



APRIL 2023

Richmond Local Housing Market Assessment

Update Report

Iceni Projects Limited on behalf of
London Borough of Richmond-
Upon-Thames
April 2023

ICENI PROJECTS LIMITED
ON BEHALF OF LONDON
BOROUGH OF RICHMOND-
UPON-THAMES

Iceni Projects

Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT
Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH
Glasgow: 177 West George Street, Glasgow, G2 2LB
London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: [iceniprojects.com](https://www.iceniprojects.com) | e: mail@iceniprojects.com
linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: @iceniprojects

Richmond Local Housing Market
Assessment
UPDATE REPORT

CONTENTS

1.	INTRODUCTION	1
2.	CHANGING HOUSING MARKET CONDITIONS.....	3
3.	IMPLICATIONS OF 2021 CENSUS DATA	4
4.	NEED FOR FIRST HOMES AND APPROACH TO AFFORDABLE HOUSING MIX	13
5.	SPECIALIST HOUSING	28
6.	HOUSING DELIVERY PRIORITIES	30

1. INTRODUCTION

1.1 The London Borough of Richmond upon Thames (LBRUT) is in the process of preparing a new Local Plan to take account of its declaration of a Climate Emergency, the adoption of a new London Plan in 2021, and the evolving nature of national planning policies. To inform the new Local Plan, the Council commissioned Icení Projects (Icení) to lead preparation of a Local Housing Market Assessment (LHMA).

1.2 A Stage 1 LHMA Report was prepared in 2021 and is published on the Council's website. This included a review of relevant policies at a Borough and London-wide level; an assessment of overall housing needs and the needs for different types of homes, including affordable homes; the sizes of homes needed; and the needs of different groups within the population including older and disabled people, including students and service families. Alongside this, a separate report on older persons' housing needs was prepared by the Housing Learning & Information Network (Housing LIN).

Purpose of this Report

1.3 As set out within the Stage 1 report, the intention was that a further report would be prepared closer to the submission of the Local Plan to include selective further analysis of housing dynamics, where appropriate, to consider supported living needs and in the context of a restricted supply of housing within the Borough, to consider a 'local hierarchy of need' in terms of how the Council might wish policies to prioritise delivery of different types of homes in the Borough.

1.4 This report addresses these issues. It is intended to be read alongside the London Borough of Richmond Upon Thames Stage 1 Local Housing Need Assessment (LHNA) produced in December 2021. Results from the 2021 Census have started to be published by the Office for National Statistics (ONS) since the preparation of the Stage 1 LHNA Report. The report provides selected analysis updating data on the demographic and housing stock characteristics of the Borough taking this into account.

1.5 This Report also provides a commentary on if the Council should seek to deliver First Homes as part of the overall provision of affordable housing in the Borough.

Report Structure

1.6 The remainder of the report is structured as follows:

- Section 2: Changing housing market conditions;
- Section 3: Implications of 2021 Census data;

-
- Section 4: Need for First Homes and Approach to Affordable Housing Mix;
 - Section 5: Specialist Housing;
 - Section 6: Housing Delivery Priorities.

2. CHANGING HOUSING MARKET CONDITIONS

- 2.1 The Stage 1 LHMA Report was prepared in 2021 at a time of relatively strong housing market conditions, with agents reporting relatively high levels of housing market activity in the sales market; albeit that the lettings market was more vibrant in the east of the Borough (Richmond/ Sheen) than the west.
- 2.2 However market conditions have evolved quite significantly since. 2022 saw the invasion of Ukraine impact on energy costs and inflation, which has led the Bank of England to rapidly increase interest rates. The Bank of England Base rate at the time of writing now stands at 4.25% having been 0.25% during much of 2020 and 2021, and interest rates not having exceeded 0.75% since the financial crash in 2008. This has had led to some cooling of, the sales market.
- 2.3 The average house price in the Borough, recorded by the Land Registry, rose from £659,000 in Jan 2020 to £738,000 in Aug 2021, influenced by demand for houses and the Stamp Duty Holiday. The average sales price in the Borough peaked in Oct 2021 at £774,000; but with the rapid interest rate rises in the latter half of 2022, the market has cooled and prices have started to fall, returning to £742,000 in Dec 2022.
- 2.4 Savills expect values for second hand stock in the mainstream market in London to fall by 12.5% in 2023, and 1.0% in 2024, before growth resumes.¹ For prime suburban locations within the M25, which would include locations such as Richmond, they expect to see an 8.0% drop in values in 2023, with 1.0% growth in 2024. Over the 5 year period to 2027, Savills expect compound growth in house prices of 6.0%. Given wider inflationary pressures, house prices are expected to fall in real terms in the short-term.
- 2.5 But Savills also report more people wanting to rent homes that are available, leading to rental growth outstripping house price inflation. Their 2023-27 forecast for London is of rental growth of 18.4%, with over 5% growth pa in both 2023 and 2024. This reflects growth in demand as less (particularly younger) households are able to buy; albeit that they also expect a growth in supply as less landlords sell (as prices fall) and investors take advantage of price adjustments and less competition from owner occupiers to secure stock.

¹ <https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx> (accessed March 2023)

3. IMPLICATIONS OF 2021 CENSUS DATA

3.1 This section provides an update to the demographic and housing baseline information presented in the Stage 1 Local Housing Need Assessment produced in December 2021 using the available data from the 2021 Census. Census data is being released in a series of phases over the course of 2022-24, and the information presented in this section considers implications of Census data available as at January 2023.

Demographics

3.2 The 2021 Census found the overall population of the London Borough of Richmond-Upon-Thames (LB Richmond) to be 195,278, slightly lower than the ONS Mid-Year Estimates for 2020 – 198,141 – as reported in the Stage 1 LHNA report. The ONS' estimate the Borough's population to be 195,200 in mid-2021.

3.3 Over the 2011-21 decade, the Borough's population has grown by 8,300 with an increase in particular in those aged 65+ which accounted for almost three quarters (74%) of the population growth in the Borough.

