rent	8	£825,000	£103,125
	<b>Total</b>	<b>Additional Supply</b>	<b>22</b>	<b>£1,909,421.00</b>	<b>Average Enabling Fund contribution per unit - £86,792</b>

**Table 3: Ongoing commitments as of February 2024**

<b>Scheme</b>	<b>Description</b>	<b>Tenure</b>	<b>Estimated delivery</b>	<b>Total contribution / commitment from EBC Enabling Fund</b>
Rosemary House	Southern Housing	Shared-ownership	11	£165,000
TA Acquisition Programme (phase 1)	EBC	Affordable Rent	6	£2,000,000
TA Acquisition Programme (phase 2)	EBC	Affordable Rent	3	£1,000,000
Local Authority Housing Fund (LAHF) Round 1	EBC	Affordable Rent	20 (minimum)	£5,716,000
LAHF Round 2	EBC	Affordable Rent	3 (minimum)	£1,260,000
<b>Total</b>			<b>43</b>	<b>£10,141,000</b>
		<b>Additional supply (provisional)</b>	43	

- **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?**

Council response

5.6.5 The Council considers that in the Elmbridge context, where there is a highly constrained land supply and small sites constitute the majority of development that comes forward. For example, chapter 5 of TOP002 details that between August 2011 and March 2021, 94.7% of permissions for new dwellings were on small sites, representing 1,559 applications out of 1,646. This translates to almost 50% of the 6,249 homes given planning permission over the same period. In this context, along with the Borough's increasingly acute affordable housing need, the Council considers there is a pressing need to maximise the delivery of affordable homes. The existing small sites policy has therefore ensured that an additional 50% of the homes delivered in the Borough between August 2011 to March 2021 have contributed to the delivery of much needed affordable housing than would have otherwise. As such, the Council considers this represents a significant and important component of affordable housing delivery.

5.6.6 Chapter 5 of TOP002 outlines that between the adoption of the Core Strategy and existing small sites affordable housing contribution policy (CS21) in August 2011 and March 2021, Planning Inspectors agreed with the Council's continued application of Policy CS21 in 53 (77%) of 69 appeals. A further 26 appeals decisions since March 2021 given weight to the Council's existing small sites affordable housing policy.

5.6.7 The following extract, from a Planning Inspector's report in January 2023, highlights the general view that Policy CS21 holds more weight:

*As the Council has demonstrated in detail that in the Borough there is currently a very serious market housing affordability problem, a significant unmet AH need, I accept that small sites such as in this case, make a significant contribution to housing delivery. As such these considerations outweigh the relevant parts of the Framework, PPG and the WMS in this appeal and the proposed development would comply with CS Policy CS21. The UU would deliver a financial contribution of £123,411.83 towards off-site AH. The Council has provided a plethora of appeal decisions in support of this requirement which I have had regard and consider them to be material considerations on this matter (Appeal Ref: APP/K3605/W/22/3302102 Southlands, 40 Queens Road, Weybridge, Surrey, KT13 0AR).*

5.6.8 Similarly, the following extract from a Planning Inspector's report in September 2023 concluded that:

*This policy approach is not fully consistent with Paragraph 64 of the National Planning Policy Framework (the Framework), which states that provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas. Elmbridge Borough is not a designated rural area. However, the evidence before me demonstrates there to be significant need in the Borough for affordable housing and a necessary reliance on small sites to meet this need. Also, the Council has undertaken a viability assessment to show that affordable housing contributions would not place an unreasonable and disproportionate burden on sites with fewer than 10 units. There are therefore exceptional circumstances in terms of affordability and housing need in Elmbridge Borough that justify the approach taken by Policy CS21 of the Core Strategy. Given this, despite conflict with the Framework, I am satisfied that the need for an affordable housing contribution would meet the three tests set out in paragraph 57 of the Framework (Appeal Ref: APP/K3605/W/23/3315205 1 Holtwood Road, Oxshott, Leatherhead, KT22 0QL).*

5.6.9 The above notwithstanding, the latest data provided by the Council's Housing Department, that is referenced in the Council's response to bullet point one under Question 5.6 above, shows that the number of affordable homes delivered over the 10-year period April 2011 to March 2021 is higher than that quoted in the Statement on Affordable Housing provision on Small Sites (October 2021) referred to within TOP002, with 98 affordable homes delivered through the small sites affordable housing contribution fund.

