



Places for London
Property Development

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Ms Charlotte Glancy
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Sent by email to:
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Dear Ms Glancy

Wandsworth Local Plan Partial Review EIP Matters, Issues and Questions Places for London – Statements

We are writing to provide our Statements in response to the Inspector's Matters, Issues and Questions (MIQs) prior to the Examination in Public (EIP) of London Borough of Wandsworth Local Plan Partial Review.

We are responding to the following matters:

- **Matter 2:** Policy LP23: Affordable Housing
- **Matter 6:** Policy LP30: Build to Rent

We will be relying on written representations and would not wish to attend the EIP Hearings in person.

Please note that the views expressed in this letter are those of Places for London in its capacity as landowner and developer only, and do not form part of the Transport for London (TfL) response in its role as transport operator and highway authority.

Places for London

Places for London (Places) is Transport for London's (TfL) property company. It manages TfL's commercial property assets and develops its surplus and / or under-used land to deliver new homes and jobs in highly sustainable locations.

TfL is one of the largest landowners in the capital with over 5,500 acres of land across the capital, including highly accessible land and buildings on or next to stations, bus and highways infrastructure.

Our mission at Places for London is to release more of the untapped potential on TfL owned land by improving existing property assets and by building homes and workspaces to meet the growing needs of our city. We aim to create high quality places for Londoners to live, work and play which are sensitive to local needs and communities and improve access for all.

Places for London has agreed a portfolio approach to the delivery of affordable housing with the Mayor of London. This means that individual sites within TfL's portfolio may follow the GLA Fast Track Route where they provide a minimum 35% affordable housing, providing the overall portfolio of sites across London provides 50% affordable housing. This is set out in Policy H4 and H5 of the London Plan.

As set out in our Reg I9 representations, our key concerns with the draft policies in the Wandsworth Local Plan Partial Review are:

- the proposal to increase the affordable housing threshold from 35% to 45%;
- the proposal to require late stage reviews on Fast Track Route compliant applications; and
- the restrictive approach to Build to Rent schemes which would now all have to follow the Viability Tested Route and prioritise low cost rent either on-site, off-site or via a payment in lieu approach, effectively turning off London Plan policies on Build to Rent in the borough.

Our written Statements are as follows:

Matter 2: Policy 23 – Affordable housing

Is the requirement to provide 45% affordable housing on sites using the Fast Track Route (FTR) consistent with national policy and in general conformity with the London Plan? If not, what justification is there for doing so?

Whilst we share the borough's ambition to increase affordable housing provision, we are concerned that the proposed approach risks both undermining the Mayor's Fast Track Route and constraining housing delivery.

This represents a very substantial increase in the expectations of planning policy at a time when the development industry and housing pipeline is facing severe challenges. We question whether current market circumstances and conditions justify increasing the Fast Track Route affordable housing threshold in Wandsworth to 45%. This will therefore have significant viability and deliverability implications.

Currently, there are a range of challenges that are affecting housing delivery including significant build cost inflation, higher interest rates, finance costs and construction capacity. The appetite of Registered Providers to take on affordable homes secured via S106 agreements is currently constrained due to well-publicised issues associated with cladding remediation and viability. This overall economic outlook has been compounded by the lack of certainty and procedural clarity on fire safety regulations for residential buildings over 18 metres in height. Consequential impact on housing supply is evidenced by MHCLG and GLA data on housing starts, permissions and completions.

There is now widespread recognition that high density residential development on brownfield land is challenging to deliver and needs to be facilitated and accelerated to ensure delivery more in line with London Plan and Government housing targets and population and household growth.