Table 3.1 Population Dynamics

	Population, 2011	Population, 2021	Change	% Change	% Population, 2021
Under 16	36,938	39,447	2,509	6.8%	20.2%
16-64	124,756	124,384	-372	-0.3%	63.7%
65+	25,296	31,447	6,151	24.3%	16.1%
All Ages	186,990	195,278	8,288	4.4%	100.0%

Source: 2021 and 2011 Census

3.4 The 2021 Census shows that the majority of households in LB Richmond are one or two person at 61% of all households in the Borough, followed by 3 and 4 person households, forming 33% of households in the Borough. The 2011-21 period has seen a growth in households with 3 and 4 persons (many of which will be families), with declining numbers of 1- and 2-persons households in absolute and relative terms despite the growing older population. Proportionally there has been strong growth in the number of households with 7 and 8 residents, although the absolute numbers are small at +126 households.

Table 3.2 Changes in Households by Size, 2011-21

Household Size	Number of household (2021)	Percentage of households (2021)	Number of household (2011)	Percentage of households (2011)	Change	Percentage Change
1 person	23,871	30%	26,008	33%	-2,137	-8.2%
2 people	25,216	31%	25,479	32%	-263	-1.0%
3 people	13,861	17%	12,428	16%	1,433	11.5%
4 people	12,962	16%	11,198	14%	1,764	15.8%
5 people	3,615	4%	3,607	5%	8	0.2%
6 people	841	1%	902	1.1%	-61	-6.8%
7 people	228	0.28%	133	0.17%	95	71.4%
8+ people	111	0.14%	80	0.1%	31	38.8%
Total	80,705	100%	79,835	100%	870	1.1%

Source: 2021 and 2011 Census

3.5 The 2021 Census also shows that the majority of households in LB Richmond are single family households at 64%, followed by single person households at 30%. Again, this is consistent with the 2011 Census findings. Family households have grown the most over the 2011-21 period, increasing by almost 4,400 in number. The points to the attractiveness of the Borough as a location for families.

3.6 It should be noted that between the 2011 and 2021 Censuses the ONS changed its definition of an older person from 65+ to 66+.

Table 3.3 Household Composition, 2021

	Number of household (2021)	Percentage of households (2021)	Number of household (2011)	Percentage of households (2011)	Change	Percentage Change
One-person households	23,871	30%	26,008	33%	-2,137	-9.0%
Single family households	51,666	64%	47,292	59%	4,374	8.5%
Other household types	5,167	6%	6,535	8%	- 1,368	-26.5%
Total	80,704	100%	79,835	100%	869	1.1%

Source: 2021 and 2011 Census

3.7 The 2021 Census demonstrates that the vast majority of residents in LB Richmond (99.0%) live in households, with only 1.0% living in communal establishments such as nursing or care homes. The number of residents in communal establishments has actually fallen quite notably between 2011-21. This may well represent the closure of Kneller Hall in Whitton (former home to the Royal Military School of Music).

Table 3.4 Residents in Communal Establishments, 2021

	Number of residents (2021)	Percentage of residents (2021)	Number of residents (2011)	Percentage of residents (2011)	Change	Percentage Change
Lives in a household	193,417	99.0%	184,098	98.5%	9,319	5.1%
Lives in a communal establishment	1,861	1.0%	2,892	1.5%	- 1,031	-35.7%
Total	195,278	100%	186,990	100%	8,288	4.4%

Source: 2021 and 2011 Census

Household Deprivation

- 3.8 In terms of deprivation, the majority of households are not deprived in any dimension but a significant number – 28% - are deprived in one dimension, with circa 9% deprived in two dimensions. Since the 2011 Census the number of deprived households by two or more dimensions have slightly decreased and the number of households not deprived in any dimension has slightly increased by 3%.

Table 3.5 Household Deprivation, 2021

	Number of Households (2021)	Percentage of Households (2021)	Number of Households (2011)	Percentage of Households (2011)	Change	Percentage Change
Household is not deprived in any dimension	49,261	61%	46,005	58%	3,256	7.1%
Household is deprived in one dimension	22,644	28%	22,322	28%	322	1.4%
Household is deprived in two dimensions	6,992	8.7%	8,994	11%	- 2,002	-22.3%
Household is deprived in three dimensions	1,678	2%	2,237	3%	- 559	-25.0%
Household is deprived in four dimensions	130	0.2%	277	0.3%	- 147	-53.1%
Total	80,705	100%	79,835	100%	870	1.1%

Source: 2021 and 2011 Census

Veterans

- 3.9 A small number of the Borough's residents (4.1%) have previously served in the Armed Forces. In absolute terms, this equates to just under 4,000 residents in the Borough.

Table 3.6 Veterans, 2021

	Number of residents	Percentage of residents
No people in the household previously served in UK armed forces	77,325	95.8%
people in the household previously served in UK armed forces	3,379	4.1%

Source: 2021 Census, TS072 - Number of people in household who have previously served in UK armed forces

Ethnic Group and Language

- 3.10 The majority of the Borough's residents are White at 80.5%, with 88.7% reported their main language as English. However, this has decreased by 5 percentage points compared to the 2011 Census as the Borough has become more ethnically diverse. A significant proportion of the Borough's residents are Asian ethnicities at 9% and a further 5.5% are of mixed or multiple ethnic groups.
- 3.11 Over the 2011-21 decade, the White population fell by 2.2%, whilst the population in a range of other ethnic groups increased. Nonetheless, LB Richmond remains less ethnically diverse than many other parts of London.

Table 3.7 Ethnic Groups, 2021

	Number of residents (2021)	Percentage of residents (2021)	Number of residents (2011)	Percentage of residents (2011)	Change	Percentage Change
Asian, Asian British or Asian Welsh	17,467	9.0%	13,607	7.3%	3,860	28.4%
Black, Black British, Black Welsh, Caribbean or African	3,687	2.0%	2,816	1.5%	871	30.9%
Mixed or Multiple ethnic groups	10,662	5.5%	6,780	3.6%	3,882	57.3%
White	157,111	80.5%	160,725	86.0%	- 3,614	-2.2%
Other ethnic group	6,350	3.3%	3,062	1.6%	3,288	107.4%
Total	195,277	100%	186,990	100%	8,287	4.4%

Source: 2021 and 2011 Census

Housing Provision

- 3.12 The majority of households in the Borough are owner occupiers at 62%, with circa 25% in private rented and 12.0% in social rented accommodation. Whilst home ownership remains the largest tenure, and is well above the London average of 45.2%, it has fallen slightly in the Borough; whilst the Private Rented Sector has grown in size and now accommodates almost 25% of households. The Census records a modest reduction in households living in the Social Rented sector.
- 3.13 The tenure mix identified in the 2021 census is generally consistent with the ONS sub-national estimates of homes by tenure over the period 2012 to 2019 presented in the Stage 1 LHNA Report.