5.6.10 If the 771 affordable homes delivered over the 11-year period April 2011 to March 2022 is backtracked to the same 10-year period over which the 98 affordable homes quoted above have been delivered, a total of 660 affordable homes have been delivered and 98 represents 14.8% of the total number of affordable homes delivered in the Borough over the same 10-year period.

- **Paragraph 2.26 of document TOP002 states that policy HOU4 would result in the delivery of 1057 affordable housing units from years 1-15. Policy SS3 states that the Plan will delivery 6785 homes of which at least 30% will be affordable. How are the remaining 978 (minimum) affordable dwellings to be delivered and in what way will the Plan achieve this?**

Council response

- 5.6.11 As set out in paragraph 2.26 of TOP002, the 1,057 affordable homes the Council considers HOU4 would deliver over the Plan Period are associated within 101 of the 198 site allocations proposed in the Local Plan. These represent sites that are allocated for 10 or more units and would be required to deliver onsite affordable housing units at a rate of 30% under the requirements proposed in Policy HOU4.
- 5.6.12 A further 98 of the Local Plan site allocations fall into the category of small sites (1 – 9 units) and under HOU4 would be required to make a contribution towards the Council's affordable housing fund. The monies collected through this policy requirement would be used to deliver additional affordable homes. As the specific amount of the contribution toward affordable housing would be determined on a site-by-site basis and dependent on a range of factors affecting each individual scheme, it is not possible to robustly quantify the amount this policy requirement would generate and therefore how many homes it could deliver.
- 5.6.13 That said, the Council's Viability Assessment [OTH025 – OTH037] demonstrates that small sites (defined as sites of 1 – 9 homes) can viably support an affordable housing contribution equivalent to an onsite affordable housing provision of 20% of scheme. As such, a simple quantitative approach could be used to provide a basic estimate of the level of affordable housing the small sites within the site allocations proposed in the Local Plan could deliver by apply an affordable housing provision rate of 20% to each of the small site allocations. This method results in an estimated 117 affordable homes that could be delivered through the continuation of the Council's approach to requiring affordable housing contributions from small sites.
- 5.6.14 As well as the 198 site allocations proposed in the Local Plan (which are expected to provide 4,127 units over the Plan Period), the 6,785 homes quoted in Policy SS3 is made up of a windfall allowance totalling 987 units; sites under construction and sites with unimplemented planning permission, representing 868 and 1,582 units respectively, which will contribute at a variable rate to affordable housing delivery; and a non-implementation rate of 10% for sites under construction and with extant planning permission and 15% for the site allocations. This is detailed in Appendix A5 of the Local Plan.
- 5.6.15 Please note that the footnote under SS3 (4) stating the quantum identified does not include a windfall allowance and non-implantation rate is an error and the Council has proposed a modification to correct this.
- 5.6.16 In addition, the quantum identified for each broad location under part (4) of SS3 which have been summed to give the 6,785 figure have been rounded to the nearest 5.

5.6.17 Given the considerations outlined above, the statement at Policy SS3 (1) (a) that at least 30% of the 6785 homes will be affordable homes is not correct and it doesn't reflect the range of thresholds and rates of contribution expected and outlined in Policy HOU4. For example, small sites of 1 – 9, represent 98 of the site allocations included within the 6,785 homes are required to contribute at a rate of 20%. As such, the Council proposes the following modification to Policy SS3 removing the reference to at least 30% affordable homes:

1. *The Plan will make provision for the delivery of the following development between 2021 and 2037:*

a) *At least 6,785 net additional homes, with at least ~~30%~~ 1,057 to be affordable.*

**5.6.18 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?**

Council response

5.6.19 Upon further review of the wording of Policy HOU4, the Council agrees with the Inspector that this is an omission and proposes the following modification to part (1) (c) of Policy HOU4 to ensure the wording and intent is clear:

c) *On sites of 9 or less units, a financial contribution equivalent to the provision of 20% affordable housing of the gross number of dwellings. **The exact financial contribution expected is subject to a contribution methodology as set out in adopted supplementary guidance.***

5.6.20 As the Inspector has identified, paragraph 6.34 of the supporting text to Policy HOU4 states “*the affordable housing requirements and thresholds of this policy are achievable. This has been confirmed by the viability assessment of the Local Plan. Unless there are particular circumstances that have arisen post adoption of the Plan, there should be no need for a further viability assessment at the decision-making stage*”.

