

## Representations on Merton New Local Plan

### Submissions on behalf of Leek Real Estate

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These submissions relate to draft Policy H11.1 and the provision of affordable housing on small sites. The Council has a similar policy in its adopted plan but have stopped applying this in light of the ministerial statement on such matters.

However the draft local plan seeks to effectively re-activate this policy. In this respect the draft policy states under clause f:

f. We will expect the following level of affordable housing (gross) to be provided on individual sites as follows:

2 – 9 homes	Financial contribution equivalent to 20% affordable housing provision.	70% Low-cost rent 30% Intermediate	Financial contribution
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Delivering housing on small sites usually relies on a creative approach given the location and nature of such sites that are often infill or backland sites and may well be contaminated. The disproportionate burden of developer contributions on small-scale developers, custom and self-builders was recognised as far back as November 2014 when the Written ministerial statement by Brandon Lewis stated:

*Due to the disproportionate burden of developer contributions on small-scale developers, for sites of 10-units or less, and which have a maximum combined gross floor space of 1,000 square metres, affordable housing and tariff style contributions should not be sought.*

.....

*By lowering the construction cost of small-scale new build housing and home improvements, these reforms will help increase housing supply.*

The reasoned justification for the reactivation of this policy is the level of delivery of housing on small sites in the Borough and the effect on the delivery of affordable housing. However seeking a financial contribution from the development of small sites does not in itself guarantee that affordable housing would be delivered. It must subject to the normal viability tests that apply to larger sites.

In our view there is little justification in this text within the draft plan to support the reactivation of the policy.

The Councils published 'Framework for Delivery of Housing' states:

*8.34. In respect of small sites, it is recognised that the Council are aiming to re-introduce a requirement for a financial contribution on sites delivering between 2 to 9 homes through emerging policy. This will be equal to up to 20% of provision and will address the clear barriers to increasing delivery which is principally the nature of applications and developments coming through the planning system in Merton. This has been viability tested in the Council's Local Plan Housing Viability Study which indicates that in certain scenarios, schemes can readily provide this.*

In our view this approach is at odds with increased delivery of housing in Merton. Developers will instead look in other Boroughs and focus delivery in those locations, rather than Merton. It is a deterrent rather than an encouragement to delivery.

The Councils published 'Merton Local Plan Housing Viability Study' states in its Key Findings.

**Schemes of 2 to 9 units:** *the Council's emerging policy seeks a financial contribution equivalent to 20% of units (70% rented and 30% shared ownership) from schemes providing between 2 to 9 units. These small scale schemes are sometimes brought forward on sites where there is an existing dwelling (or dwellings) and often the residual land value generated by the scheme does not exceed the value of the existing dwelling. In these circumstances, the financial contribution will not always be possible. However, small scale schemes are also brought forward on garden land, community buildings and garage sites, which have low existing use values. Our appraisals indicate that in these scenarios, schemes can readily provide a 20% financial contribution towards affordable housing. Providing the policy is applied flexibly, having regard to individual site circumstances, the Council can apply the requirement across all sites in the Borough. Although adopted policy CS8 includes provisions for seeking payments in lieu on small sites, the Council ceased applying this requirement after publication of the Written Ministerial Statement in 2014. Given that small sites make a significant contribution to housing supply in Merton, the new London Plan encourages boroughs to adopt policies which seek financial contributions from small schemes.*

This approach, that maybe on a small percentage of sites it may be viable to provide a contribution, is seemingly the justification that it is acceptable to apply the approach in a blanket manner to all small sites. This is a flawed approach.

The overall approach to the seeking of financial contributions is contrary to the Framework (July 2021) where in paragraph 64 it states:

*Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer).*

The approach being promoted here was also recently considered by the Inspector in the examination of the Lambeth Local Plan. The Inspector reported on 22<sup>nd</sup> July 2021. His report at paragraph 89 states:

*"In addition to the economic and viability arguments cited above, national policy states that the provision of AH should not be sought for residential developments that are not major developments. Accordingly, the Plan requires modification to ensure it applies to sites of 10 dwellings and above, in line with national policy [MM11; 15; 157; and 160]. This also accords with the WMS on the matter in 2014<sup>31</sup> and the Secretary of State's letter of March 2020, and in particular Direction 3<sup>32</sup>"*

The two documents are:

*"31 Written Ministerial Statement (WMS) made by Brandon Lewis on 28 November 2014.*

*32 Letter from Secretary of State to Mayor of London; 13 March 2020 [Examination Document SD03a]"*.

This is a material and very recent local plan decision in another London Borough, that reinforces our views that the draft plan is unsound.

### **Recommendation**

Delete proposed Policy H11.1f and the small sites financial contribution.

**KG Creative Consultancy**

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