Table 3.8 Housing Tenure Profile, 2021

Tenure	Households (2021)	Percentage (2021)	Households (2011)	Percentage (2011)	Change	Percentage Change
Owned	50,361	62.0%	50,750	63.6%	- 389	-0.8%
Shared ownership	560	0.7%	601	1.0%	- 41	-6.8%
Social rented	9,752	12.0%	10,051	12.6%	- 299	-3.0%
Private rented	19,970	24.7%	17,440	22.0%	2,530	14.5%
Lives rent free	61	0.1%	993	1.0%	- 932	-93.9%
Total	80,704	100%	79,835	100%	869	1.1%

Source: 2011 and 2021 Census

- 3.14 There is a fairly even split between 2-, 3- and 4-bed homes in the Borough, with a smaller number of 1 bed homes. Since the 2011 Census there has been a slight decrease in the number of 1-, 2- and 3-bed homes and a corresponding increase in 4+ bed homes - the proportion of which has risen by 18.5%. This most likely reflects the extension of existing homes.

Table 3.9 The level of house extensions to deliver additional bedrooms is likely to be influenced by the costs of moving home in the Borough. For a home at the average house price in the Borough of £742,000, the Stamp Duty would be £24,600 at the current rate for households looking to trade up. For some households, it is therefore more affordable or financially prudent to extend a home to acquire more

space or provide for a growing family rather than to move. This correlates with the growth in families in the Borough. **Housing Stock by Bedrooms, 2021**

	Households (2021)	Percentage (2021)	Households (2011)	Percentage (2011)	Change	Percentage Change
1 bedroom	12,622	15.6%	13,237	17%	- 615	-4.6%
2 bedrooms	23,373	29%	24,469	31%	- 1,096	-4.5%
3 bedrooms	21,611	27%	22,420	28%	- 809	-3.6%
4 or more bedrooms	23,098	28.6%	19,485	24%	3,613	18.5%
Total	80,704	100%	79,611	100%	1,093	1.4%

Source: 2011 and 2021 Census

- 3.15 Although this isn't isolated to Richmond it does contribute to affordability issues, especially for First-Time Buyers as it reduces the number of smaller properties available especially when factoring in people looking to downsize. This is a potential influence on what mix of properties the Council might seek through new development schemes, particularly in the context of land supply constraints.
- 3.16 The Census data now also allows analysis of the profile of homes by size in different tenures. It shows a much greater focus on owner occupied homes in larger properties with 3+ bedrooms making up 70.5% of the owned stock, with more limited stock – particularly of 4+ bedrooms in the private rented tenure. 1- and 2-bed homes are the most prevalent in both the private and social rented sectors; with limited 4+ bed social rented stock in particular.

Table 3.10 Profile of Sizes of Homes by Tenure, 2021

	Owned	Social Rented	Private Rented
1-bed	6.3%	37.9%	28.5%
2-bed	23.2%	32.9%	41.7%
3-bed	30.4%	24.6%	18.7%
4+ Bed	40.1%	4.6%	11.1%

Source: 2021 Census

Occupancy Rate

- 3.17 Most households in the Borough are under occupied and there is just a small percentage of households that are living in overcrowded homes at 4.0% in 2021. However since 2011, there has been a modest (6.8%) increase in overcrowded households, the numbers of which have grown by around 200 over the 2011-21 decade. The analysis uses the 'bedroom standard.'
- 3.18 The proportion of under-occupied homes is much more significant, at 67%, and has seen very modest growth. This will be influenced by a growing older population. There are potential opportunities to better use the housing stock in the Borough if appropriate and attractive housing can be made available which enables households to downsize.

Table 3.11 Changes in Occupancy of Homes, 2011-21

	Households (2021)	Percentage (2021)	Households (2011)	Percentage (2011)	Change	Percentage Change
Under occupied	53,802	66.7%	53,242	66.7%	560	1.1%
Right size	23,682	29.3%	26,674	33.4%	-2,992	-11.2%
Overcrowded	3,221	4.0%	3,016	3.8%	205	6.8%
Total	80,705	100%	79,835	100%	870	

Source: 2011 and 2021 Census

- 3.19 Profiling the occupancy of housing by tenure, we find that 84% of owner occupied homes have spare bedrooms; with just 1.4% overcrowded. Overcrowding is more prevalent in the Social Rented sector, and to a lesser extent in the PRS; with under-occupation much less prevalent. Nonetheless, there are 2,642 households in social rented homes as recorded by the Census who are under-occupying – by encouraging these households to move to more suitable homes, there is an opportunity to meet pressing needs for larger homes and better use the existing stock. Attractive specialist options for older residents may also support downsizing, in both the social and private sectors.

Table 3.12 Occupancy by Tenure, 2011

	Owner Occupied	Social Rented	Private Rented/ Rent Free
Under-occupied	42,527	2,642	8,633
% Households in Tenure	83.5%	27.1%	43.1%
Right Sized	7,685	5,989	10,006
% Households in Tenure	15.1%	61.4%	50.0%
Overcrowded	705	1,121	1,392
% Households in Tenure	1.4%	11.5%	6.9%

Source: 2011 Census

Housing Stock by Type

- 3.20 The 2021 Census shows that flatted homes make up the largest proportion of the Borough's housing stock at 40.2%. Semi-detached and terraced homes make up largely equal proportions at circa 25% each.
- 3.21 Over the 2011-21 period, the greatest growth has been in the number of flatted properties, followed by semi-detached properties. Growth in the housing stock has been focused on these property types.