In its recently published Practice Note: Accelerating Housing Delivery (Dec 2024), the GLA underlined the need for boroughs not to deviate from the established London Plan Fast Track Route when setting Local Policies. Boroughs are advised against setting higher affordable housing thresholds given that this risks undermining the overall London Plan approach. Paragraph 3.7-8 of the Practice Note states:

'This approach can disincentivise applicants from following the FTR, slow down the planning process and require additional resourcing to assess the application. It can also result in lower levels of affordable housing being secured. ...This approach risks the successful implementation of the London Plan threshold approach which is a matter of strategic concern for the Mayor.'

A key purpose of the London Plan Fast Track Route is to provide a consistent pan-London percentage threshold, helping to speed up the planning process and provide much needed certainty. The way the Fast Track Route is intended to work is by incentivising applicants to meet the thresholds to avoid lengthy and uncertain viability tested route and mid and late stage viability review mechanisms.

Increasing the threshold level to 45% at the present time would not be deliverable in most instances based on our experience. The incentive to follow the Fast Track Route would be significantly eroded and the Viability Tested Route would need to be followed in the vast majority of instances. The function of the Fast Track Route would therefore be significantly diluted. Wandsworth's proposed policy approach might result in lower percentages of affordable housing being delivered on schemes and less affordable housing being delivered overall.

We consider that the policy approach in the Wandsworth Local Plan Partial Review is unsound because it is not justified or effective. A more appropriate strategy would be for the Wandsworth Local Plan to be aligned with the London Plan affordable housing thresholds.

Will this deliver an uplift in the level of affordable housing across the borough?

What would be the effect of requiring 45% affordable housing on sites using the FTR on the deliverability/viability of such developments?

As above, we consider this approach is likely to result in lower percentages of affordable housing being delivered on schemes and less affordable housing being delivered overall. The incentive to follow the Fast Track Route would be significantly eroded and the Viability Tested Route would need to be followed in the vast majority of instances. The function of the Fast Track Route would therefore be significantly diluted.

Is the requirement for a late stage review for applications that follow the FTR consistent with national policy and in general conformity with the London Plan? If not, what justification is there for doing so?

No. Insisting on a late-stage review for Fast Track Route compliant developments is not in accordance with London Plan Policy H5. This would disincentivise applicants from following the Fast Track Route, undermining the entire policy approach and rationale. This is not a well-considered or justified policy approach.

Policy LP23 - Affordable housing requirement on small-scale residential Developments

What effect would the requirement for small-scale residential development to provide a financial contribution/viability assessment have on the deliverability/viability of such developments?

The policy states that in 'exceptional cases' applicants may submit Financial Viability Appraisals to demonstrate that this is the case, which would be independently verified and the maximum viable contribution would be sought. This flexibility is welcomed.

Small sites can be complex and challenging to deliver and any exceptional or abnormal development costs must be taken into account to avoid developable land being rendered unviable and undeliverable. Whilst values in certain parts of the borough could possibly support a financial contribution, other lower value areas of the borough may not, so there should always be a degree of flexibility in application.

The impact of this type of policy approach on the viability, complexity and timescales for housing provision on small sites has been evidenced and should be carefully considered¹.

Public land should be considered. In particular, whether or not sites: (a) form part of a portfolio agreement with the Mayor (see above); or are (b) providing affordable housing on public land. A small number of our wider housing portfolio of sites fall into the category of 'small sites' and could therefore be covered by our portfolio agreement.

The aim to secure viable levels of financial contribution towards off-site provision of social rent housing within the borough from small sites must be very carefully balanced against the overarching objective to boost housing delivery on small sites.

Matter 6: Policy LP30: Build to Rent

Are the requirements for Build to Rent set out in Policy LP30 justified by appropriate available evidence, having regard to national guidance, and local context, and is it in 'general conformity' with the London Plan?