5.6.21 The intention of paragraph 6.34 of the Plan is to be clear that the percentage of affordable housing provision requirements, such as 30% on brownfield sites of 10 or more units set out in part (1) (a) of the Policy HOU4, have been viability tested and found to be achievable in the Council's Viability

Assessment [OTH025 – OTH037]. The contribution methodology referred to in paragraph 2.27 of TOP002 details how the exact monetary value required to satisfy the requirement of part (1) (c) of Policy HOU4 should be calculated and will be specific to each scheme. It is not a viability assessment methodology.

- **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?**

#### Council response

5.6.22 It is correct that it is not possible to robustly determine how many affordable dwellings the policy approach would deliver. As outlined in the responses above, the specific amount of the contribution toward affordable housing would be determined on a site-by-site basis using the contribution methodology outlined in TOP002 and dependent on a range of factors affecting each individual scheme, it is not possible to quantify the amount this policy requirement would generate and therefore robustly estimate how many homes it could deliver.

5.6.23 However, as set out in the Council's responses above, the Council's Viability Assessment [OTH025 – OTH037] demonstrates that small sites (defined as sites of 1 – 9 homes) can viably support an affordable housing contribution equivalent to an onsite affordable housing provision of 20% of the scheme. As such, a simple quantitative approach could be used to provide a basic estimate of the level of affordable housing the small sites within the site allocations proposed in the Local Plan could deliver by apply an affordable housing provision rate of 20% to each of the small site allocations. This method results in an estimated 117 affordable homes that could be delivered through the continuation of the Council's approach to requiring affordable housing contributions from small sites. Again, it should be noted that in light of the considerations set out above, the Council does not consider this to be a particularly robust estimate.

5.6.24 The evidence presented in TOP002 and the further detail set out in the Council's responses above demonstrate that this approach, which has been in use since the adoption of the Council's Core Strategy in 2011, is justified and effective, having generated a significant sum (£17.8 million) and enabling the delivery of 98 affordable homes between April 2011 and March 2021. Contributing almost 15% of the affordable homes delivered in the Borough over the same 10-year period. The Council considers 98 additional affordable homes and 15% of the overall supply of affordable homes to be an important



and significant contribution in the Borough's context of a highly constrained land supply and increasingly acute need for affordable homes.

5.6.25 The small sites affordable housing requirements proposed in HOU04 are a continuation of the affordable housing policy approach which has been in place since the Council's Core Strategy in 2011 under Policy CS21, which was found to be a sound and justified approach at Examination. The Inspector's Report comments at paragraph 41 that "*the sliding scale of targets and site size thresholds set out in Policy CS21 are underpinned by robust viability testing [CD 65] and there is no substantive reason to challenge them... The argument that it will be impractical to deliver affordable housing on smaller sites in the borough is not supported by substantive evidence and in any event the policy is sufficiently flexible to address site-specific issues. For the above reasons I endorse PSA 61 in the interests of a soundly based policy framework for provision of affordable housing*".

5.6.26 As discussed above, chapter 5 of TOP002 outlines that between the adoption of the Core Strategy and existing small sites affordable housing contribution policy (CS21) in August 2011 and March 2021, Planning Inspectors agreed with the Council's continued application of Policy CS21 in 53 (77%) of 69 appeals. A further 26 appeals decisions since March 2021 given weight to the Council's existing small sites affordable housing policy.

5.6.27 The following extract, from a Planning Inspector's report in January 2023, highlights the general view that Policy CS21 holds more weight:

*As the Council has demonstrated in detail that in the Borough there is currently a very serious market housing affordability problem, a significant unmet AH need, I accept that small sites such as in this case, make a significant contribution to housing delivery. As such these considerations outweigh the relevant parts of the Framework, PPG and the WMS in this appeal and the proposed development would comply with CS Policy CS21. The UU would deliver a financial contribution of £123,411.83 towards off-site AH. The Council has provided a plethora of appeal decisions in support of this requirement which I have had regard and consider them to be material considerations on this matter (Appeal Ref: APP/K3605/W/22/3302102 Southlands, 40 Queens Road, Weybridge, Surrey, KT13 0AR).*

5.6.28 Similarly, the following extract from a Planning Inspector's report in September 2023 concluded that:

*This policy approach is not fully consistent with Paragraph 64 of the National Planning Policy Framework (the Framework), which states that provision of affordable housing should not be sought for residential developments that are*