Table 3.13 Housing Stock by Type, 2021

	Households (2021)	Percentage (2021)	Households (2011)	Percentage (2011)	Change	Percentage Change
Detached	6,683	8.0%	6,669	8.4%	14	0.2%
Semi-detached	20,164	25.0%	19,527	24.7%	637	3.3%
Terraced	21,431	26.6%	21,683	27.4%	- 252	-1.2%
Flats	32,427	40.2%	31,335	39.6%	1,092	3.5%
Total	80,705	100%	79,214	100%	1,491	

Source: 2011 and 2021 Census

Bringing the Evidence Together

3.22 Bringing the evidence together, the new Census data shows that:

- The demographic profile of the Borough has remained reasonably stable but there is growing ethnic diversity, and there has been a particular growth in families living in LB Richmond. This is despite the notable growth in the population aged over 65;
- Home ownership has fallen modestly, with a growth in the Private Rented Sector, although home ownership remains the largest tenure and is notably above the London-wide average;
- There has been a growth in larger homes, with 4+ bedrooms, which is likely influenced in particular by the extension of existing private sector homes as households have sought to extend properties rather than move. This is influenced by the high costs of moving home but does have some impact on reducing the available stock of homes for younger, First-time Buyers.
- Under occupancy is particularly prevalent in the private sector homes, and is much more evident than overcrowding of housing. Sizes of homes in the private sector are influenced more by what households can afford than their household size. However there may be opportunities in the context of a growing older population in particular to provide suitably attractive housing locally which households can downsize into, releasing larger family homes for others. In our experience this will be providing 2- and 3-bed homes, rather than 1-beds, which provide greater space and flexibility.
- In the Social Rented Sector the evidence shows a limited supply of larger homes, particularly of 4+ bed properties, but also that there are over 2,600 under-occupied homes. Providing attractive opportunities for such households to move, and in particular older households, could help to release larger properties for current overcrowded households. However in practice, it is difficult

to achieve. The Council provides financial payments for downsizing (up to £7,500)² but it may wish to consider further publicising such opportunities, working with Richmond Housing Partnership and other RPs, and/or providing additional support for the moving process in order to release larger homes.

² https://www.richmond.gov.uk/moving_or_downsizing

4. NEED FOR FIRST HOMES AND APPROACH TO AFFORDABLE HOUSING MIX

- 4.1 Government has amended national policy and guidance to promote the delivery of 'First Homes'. This Section of the report analyses the potential need for First Homes in Richmond. It considers how these sit within the framework of current London Plan policies; and what impacts First Homes could have on the delivery of other forms of affordable housing. It draws conclusions on this basis to inform the drafting of Local Plan policies.

Local Housing Market Assessment (December 2021)

- 4.2 The start point for analysis is the Council's Local Housing Market Assessment of December 2021. The Stage 1 LHMA was completed by Icen Projects for the Council in December 2021.

Affordable Housing Need shown in the 2021 LHMA

- 4.3 The LHMA followed Planning Practice Guidance (PPG) in setting out a need for affordable housing. This was separated between the need for rented products (e.g. social/affordable rents) and affordable home ownership (e.g. shared ownership/First Homes). Table 5.11 of the LHMA estimated there is an annual need for 1,123 rented affordable homes in LB Richmond if all needs are to be met.
- 4.4 The report moved on to separately look at the need for affordable home ownership products. This focused on households able to afford to rent privately but not buy a home in the Borough. Table 5.13 of the report suggests there is a need for around 552 affordable home ownership units each year if all needs are to be met. The 552 households per annum was based on a method where the only supply to meet the need was taken to be resales of affordable home ownership products (such as shared ownership and totalling just 9 per annum on average). The report did however note that there might be a further supply of up to 537 dwellings per annum from resales of market homes below a lower quartile price. Including these homes would show a negligible need for affordable home ownership. The need for affordable home ownership properties is therefore appropriately expressed as a range (15-552 dpa) recognising that not all sales below a LQ price will be of good quality stock, but equally that access to capital is a key influence on households ability to buy in the open market. It found that low cost home ownership homes – and shared ownership homes in particular – would therefore play a role in supporting some households into home ownership.
- 4.5 **Overall the report found a clear and acute need for rented affordable housing for low income households, and recommended that this was prioritised. In doing so it had regard to the national policy on First Homes.**

4.6 Since the LHMA was published, Iceni have carried out further research into the potential for resales of existing homes to meet the need for affordable home ownership – this research drawing on a number of published research studies. This identified that typically around half of all lower quartile sales are to First-time Buyers. If this conclusion is applied to LB Richmond, then the net need for affordable home ownership would be calculated to be around 284 homes per annum. This is a reasonable refinement of the information in the LHMA.

4.7 **The overall affordable needs position of an annual need for 1,123 rented affordable homes and 284 affordable home ownership homes per annum points notionally to an 80%/ 20% split between rented affordable provision and affordable home ownership. However the Borough is likely to fall substantially short of meeting needs in full, and there is therefore a case for prioritising those in greatest need which will be those on lower incomes without alternative housing options** (or adequate existing housing provision) seeking rented affordable housing. The Council should seek to maximise provision of rented affordable housing provision where opportunities arise.

Housing Mix

4.8 Section 7 of the 2021 LHMA report set out a suggested mix of housing by size for different tenures. This was based on considering demographic change and the way different household groups occupy housing. The analysis also took account of levels of overcrowding and under-occupation, essentially modelling for there to be a modest reduction in under-occupancy over time, as well as providing sufficiently sized homes to meet overcrowding.

4.9 The report concluded with a suggested mix across three broad tenures (Table 7.12 – repeated below). The analysis suggests a need for around a third of affordable home ownership homes to be 1-bedroom, with around two-thirds having 2- or more bedrooms – around a quarter of the need was estimated to be for 3+-bedroom homes.

Table 4.1 Suggested Housing Mix by Size – LB Richmond-upon-Thames

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	34%	45%	11%
Affordable Ownership	35%	38%	19%	7%
Affordable Rented	44%	29%	21%	6%

Source: LHMA 2021 – Table 7.12

National Policy and Guidance on First Homes

- 4.10 The Government introduced First Homes as a form of affordable housing through a Written Ministerial Statement³ (WMS) on 24 May 2021. The statement also issued changes to national planning policy through the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) which came into effect on 28 June 2021 to support the development and delivery of First Homes through the planning system.
- 4.11 PPG on First Homes⁴ was published by the MHCLG (now DLUHC) in May 2021. The key parts of this guidance are set out below.
- 4.12 Paragraph 1 of the First Home PPG sets out a definition of First Homes:

“First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;***
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);***
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,***
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).***

First Homes are the government’s preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations”.

