

## 1. Introduction

- 1.1. Savills has been instructed by Luxgrove Capital Partners ('Luxgrove') to prepare this Statement and participate in the forthcoming examination of the London Borough of Ealing ('LBE') Local Plan 2024 to 2039 ('the draft Local Plan').
- 1.2. Luxgrove Capital Partners is a West London-based real estate investment firm and developer. They have been highly active in Ealing for over 10 years, having developed and constructed multiple residential developments in the Borough. They are currently active in Ealing on several sites, including a number of strategic sites for residential, mixed-use and alternative residential accommodation developments including purpose built shared living ('co-living' or 'PBSL') and hotels, ranging from 4 to 270 units. Luxgrove is highly committed to investing in the Borough and is dedicated to supporting the community in Ealing and enhancing the built environment, and therefore welcomes the opportunity to be heard in shaping the future of the Borough through the current consultation process.
- 1.3. This Statement has been drafted further to Luxgrove's previous Regulation 19 Representations on the draft Local Plan, which commented on a number of policies within the Plan and raised concerns over the Plan's soundness.
- 1.4. This Statement has been drafted in relation to **Matter 4 – Housing**, and the questions contained in this section within the Matters, Issues and Questions document issued by the Planning Inspectorate on 8 May 2025. This Statement queries whether the policies contained within this chapter are **justified, effective and consistent with national policy**.

## 2. Main Representation

### Affordable Housing

***Question 5j – Are the requirements in HOU(E) in relation to large scale purpose built shared living developments justified? Is a contribution in the form of conventional housing units on site deliverable in practice?***

- 2.1. The draft policy HOU(E) is not considered to be effective or justified. As highlighted by the question, for the policy to be effective, it needs to be deliverable in practice. Given the urban nature of most of the Borough of Ealing, it is highly likely that PBSL schemes will be delivered on constrained urban sites, which inevitably means for schemes to be viable they need to be efficient. In particular, accommodating the necessary regulatory requirements, particularly if over 6-storeys, means developments will have multiple staircases and means of escape for fire safety. Accommodating an additional tenure (conventional housing) within these developments, which would require separate staircases and entrances, is likely not to be feasible due to the size and nature of the sites suitable for PBSL developments (urban and constrained). The draft policy lacks flexibility and needs to consider that developments may need to deliver affordable housing through an off-site payment-in-lieu, as per London Plan Policy H16 (9).
- 2.2. The draft policy lacks conformity with Policy H16 of the London Plan which requires the equivalent of 35% towards affordable housing as a contribution. Furthermore, the requirement of 40% conflicts with Policy H16, as well as London Plan Policy H5 which sets out the Fast Track Route (35%). The "Towards a New London Plan" (2025) consultation states that where different thresholds for affordable housing are set at a local level, this undermines the benefit and incentive of the threshold approach, and tends to result in delivering less affordable housing. It highlights

that the London Plan could be clearer about the need to consistently apply this incentive across all boroughs to avoid this.

- 2.3. The Local Plan and evidence base appears to be missing any document that considers the need and demands for rental housing, and in particular PBSL, and how an increased affordable housing contribution could affect the delivery of this type of housing.
- 2.4. Based on the above, Luxgrove are concerned that Policy HOU is currently unsound and should be amended as per the submitted Regulation 19 representation to align with the London Plan Fast Track route (35%), with a further amendment to allow for either a payment-in-lieu off-site contribution or on-site C3 affordable housing.

#### Small Sites

#### ***Question 9 – Does the Plan pro-actively support well-designed new homes on small sites?***

- 2.5. The inclusion of Policy SSC will not support the delivery of new homes on small sites due to the viability challenges that arise as a result of seeking affordable housing contributions from small sites (non-major developments). Evidence included in representations at Regulation 19 stage, demonstrates that any level of affordable housing contribution would render schemes between 1-9 units unviable. There has been no further evidence or assessment undertaken by LBE as a response to the evidence provided at Regulation 19 Stage, which is concerning as a number of important and material issues were raised of relevance to ensuring housing is viable and deliverable, particularly for smaller sites being delivered by SME developers.
- 2.6. Whilst the supporting text of the policy acknowledges the importance of small sites in providing different types of housing in parts of the borough that might otherwise see little new supply, there is no pro-active policy support for new homes on small sites.
- 2.7. LBE do not appear to have taken into account the evidence provided through consultation, or considered reasonable alternatives or how appropriate their approach is towards the delivery of small sites. The Plan's approach to small sites is considered to be unsound and not positively prepared, justified or effective.

#### ***Question 10a – What is the background to the policy and the evidence justifying it, including specific detailed thresholds?***

- 2.8. As set out within Luxgrove's Regulation 19 Stage representations, whilst LBE have submitted a Viability Assessment for the Local Plan (December 2023) produced by BNP Paribas as part of their evidence base supporting the affordable housing policies, i.e. Policy HOU and SSC, Luxgrove had instructed Quod to undertake an independent review of this document, who found that the inputs adopted within the review were not accurate, justified or appropriate, in particular build cost inputs. When more accurate inputs are used for the viability assessment, it is clear that small sites delivering 1-9 residential units are not able to be viably delivered when an affordable housing contribution is sought. As highlighted above, no evidence, details or justification has been provided by LBE in response to the evidence submitted at Regulation 19 stage.
- 2.9. It is our view that the evidence used by LBE to support the inclusion of Policy SSC is flawed in its methodology and inputs, and is not sound or robust. It is also considered that the evidence is not sufficiently clear in showing how the specific detailed thresholds have been determined, nor is there is any justification or assessment of how these different thresholds impact on housing

delivery in different parts of the Borough and for different types of housing, such as flats or family housing.

