



15 May 2025

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## 1. Introduction

- 1.1. This Written Statement has been prepared by Savills (UK) Limited on behalf of our clients, Investra Capital in consideration of the forthcoming examination of the London Borough of Ealing ('LBE') Local Plan 2024 to 2039 (the 'Plan'), in the context of their land ownership at The Arcadia Centre, The Broadway, Ealing, W5 2ND ("the Site").
- 1.2. The Arcadia Centre forms part of the proposed site allocation '**Ealing 01EA Broadway Connection and Arcadia Shopping Centre**', within the Plan.
- 1.3. This Statement should be read in conjunction with the previous representations dated 8 February 2023 submitted to the Council in response to 'Ealing's Local Plan Initial Proposals (Regulation 18), November 30th 2022' and letter dated 2<sup>nd</sup> April 2024 submitted to the Council in response to 'Ealing's Local Plan Final Proposals (Regulation 19), 28th February 2024'.
- 1.4. Investra Capital is a bespoke real estate advisor who strives to make long-term improvements to the local surroundings in the areas in which they work, with emphasis placed on the well-being of the local community. Broadway Capital Investments Limited, the freeholder of the Site, as advised by Investra, have united as business partners to fulfil the potential of the Site by taking a comprehensive approach to mixed-use development.
- 1.5. This Statement has been drafted on behalf of Investra Capital with regard to **Matter 4 – Housing** and proposes modifications that are required to ensure the policies are justified, effective, and consistent with national policy in consideration of site allocation Ealing 01EA.

## 2. Policy Context

- 2.1. The National Planning Policy Framework (NPPF) sets out how local plans and spatial development strategies are to be examined to assess whether they are 'sound'. Specifically, it requires plans to be '**positively prepared**' (to meet objectively assessed needs), '**justified**' (based on proportionate evidence), '**effective**' (deliverable over the plan period) and '**consistent with national policy**' (NPPF Paragraph 36).
- 2.2. The Planning Practice Guidance (PPG) provides further guidance on how Local Authorities should plan to meet objectively assessed housing need, using the standard methodology, and use financial viability evidence to ensure policy requirements strike an appropriate balance with the potential effects on scheme viability. More specifically, the PPG confirms in setting local policy an authority must use a viability assessment to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan (Ref ID: 10-002-20190509).

### 3. Housing Context

- 3.1. The UK, particularly London and the South East, is widely recognised as facing a housing crisis, with a significant imbalance between housing demand and supply. The Deputy Prime Minister and Secretary of State for Housing has described the situation as '*the most acute housing crisis in living memory*' (July 2024).
- 3.2. In 2024, England recorded the lowest number of new homes built in a twelve-month period since 2017, marking the fourth consecutive year of declining annual completions. In London, only 32,160 net additional homes were delivered in 2023/24, the lowest since 2014/15.
- 3.3. The decline in delivery is widely attributed to financial viability constraints, driven by factors such as rising construction and financing costs.
- 3.4. The Government has made positive efforts to respond through initiatives such as the New Homes Accelerator Programme and revisions to the National Planning Policy Framework (NPPF) December 2024, which increase housing targets. The Greater London Authority (GLA) has also issued new Practice Guidance, dated December 2024, which recognises the challenges and promotes a more flexible approach to delivering affordable housing schemes. The emerging London Plan released for consultation in May also identifies the urgent housing crisis facing London and identifies significant measures to increase housing delivery.

### 4. Detailed Response

- 4.1. Our Client strongly supports the delivery of new affordable homes to meeting LBE's housing requirements. However, our Client is concerned that the approach to affordable housing, and specifically the application of a 40% threshold is not supported from current reliable evidence and therefore does not achieve a suitable balance with the potential impact on a scheme's viability.
- 4.2. This approach undermines the implementation of several key objectives in the draft Local Plan, including the delivery of new housing to meet objectively assessed needs, thereby rendering the plan ineffective and undeliverable. In addition, the proposed 40% threshold is inconsistent with the London Plan's 35% benchmark and the Greater London Authority's more recent Practice Guidance (December 2024), which supports a lower 20% target for certain sites. As a result, it would not align with Policies CG4 and H4 of the London Plan.
- 4.3. The EiP Inspectors' questions regarding Policy HOU are set out below (in bold italics), with our responses provided below.