- 4.13 Paragraph 7 of the First Homes PPG sets out that to be eligible for a First Home a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status.

³ <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>

⁴ <https://www.gov.uk/guidance/first-homes>

4.14 Paragraph 4 of the First Homes PPG establishes that a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if a need can be demonstrated for this).

London Plan Framework for Affordable Housing

4.15 Delivering more genuinely affordable housing is a key strategic issue for London. Paragraph 1.4.3 of the London Plan 2021⁵ sets out that the 2017 London Strategic Housing Market Assessment (SHMA) identified a significant overall need for housing, and for affordable housing in particular.

4.16 The London Plan has five separate planning policies dedicated to affordable housing:

- Policy H4 Delivery affordable housing
- Policy H5 Threshold approach to applications
- Policy H6 Affordable housing tenure
- Policy H7 Monitoring of affordable housing
- Policy H8: Loss of existing housing and estate redevelopment

4.17 Policy H4, H5 and H6 set out the approach to affordable housing delivery in London. Policy H6 in particular is key when considering how to approach First Homes in the London context.

4.18 Policy H6 sets out a split of affordable products that should be applied to residential development, with 30% low-cost rented homes - London Affordable Rent (LAR) or Social Rent (SR) - and 30% intermediate products - meeting the definition of genuinely affordable housing, include London Living Rent (LLR) and London Shared ownership; and 40% to be determined by the borough based on need. In the supporting text of Policy H6 paragraph 4.6.2 specifies the presumption that the 40% to be determined by the borough will focus on SR and LAR.

4.19 Paragraph 4.6.3 intends to set out the products that the Mayor considers genuinely affordable. It states that “*The Mayor is committed to delivering genuinely affordable housing. Within the broad definition of affordable housing, the Mayor’s preferred affordable housing tenures are: homes based on social rent levels, including Social Rent, London Affordable Rent, London Living Rent and London Shared Ownership*”. Paragraphs 4.6.4 to 4.6.7 provide more detail on these products. Since the publication of the London Plan, the Mayor’s current funding through the ‘*Homes for Londoners*:

⁵ <https://www.london.gov.uk/programmes-strategies/planning/london-plan/new-london-plan/london-plan-2021>

Affordable Homes Programme 2021-2026 focuses on homes that are genuinely affordable: for Social Rent, London Living Rent and Shared Ownership, moving away from London Affordable Rent.

- 4.20 Paragraph 4.6.8 sets out income caps for intermediate products. It states “*Currently all intermediate rented products such as London Living Rent and Discounted Market Rent should be affordable to households on incomes of up to £60,000. Intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the definition of affordable housing), should be affordable to households on incomes of up to £90,000.*”

Greater London Authority (GLA) First Homes Practice Note

- 4.21 As the national policy on First Homes was introduced in May 2021 after the publication of the London Plan in March 2021, the GLA published a practice note in July 2021, which sets out how London Plan affordable housing policies discussed above interact with the national policy requirements around First Homes⁶. It comments that the “*First Homes requirement is a material consideration for decision makers to take into account alongside policies of the Development Plan and any other relevant material considerations. It does not alter the position of the Development Plan as the starting point for decision-taking.*”
- 4.22 In the context of plan-making the practice note states that “*In London, Local Plans must be in general conformity with the London Plan. Following the end of the transitional arrangements for Local Plans, Local Planning Authorities bringing forward revised plans in London should take into account the issues referred to under decision-making above when developing affordable housing policies, including evidence of affordable housing need and deliverability, alongside national policy.*”
- 4.23 The issues for decision making are:
- Affordable housing needs at a local and strategic level;
 - The delivery of affordable housing by tenure against local and strategic targets;
 - The deliverability and affordability of First Homes in a local and strategic context;
 - The discount to market value required to enable First Homes to be provided at or below the £420,000 cap in London and the relevance of this to scheme deliverability and the provision of other affordable housing tenures; and

⁶ [first_homes_planning_practice_note .pdf \(london.gov.uk\)](#)

- All other relevant national and Mayoral requirements, including eligibility criteria, for First Homes and intermediate housing.

4.24 Finally, the GLA practice note concludes that “*Based on the criteria set out in the WMS and PPG, in many cases properties discounted by 30% from market value are likely to exceed the £420,000 cap. Where the value is below the cap, homes are likely to be smaller or in lower value areas, and accessible to a limited proportion of households at the upper end of the eligible income range.*

4.25 *In many cases a discount to market value in excess of 30% would be required to ensure that the cap was not exceeded. This would have a detrimental impact on development viability and the provision of other affordable tenures, particularly social rent for which there is greatest need.*

4.26 *Local Planning Authorities are encouraged to consider the deliverability and affordability of First Homes for their areas taking into account market values, the discount needed to meet national and Mayoral criteria, and local incomes.”*

Changes in Housing Costs Since Local Housing Market Assessment

4.27 Since the LHMA was published there have been a number of new sources of data that can help with monitoring the findings (in addition to Census data previously discussed). This is mainly in relation to affordability – house prices, rents and incomes.

House Prices

4.28 The table below shows a comparison of house prices (lower quartile prices by dwelling type for existing homes) in the year to March 2021 (the period used in the LHMA) and the year to June 2022 (the latest data published by ONS on this topic). There are some differences in prices, with the lower quartile cost of flats seemingly decreasing slightly, along with increases for other dwelling types. However, the overall lower quartile price (of £500,000) remains the same in both sources. Overall, this analysis does not point to there having not been any significant shift in prices since the 2021 LHMA was undertaken.