- 2.10. Beyond the thresholds, there is no evidence base or detail on the viability approach or methodology for calculating the contribution. This would need to be tested and examined to ensure it is appropriate and justified.
- 2.11. Based on the above, it is clear that there is a lack of justification, evidence base, or assessment of how this policy would work in practice, as well as its impact on housing delivery in the Borough.

***Question 10b – Paying regard to Paragraph 65 of the NPPF, is the policy consistent with national policy?***

- 2.12. The policy is not consistent with Paragraph 65 of the NPPF which states clearly that provision of affordable housing should not be sought for residential developments that are not major developments. There is no evidence base or justification for the policy approach to seek affordable housing from non-major residential developments. Based on viability analysis submitted at Regulation 19 stage, it is considered that introducing such a policy would reduce housing delivery in the borough, instead of supporting or promoting housing needed to promote sustainable development as required by the NPPF.

***Question 10c – What assessment has been made of any potential impacts on delivery of small sites in the Borough?***

- 2.13. LBE's evidence base does not provide any assessment of how the requirements of Policy SSC will impact the delivery of small sites in the Borough. There is no evidence base to demonstrate that the policy will not impact on housing being delivered in Ealing, where housing demand and need is substantial (LBE's housing target increased from 2,157 to 3,121 homes within the latest iteration of the NPPF (2024)).
- 2.14. Luxgrove's previous Regulation 19 Representations found that the requirements of the policy would lead to small sites delivering 1-9 residential units being unable to viably delivered. As such, there is likely to be a significant impact on the quantum of small sites coming forward for development within the Borough.
- 2.15. Similar findings were established during the examination of the London Borough of Lambeth's Local Plan in 2021, where Lambeth Council had sought to include a policy requiring affordable housing contributions from small sites, however the Inspector ruled that evidence showed that such a requirement would slow down the rate of development and would form a primary constraint in delivery of small schemes<sup>1</sup>. Evidence referenced by the Inspector, in particular the Lichfields Report relating to small sites, was included in Regulation 19 representations. Extract of the Inspector's key paragraphs from the Examination Report are included below.

*"85. Whilst housing need is a serious issue throughout London and elsewhere, and whilst I note the arguments made in Topic Paper 129 in support of small site development of AH, I am also aware of the viability issues facing many small sites, and the need for Lambeth to maintain its good track record in small sites delivery. Even the above-mentioned viability review remarks that there is a clear tension between the overall levels of AH and the affordability of the units provided.*

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<sup>1</sup> [https://www.lambeth.gov.uk/sites/default/files/2021-07/Lambeth%20Local%20Plan%20Report%20-%20final\\_3.pdf](https://www.lambeth.gov.uk/sites/default/files/2021-07/Lambeth%20Local%20Plan%20Report%20-%20final_3.pdf)

86. The recent study on unlocking small sites by Lichfields, which was submitted in evidence, argues that the research shows that viability and AH form a primary issue and a principal constraint on small scheme delivery; even in schemes involving payment in lieu of AH, the study shows that the time taken was almost the same as for actual AH provision.

87. In particular, disputes on small sites regarding land values is alleged to have a marked effect on determining timescales, with the average (median) determination period between validation and decision (based on their sample of 60 schemes in London) taking 71 weeks, compared with the average of 56 weeks for all sites, with protracted negotiations now commonplace. This is running contrary to the national aim of significantly boosting the supply of housing and unleashing the potential of small sites to make a significant contribution to meeting the housing needs in Lambeth.

88. Although the Council claims that the provision for viability tests in the Plan provide a reasonable recourse to overcome deliverability issues for AH, it is clear from the above evidence that these tests are in themselves slowing down the rate of development and provide one more hurdle for small site developers to attempt to jump over.

89. 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 and the Secretary of State's letter of March 2020, and in particular Direction 3."

- 2.16. In the absence of evidence showing how the policy would not have an adverse impact on housing delivery of small sites in the Borough, and sound and robust evidence to support the claim that small sites would be able to viably support affordable housing payments in line with the requirements of Draft Policy SSC, this policy is considered to be unsound.

**Question 10d – Are any modifications needed to Policy SSC for soundness?**

- 2.17. Policy SSC is unsound with no evidence base or justification. The draft policy is not consistent with national planning policy, and if introduced will inevitably impact housing delivery on small sites across the Borough, and without any evidence or assessment of this impact, the policy is considered to be unsound.
- 2.18. Based on the above, the draft Policy should be removed from the Local Plan for soundness.

**3. Conclusions**

- 3.1. This Statement responds to the issue of Matter 4, Questions 5j, 9, 10a, 10b, 10c and 10d, and demonstrates that:
- The requirements of Policy HOU in relation to the affordable housing requirements for purpose built shared living do not comply with London Plan Policy H16;
  - There is no robust evidence supporting the affordable housing thresholds and contributions set out in Policy SSC; and
  - There is no assessment or consideration of the impact of Policy SSC on the delivery of small sites within the Borough.
- 3.2. We consider that the changes outlined above are required to ensure that the draft Local Plan has been positively prepared, that it is justified, effective and consistent with national planning policy, and in general conformity with the London Plan.
- 3.3. We would welcome the opportunity to participate in the hearing session for Matter 4 to assist the Inspectors in their assessment of the soundness of the Plan.