*not major developments, other than in designated rural areas. Elmbridge Borough is not a designated rural area. However, the evidence before me demonstrates there to be significant need in the Borough for affordable housing and a necessary reliance on small sites to meet this need. Also, the Council has undertaken a viability assessment to show that affordable housing contributions would not place an unreasonable and disproportionate burden on sites with fewer than 10 units. There are therefore exceptional circumstances in terms of affordability and housing need in Elmbridge Borough that justify the approach taken by Policy CS21 of the Core Strategy. Given this, despite conflict with the Framework, I am satisfied that the need for an affordable housing contribution would meet the three tests set out in paragraph 57 of the Framework (Appeal Ref: APP/K3605/W/23/3315205 1 Holtwood Road, Oxshott, Leatherhead, KT22 0QL).*

5.6.29 The Council's viability assessment [OTH025] supports the continuation of the approach to small sites affordable housing contributions and provides strong evidence that the policy approach is justified. Concluding that *"the policy differential (sliding scale type approach) should continue on small sites... based on the locally established evidence of acute affordable housing need and supply of affordable housing from small sites track record. DSP indicated 20% affordable housing equivalent was supportable based on financial contributions adopting the existing methodology approach"*.

5.6.30 As demonstrated in TOP002, small sites constitute represent a significant proportion of the development that comes forward in the Borough and are an important component of the Borough's housing supply. Considering the scale of affordable housing need and the limited availability of unconstrained land in the Borough, the Council considers that the loss of the Council's ability to collect affordable housing contributions on small sites will significantly limit its capacity to support the delivery of affordable housing in the Borough. This position is supported by the Council's viability study which comments at paragraph 3.8.4 that *"on balance, our [DSP's] view remains that, while small sites remain so important to the overall housing supply and offer in the borough, hence the established need and justification for continuing with a small sites approach in AH policy it may be prudent for the Council to consider extending its successful enabling fund use of the financial contributions policy to a wider range of smaller sites with on-site affordable housing only triggered on a strict requirement basis from 10 dwellings upwards ('major' developments) in that case"*.

5.6.31 In light of these considerations, the Council is of the view that the evidence demonstrates that the proposed approach to continue requiring contributions toward affordable housing from small sites is both justified and effective and the loss of this policy approach would result in a negative impact on the ability

of the Council to provide this much needed form of housing. Whilst this approach does not strictly accord with the approach set out in national policy, the Council considers the local circumstances and Local Plan evidence base justify the need to set different thresholds to those set out in the NPPF.

**5.7 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?**

Council response

- 5.7.1 The Council agrees that the statement at paragraph 5.66 of HOU001 is factually correct. Larger sites are typically able to support a higher proportion of affordable housing. However, it must be acknowledged that small sites constitute the majority of the development that comes forward in the Borough, contributing around 50% of the Borough's housing supply over the 10-year period August 2011 to March 2021. In this context, along with the limited supply of unconstrained land in the Borough and increasingly acute need for affordable housing, the Council considers relying exclusively on large sites to deliver affordable housing risks meeting less of Borough's identified affordable housing need than an approach that seeks to maximise affordable housing delivery on all sites, including small sites.
- 5.7.2 That said, the proposed strategy supports the delivery of housing on large site on brownfield land, reflecting the statement in paragraph 5.66 of HOU001. Given the constraints associated with Green Belt land, a significant proportion of large development sites that come forward in the Borough are brownfield sites and the Council has seen a significant step up in the frequency of proposals for the recycling of large brownfield sites in recent years. For example, Hersham Shopping Centre – allocated for 200 homes (site allocation ref. H3); Air Products – 300 homes (site allocation ref. H14); Esher Civic Centre – allocated for 400 homes (site allocation ref. ESH24); and the Jolly Boatman and Hampton Court Station Redevelopment Area – 97 units (2018/3810).
- 5.7.3 In addition, whilst the Council reached the conclusion that the necessary exceptional circumstances required to amend the boundaries of the Borough's Green Belt through the preparation of the new Local Plan, were not present and no Green Belt land has been put forward for release in the Plan. This does not prevent applications for development of large sites in the Green Belt coming forward. These would be required to demonstrate that very special circumstances are met in accordance with national policy.

5.7.4 In light of the considerations outlined above, the Council is of the view that the strategy recognises and reflects the importance of large sites to affordable housing delivery and is support of such schemes on brownfield land. However, as discussed above, in the context of Elmbridge, a strategy that seeks to maximise affordable housing delivery on all sites, as proposed in Policy HOU4, will be more effective in addressing the need for affordable housing than a strategy that relies solely on large sites to deliver affordable housing.