Table 4.2 Lower quartile cost of housing to buy (existing homes) year to March 2022 and year to June 2022

	Year to March 2021 (LHMA)	Year to June 2022
Flat/maisonette	£373,000	£360,000
Terraced	£619,000	£680,000
Semi-detached	£664,000	£750,000
Detached	£1,008,000	£1,015,000
All properties	£500,000	£500,000

Source: ONS and LHMA (Table 5.1)

Private Sector Rents

- 4.29 The table below shows a comparison of private sector rents (lower quartile prices by dwelling size) in the year to March 2021 (the period used in the 2021 LHMA) and the year to September 2022 (the latest data published by ONS on this topic). As with the price data, there are some differences with most rents showing relatively small increases. In isolation this impact is minimal, however it is important to consider the other factors affecting affordability in the past year such as significant increases in electricity, gas prices and high increases in inflation putting additional pressure on household earnings.

Table 4.3 Lower quartile private sector rents by size – year to March 2022 and year to September 2022

	Year to March 2021 (LHMA)	Year to September 2022
Room only	-	£650
Studio	£795	£850
1-bedroom	£1,125	£1,100
2-bedrooms	£1,450	£1,460
3-bedrooms	£1,670	£1,850
4+-bedrooms	£2,950	£2,973
All properties	£1,330	£1,343

Source: ONS and LHMA (Table 5.3)

Incomes

- 4.30 The table below shows a comparison of estimated household incomes for 2020 (the date used in the LHMA) and 2022 (the latest date for which we have information) – data is provided for mean, median and lower quartile income. The data is interesting as it shows a lower mean income in 2022, but higher median and lower quartile figures. . As with other data, it is not considered that this information points to there having been any significant change since the LHMA was undertaken.

Table 4.4 Estimated household incomes in LB Richmond-upon-Thames (2020 and 2022)

	2020	2022
Mean	£71,800	£67,300
Median	£54,600	£59,000
Lower quartile	£31,600	£35,500

Source: Derived from a range of data and LHMA (Para 5.19)

The Need and Cost of First Homes

- 4.31 The analysis above suggests there have been no significant changes so as to suggest any substantial shift in estimates of the need for affordable housing. The analysis in the 2021 LHMA therefore remains valid – this shows a notable need for affordable housing, particularly rented housing.

-
- 4.32 The analysis below focusses on the cost of discounted market sale properties (which would include First Homes). It seeks to consider whether First Homes would be genuinely affordable to households in Richmond; and the impact which delivery of First Homes could have on other forms of affordable housing.
- 4.33 It will be important for the Council to ensure that any affordable home ownership (including First Homes) is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market. The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium.
- 4.34 The difficulty with applying a cap to First Homes is in areas with high house prices are such as Richmond even with the highest level of discount the price of the first home is likely to exceed the cap of £420,000 (in London) and/or the types of homes provided as first homes will be very limited due to the cap. Such as a new build 3 bed house in Richmond even with the maximum discount applied is unlikely to be below the £420,000
- 4.35 The analysis in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). These can then be compared against the cap to understand whether First Homes might realistically be brought forwards.
- 4.36 The preceding analysis in this section has suggested no significant changes to prices or rents in the area since the 2021 LHMA was undertaken, and therefore the analysis below is based on data in that document (this has the advantage of the inclusion of estimated lower quartile prices by size as well as type). The table below sets out estimates of lower quartile prices and rents by size.
- 4.37 Lower quartile prices and rents are used as these will best reflect the costs relevant to accessing market housing without financial support (paragraph 2a-021 of the PPG notes the use of a lower quartile cost). Looking at the table, it is estimated a lower quartile 2-bedroom home has a price of £440,000 and therefore to make any affordable home ownership property genuinely affordable, it would need to be priced below this level.
- 4.38 It does also need to be noted that the prices and rents are across the Borough and will vary by location. Additionally, prices are likely to vary depending on built-form (houses vs. flats). However,

by using a single broad set of figures, the general picture of affordability can be established for the whole Borough. Values for First Homes are however capped at £420,000.

Table 4.5 Estimated lower quartile house prices and private sector rents by size – year to March 2022

	House price	Private rents
1-bedroom	£325,000	£1,125
2-bedrooms	£440,000	£1,450
3-bedrooms	£650,000	£1,670
4+-bedrooms	£950,000	£2,950

Source: LHMA (Tables 5.2 and 5.3)

4.39 Using this data an example is provided below of how the affordable price of a home to buy is calculated:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Richmond is £1,450 per month;
- On the basis of a household spending no more than 28% of their income on housing (the assumption used in the LHMA), a household would need an income of around £5,200 per month to afford ($£1,450/0.28$) or £62,100 per annum; and
- With an income of £62,100, it is estimated that a household could afford to buy a home for around £311,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as $£62,100 \times (4.5/0.9)$.

4.40 Therefore, £311,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Richmond. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

4.41 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £440,000, giving a midpoint of £375,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

- 4.42 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.
- 4.43 The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes, data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock.
- 4.44 Over the five year period studied, Land Registry data records 88% of newbuild sales as being flats and therefore the premium shown for this category is likely to reflect a realistic premium in the Borough. This figure (31%) has therefore been used in calculations of OMV and against which a discount can be judged.

Table 4.6 Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to June 2022 – Richmond

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£355,200	£464,900	31%
Terraced	£608,300	£831,300	37%
Semi-detached	£642,600	£960,800	50%
Detached	£929,700	£1,850,000	99%

Source: Land Registry

- 4.45 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes where it to be 'genuinely affordable'. The table also shows an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 31%.
- 4.46 It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £700,000 (rather than the modelled £576,400) then the discount would be up to 56%.
- 4.47 On the basis of the specific assumptions used, the analysis points to a discount of in excess of 30% for all sizes of home with the highest figures being for larger (3+-bedroom) properties. However given there is a cap of £420,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 3+-bedroom homes to be provided as First Homes (and indeed 2-bedroom homes in some circumstances). First Homes would therefore in all likelihood only come forwards as 1-bed and 2-bed properties, and most likely primarily 1-beds. 1-bed properties providing limited scope for households circumstances to change, and would meet only a very small proportion of housing need.