***5c) Is the interaction with Policy H5 of the London Plan clear in terms of setting out the instances where an affordable housing contribution will be sought? Paying regard to Policy H5(B)(2) and (3) is modification needed to clarify the position in relation to public sector and industrial land?***

- 4.4. Policy HOU should clearly state that, where the threshold cannot be met, there is flexibility for schemes to pursue the viability-tested route at a lower level, and that proposals demonstrated to be the maximum viable would be considered fully policy compliant.

**5g) Are the requirements in HOU(C), including any variance to Policy H5(B)(1) of the London Plan, justified? Has the deliverability of adopting the thresholds been appropriately considered, including the applicability of the requirements to Build to Rent developments?**

- 4.5. The viability evidence prepared by BNP Paribas Real Estate (BNPPRE), dated December 2023, is considered inadequate for assessing the potential impact on development viability.
- 4.6. The reasons for this are:
- The financial inputs and assumptions are not supported by appropriate evidence and are therefore not robust.
  - Too few scenarios and residential types have been tested for the assumptions and outputs to be considered effective or justified.
  - There is insufficient testing against real market indicators.
  - There is insufficient testing of the assumptions against any recent viability assessments within the Borough.
- 4.7. The requirement for 40% affordable housing is therefore not justified.
- 4.8. Similarly the evidence to support the proposed tenure split has not been adequately justified.
- 4.9. In terms of Build to Rent (BtR) developments both the NPPF (Annex 2) and Policy H11 of the London Plan support the delivery of the affordable component of these developments as solely Discounted Market Rent (DMR). The reasons are that:
- There are clear practical constraints to the delivery of Social and Intermediate tenures within BtR developments due to the difficulties of separating management and service charges for a separate entity to control the affordable (A Registered Provider).
  - The different classification of homes and control within a single building or development would result in a different investment proposition for funds, likely deterring investment in these schemes in Ealing in favour of more singular BtR schemes elsewhere, damaging Ealing's ability to deliver housing in the market.
  - It would also ultimately reduce the number of BtR homes within a development and therefore reduce the scale to insufficient levels for investors.
- 4.10. There are clear advantages to discounted market rent homes in BtR schemes which allow for faster delivery, avoiding reliance on a registered provider, and allowing for greater social inclusion by placing the discounted homes anywhere within a development.

***5h) How does the evidence demonstrate that the 40% threshold will be effective in maximising affordable housing provision in Ealing? What is the Council's response to the GLA's representation setting out their view on the differences in provision between schemes following the fast-track route versus viability tested schemes?***

- 4.11. Since the preparation of the BNPPRE study and the Draft Local Plan, the GLA has published updated Practice Guidance (December 2024). In response to ongoing market challenges and

declining housing delivery, the guidance advises that local plan affordable housing thresholds should not exceed 35%. It also encourages greater flexibility, particularly for schemes capable of delivering homes quickly, by supporting a reduced threshold of 20% in some cases.

- 4.12. Notwithstanding the significant concerns regarding the evidence base addressed above, the results of the BNPPRE study appear to show that many schemes would not be viable with more than 10-25% affordable housing on brownfield sites. It is therefore entirely unclear how the results of the study have informed the 40% threshold.
- 4.13. The introduction of an unrealistically high threshold is likely to deter future investment in LBE, ultimately reducing the overall delivery of affordable housing.