Table 4.7 Affordable home ownership prices and discounts required – Richmond

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£241,100-£283,000	£425,800	34%-43%
2-bedrooms	£310,700-£375,400	£576,400	35%-46%
3-bedrooms	£357,900-£503,900	£851,500	41%-58%
4+-bedrooms	£632,000-£791,100	£1,244,500	36%-49%

Source: Derived from a range of sources

- 4.48 It should also be noted that the analysis above is for the whole Borough; the pricing of housing does vary across the Borough and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

Key Points in Relation to First Homes

- 4.49 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decisions to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be?*

- 4.50 Arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. In addition, the analysis does suggest that larger homes could potentially need a higher discount to make them affordable.

- 4.51 However, **providing a higher discount will have an impact on viability and the delivery of affordable housing overall**, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is shown within the study to be the most needed tenure). The Council could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30% if/where First Homes are sought, unless this can be proven to not impact on overall affordable delivery – it is likely that higher discounts would reduce the opportunity to provide other forms of affordable housing.

- 4.52 On balance, it is considered that only 1-bedroom homes are likely to be able to be readily delivered as a First Home (in pricing terms). Providing only one size would not provide a balanced housing offer, particularly as previous evidence points to around two-thirds of the affordable home ownership

need being for homes with 2+-bedrooms. The Council could therefore consider not including First Homes in the affordable mix, and instead look at other forms of housing (such as shared ownership) which may be more affordable in a local context.

- *Is the maximum price of £420K after discount an appropriate maximum sales value?*

4.53 . Richmond is a high price area and there is really no scope for this price cap to be lowered (it cannot be increased). As can be seen from previous analysis, a 30% price discount on a 2-bedroom home would still lead to an estimated purchase price of around £403,500 (a figure approaching the cap). However this may differ with specific schemes; when looking at Twickenham station where 2-bedroom homes are typically in the range of £620,000 and £720,000 – this is considerably higher than the modelled estimates of OMV plus the new build premium for flats and means that a standard discount is not likely to be genuinely affordable.

- *Is the national threshold of £90,000 for household income appropriate?*

4.54 Given the conclusions regarding the price cap, and the fact that there is likely to be a link between prices and incomes (in terms of guidance) it seems reasonable that the upper end threshold is maintained. However, the analysis in this report assumes a household could secure a 4.5 times mortgage multiple (and a 10% deposit). Applying these figures to a £420,000 home would actually lead to an income of £84,000, however it is likely that many households with a higher income are currently unable to afford to buy a home and therefore the higher figure is reasonable. Additionally, it is unclear at this stage what size of multiple lenders might offer against a First Home.

- *What is the level of need for such products?*

4.55 In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity). Alternatively, it is possible that First Homes see demand from those who can technically afford housing in the existing market – this would not be meeting a need but would arguably provide some demand for this type of home.

4.56 Regardless of the need/demand, it is not recommended that the Council seek to reduce the amount of social/affordable rented homes by prioritising First Homes. The evidence does not support the Council in seeking more than 25% of affordable housing as First Homes. Indeed, given the likely pricing of First Homes, it is recommended that other forms of affordable housing are provided where possible.

4.57 The NPPF is clear (paragraph 66) that affordable home ownership homes should be provided unless this would ‘*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*’. In Richmond there is a clear case to argue that providing affordable home ownership (which would include First Homes) would impact on the ability to provide rented forms of affordable housing – such homes are clearly in far greater need in the Borough.

- *Should the Council set local eligibility criteria?*

4.58 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Council can therefore prioritise key workers for First Homes, and are encouraged to do so, especially if they have an identified local need for certain professions.

4.59 To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used (and it is understood the Council already set local eligibility and affordability criteria for intermediate homes under the Intermediate Housing Strategy). Any criteria could therefore be in-line with the existing position and for example could require potential purchasers to demonstrate that they:

- Live in Richmond (for a period of time (possibly 2-years));
- Work over 16 hours a week in Richmond, or
- Have a close relative (parent, adult son or daughter or adult sibling) who has lived in Richmond for a period of time

4.60 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers ‘*Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers*’. Essential local workers are defined as ‘*Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers*’.

Bringing the Evidence Together

4.61 First Homes PPG establishes that 25% of delivered affordable housing units secured through planning obligations should be First Homes. The London Plan policy on affordable housing tenure split requires at least 30% of the affordable homes delivered by a development scheme to be provided as London Affordable Rent or Social Rent and another 30% provided as intermediate

products such as London Living Rent and shared ownership, with the final 40% to be determined by the Local Planning Authority (LPA).

- 4.62 Bringing national and London Plan policy requirements together, as a starting point the LPA could assess a potential tenure split of 30% social rent or London Affordable Rent; 30% intermediate products that meet the genuinely affordable criteria set out by the GLA and 25% First Homes, with a remaining 15% to be allocated at the LPA's discretion. However given the high level of affordable rented need identified in the 2021 LHMA this tenure split should be assessed against the level of need in the Borough and a pragmatic approach taken based on available evidence.
- 4.63 At a discount of 30% applied to £420,000 - the maximum dwelling price of a First Home -would give a market value of £600,000. Applying a higher percentage discount of 40% or 50% would either increase the proportion of households who could buy at a dwelling price of £600,000 or allow the purchase of higher value dwellings. This provides flexibility to cope with differing levels of viability in different locations across the Borough and with different household circumstances. However, it would also increase the amount of subsidy required per First Home and thus reduce the overall number of First Homes which could be created from a fixed amount of resource and the number of households helped into home ownership. There would also be a knock-on reduction in the resources available for affordable housing provision.
- 4.64 The GLA's First Homes practice note makes the case that due to high land values in the capital discounts greater than the standard 30% would be required in many areas across London to ensure the £420,000 property value cap is not exceeded. Raising concern that the provision of said higher discounts needed to make First Homes workable would impact development viability and therefore deliverability of other affordable tenures such as SR , which is where the need is greatest.
- 4.65 Overall, it is concluded there is no evidence to prioritise the delivery of First Homes over other forms of housing. Indeed given the high level of need for rented affordable housing, there is a case to seek low (or no) proportions of this tenure. Key points can be summarised as:
- There is a clear need to provide rented forms of affordable housing, and social rented housing in particular as this will be affordable to the greatest proportion of households in need;
 - Those households who are able to afford First Homes (or indeed other forms of affordable home ownership) can already afford private rented housing in the Borough, and therefore do have choices within the housing market (choices not available to those on lower incomes who need subsidised rented housing);

-
- Even if First Homes were provided, due to price caps, it is unlikely that a range of dwelling sizes and types could be provided. This would mean that provision could be limited to 1-bedroom homes, and only delivered in lower value locations – therefore not providing a good mix and choice of housing;
 - Linked to this, if prices of First Homes are close to the caps then there is likely to also be a limited range of households with eligible incomes. For example, a home priced at £420,000 secured with a 10% deposit and with a 4.5 times income multiple would need an income of £84,000. Therefore to afford this home would see a very narrow range of household incomes (from £84,000 to £90,000); and
 - If larger discounts were provided to reduce prices below the £420,000 cap, it is likely there would be an impact on the viability of providing other forms of affordable housing – notably rented housing, which is in far greater need.

5. SPECIALIST HOUSING

5.1 In this section we consider the needs for more specialist types of housing, including supported housing in the Borough.

Richmond Accommodation-based Care Commissioning Statement

5.2 The need for accommodation with support or care in the Borough is set out within the Council's Accommodation-based Care Commissioning Statement⁷. This outlines the Council's ambition, like many councils in the costs of social care budget pressures, to reduce its reliance on traditional residential and nursing care provision and to move towards supporting more independent living, including support through telecare; but also through developing additional provision of supported living housing within the Borough, including for people with complex, high level needs and challenging behaviours.

5.3 The Commissioning Statement outlines key drivers of need for increased specialist and supported housing, including projections of:

- 42% increase in older people with dementia in the Borough between 2019-35;
- 38% increase in older people with a limiting long-term illness;
- 5% increase with adults with learning disabilities;
- 2% increase in adults with mental health needs.

5.4 A key wider driver in considering how households with support needs are housed is the rising cost of residential-based care together with pressures on social care budgets.

Specialist Housing

5.5 Section 5 of the 2021 LHMA Report assessed the housing needs of a growing older population in the Borough; with the Housing LIN Report providing more specific evidence of the needs for specialist housing and case for delivery of accessible and adaptable homes through new development.

5.6 The Commissioning Statement focuses on the need for places funded by the Council, identifying a need for:

⁷ https://www.richmond.gov.uk/media/24153/accommodation_based_care_commissioning_statement.pdf

-
- Approx. 80 additional extra care / residential care units to 2035 with no currently contracted extra care provision in the east of the Borough, with the residential care beds focused on those with dementia. Dementia-friendly extra care provision is identified as a particular priority;
 - Council-placed nursing care need to increase by around 30 additional placements by 2035 with potential for 10-15 beds needed for those with dementia. Bedspaces for those with dementia is identified as a particular priority;
 - ‘Care and cluster’ schemes of self-contained flats for adults with learning disabilities with 24/7 staffing and communal areas. A projected need for 31 units between 2019-35 is identified. Existing residential care schemes for this group are often not of the right quality; and there is some potential to deliver new supply through replacement/remodelling of existing stock. There is a limited current pipeline of supported living schemes;
 - A marginal increase in adults with learning disabilities requiring nursing care is identified, with a potential shortfall of 36 places, but this is not identified as urgent need;
 - Modern en-suite units in supported housing for adults with mental health difficulties, with a potential need for up to 100 units identified dependent on if more ‘move on’ pathways are cleared. The Statement identifies issues with the adequacy of some existing schemes;
 - A lack of specialist supported living or extra care provision for adults with physical or sensory needs in the Borough.

5.7 The Council is refreshing its Market Position Statement and development schemes delivering specialist housing and should refer to the latest available Statement.

5.8 For Extra Care and nursing/care home provision there are particular issues regarding what prices the Council is able to pay for provision in schemes, which contributes to the feasibility and viability of bringing forward new supply.

5.9 These generally represent needs for vulnerable households and residents in the Borough and it is therefore appropriate that planning policies help to support and prioritise provision of such accommodation.

6. HOUSING DELIVERY PRIORITIES

6.1 In the context of the constrained land supply within the Borough, it is appropriate for the Council to consider how limited housing provision might be prioritised to meet the more acute needs, within the Framework provided through national policies.

6.2 It is for the Council to establish its priorities through policy, but the evidence base and engagement undertaken in preparing the LHMA points to the following:

- **Genuinely affordable housing** – affordable housing delivery is inevitably a key priority for the Council. Over the 5 year period between 2016-21, 45 affordable homes were delivered. The evidence points to over 5,000 households on the Housing Register in April 2022 and a lack of supply of genuinely affordable housing, meaning the Council is reliant on the Private Rented Sector and Temporary Accommodation (TA) to meet needs. At the time of the assessment there are 411 households housed in TA including 284 which are in another local authority, and use of TA is a significant direct cost to the Council.

Within the affordable housing umbrella, social rented accommodation is the most affordable and most suitable for meeting the needs of those without other housing options. Prioritising larger units remains appropriate as it will help to support chains of moves, releasing existing smaller properties for others.

The analysis in this report points to a concentration of households in the social rented sector who are under-occupying homes (c. 2,600 households) and there is a case for looking harder with partners, including Richmond Housing Partnership (RHP), at a targeted campaign to support existing social tenants who are under-occupying homes (and who will mostly be 65+) to downsize. This might include financial support plus help/assistance with finding alternative accommodation and with the move. An incentive to do so might be to move to more energy efficient properties which reduce bills.

- **Supported Housing** – identifying opportunities for delivery of supported housing, where the funding is available to do so, is also something which the Council may wish to prioritise to meet the needs of some of the Borough's most vulnerable residents. Particular needs have been identified by stakeholders for clusters of flats with shared facilities and on-site support as a particular priority, to support those with varying complex needs including, learning disabilities, care leavers and those with mental health problems.

6.3 A further potential consideration is whether the Council wishes to see additional Extra Care housing come forwards, including private extra care provision in the context of the Borough's growing older population. However, given the majority of Extra Care housing is provided for the private market with

difficulty securing affordable units alongside private extra care units, when put into context with the strict land constraints within Richmond, it is unlikely this type of housing would be a clear priority for the borough when compared to the high level of need for other types of specialist housing.