***5j) Are the requirements in HOU(E) in relation 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?***

- 4.14. Insufficient scenarios and typologies have been tested as part of the BNPPRE viability study. In respect of residential schemes, the study only tests a single large-scale typology in access of 300 homes (ref. no 19 at 500 homes). The study indicate that large-scale residential schemes of approximately 300–500 homes would not be viable with more than around 10–25% affordable housing on brownfield sites in areas where average values fall below £8,136 per sqm. Additionally, Table 7.17.1 of the study demonstrates that the proposed LBE Draft CIL rates alone could reduce the viable level of affordable housing by approximately 6–7%.
- 4.15. Although policy allows some flexibility to deliver reduced levels of affordable housing where justified by a site-specific viability assessment, the BNPPRE study itself indicates that in many cases, the viable level is unlikely to exceed 10–20%. This is lower than the 21% average achieved in 2022/23, which was itself significantly below the strategic target of 50% due to financial constraints.
- 4.16. Crucially, these schemes may also struggle to secure local planning approval if reduced viability leads to lower affordable housing contributions and, as a result, they are deemed to deliver insufficient planning benefits to outweigh their impacts. This could further constrain the delivery of both market and affordable homes, running counter to the objectives of the Local Plan.
- 4.17. The inputs and outputs of the viability study have not been verified against the recent findings of local planning application stage viability assessments and/or any actual case study schemes informed by more detailed up to date assessment of design efficiencies, construction costs and achievable values.
- 4.18. The requirement for 40% Affordable Housing to be provided in the form of conventional housing in purpose built shared living (PBSL) has not been justified. Additionally, the proposed tenure split of 70% social rent and 30% has not been properly considered or justified.
- 4.19. London Plan Policy H16 (Large-scale purpose built shared living) only provides for a cash in lieu payment towards conventional Class C3 affordable housing within the policy. The policy does not support an alternative approach to delivery. The definition of PBSL in the London Plan is a sui generis use (non-self-contained housing). Its very purpose is to provide an alternative to conventional housing in a large format that allows economies of scale and shared facilities.

4.20. An affordable housing contribution in the form of conventional housing units on site is also not practically feasible to deliver as Social Rent and Intermediate tenures within PBLs schemes because:

- i. Management and service charge arrangements cannot be sufficiently separated for a Registered Provider (i.e., entirely separate buildings/services); and
- ii. The resulting number of co-living units would be reduced and then be either too small to attract interest from investors or create a mixed use product that would fail to attract PBLs investors.

4.21. Therefore, the requirement for conventional affordable housing should be removed and replaced with a provision consistent with Policy H16 of the London Plan for the policy to be sound.

***5m) Is the policy in general conformity with the London Plan?***

4.22. Policy HOU is not in general conformity with the London Plan as the proposed 40% threshold is inconsistent with the 35% requirement set in Policy H5 of the London Plan for both conventional housing and student housing schemes and the requirement for convention housing with a tenure split is wholly inconsistent with Policy H16 of the London Plan and the nature of the sui generis use PBSL provides and how it functions.

**5. Modifications**

5.1. LBE's suggested modification amend Policy HOU C as follows:

*"The Fast Track route **for development other than on public or designated** industrial land, set out in Policy H5 B 1) of the London Plan, in Ealing will only apply to schemes providing at least 40% affordable..."*

5.2. While the inclusion of a Fast Track route for purpose-built student accommodation (PBSA) is welcomed in principle, the proposed higher threshold of 40% affordable provision for Fast Track compliance may act as a barrier to delivery. This is particularly the case where funders are unwilling to accept viability review mechanisms, potentially preventing otherwise suitable sites from coming forward.

**6. Conclusions**

6.1. For the reasons explained above, it is considered that further modifications to Policy HOU, are required to ensure that the Plan has been positively prepared, justified, effective and consistent with national policy and in general conformity with the London Plan.

6.2. Policy HOU is not supported by up-to-date and robust evidence and, as a result, fails to achieve a reasonable balance with the potential impacts on scheme viability. This creates a significant risk of constraining the delivery of both market and affordable housing over the plan period. In turn, this would undermine the achievement of several key objectives of the draft Local Plan, including meeting objectively assessed housing needs. Consequently, the plan cannot be considered effective or deliverable.

6.3. The approach to requiring conventional affordable housing in large scale purpose built shared living is inconsistent with the London Plan and is unjustified.

6.4. For these reasons the draft Local Plan cannot be considered sound.