We consider draft Policy LP30 Build to Rent to be in conflict with the London Plan for the reasons set out below:

- Policy LP30 would effectively remove the ability for London Plan compliant Build to Rent schemes from following the Fast Track Route and require these schemes to follow the Viability Tested Route.
- The proposed policy cascade prioritises off-site affordable and financial payments in lieu on Build to Rent schemes over London Plan Policy H13 compliant BtR tenure mix proposals.
- This could have a significant negative impact on housing supply from the Build to Rent sector.
- The implications of relying on cash payments to fund affordable housing, rather than on-site provision as prioritised in the NPPF and London Plan has not been appropriately considered.
- We therefore consider that the approach is unjustified and unsound.
- We recommend that clauses b, c and d of the policy should be deleted and replaced with policies in keeping with the London Plan Fast Track Route and London Plan Policy H11.

The proposed approach in LP30 represents a significant deviation from London Plan Policy H11. Policy LP30 would mean that Build to Rent proposals within Wandsworth would be required to navigate a number of very challenging, complex and time-consuming planning policy hurdles before they can be considered acceptable by the borough. This includes:

- a) First, demonstrating whether there is potential to provide a separate core and/or block in social rent tenure within a development proposal / site. (*In relation to cores,*

¹ Lichfields (2020), Small Sites: Unlocking housing delivery

it is worth noting that the requirements of Policy LP30A1a would mean a total of 4 cores under emerging approach for High Risk Buildings over 18 metres which would have significant viability implications and should be tested).

- b) Second, where on-site social rent provision is not possible, demonstrating that the equivalent number of social rent homes can be provided off-site. Presumably this would require a donor site and linked planning application or detail to be prepared by applicants to demonstrate that no potential donor sites are available. This would add significant complexity, uncertainty, risk and delays to any proposal).
- c) Third, where neither of the above options are feasible, the proposed draft policy would require any Build to Rent scheme to follow to Viability Tested Route. It states that the Council's preference is for a cash financial payment in lieu, rather than London Plan compliant Build to Rent affordable tenure split.

We have our own Build to Rent programme in partnership with Grainger - Connected Living London. See [here](#) for further information.

We feel that the Build to Rent sector needs more support via planning policy in London, in line with the London Plan.

We question how the approach can be considered in generally consistent with the London Plan for the reasons set out below:

- Paragraph 4.11.1 of the London Plan states that '*boroughs should take a positive approach to the Build to Rent sector*'. This is in recognition of the role that the Build to Rent sector plays in terms of housing delivery in London.
- London Plan Policy H11 permits wholly intermediate rent affordable housing comprised of London Living Rent and Discount Market Rent. Applications are eligible for the GLA Fast Track Route where 30% of the required threshold level of affordable housing is secured at the GLA's London Living Rent levels and the remainder set at a range of genuinely affordable discounts to market rent level.
- It should be noted that London Living Rent provides substantial discount relative to market rent levels in Wandsworth and should be considered a policy compliant affordable housing offer on Build to Rent schemes, in line with the London Plan.
- The approach to affordable housing for Build to Rent schemes in the London Plan is bespoke to the sector for the reasons set out in paragraph 4.11.3. Build to Rent providers are not normally Registered Providers and incorporating separate cores and blocks to be managed by Registered Providers within Build to Rent is not often feasible due to layout, management, ownership and investment reasons.
- We recognise that paragraph 4.11.10 of the London Plan does potentially provide a degree of scope for boroughs to introduce Local Plan policies requiring low cost rent housing on Build to Rent schemes where this can be justified and adopted via Local Plans. However, to add the further layers of complexity and policy hurdles through the cascade approach set out in draft Policy LP30 would, in our view, entirely depart from the London Plan. This would mean that all Build to Rent schemes in Wandsworth would need to follow the Viability Tested Route and a far more challenging and unpredictable avenue compared to what was envisaged in the London Plan.

- Importantly, cash payments in lieu are meant to be the reserve of exceptional limited circumstances on major developments containing conventional housing in Class C3 use, requiring robust justification, as set out in London Plan Policy H4 and the NPPF. However, the proposed approach in draft Policy LP30 seeks to normalise reliance on either off-site and/or cash payment in lieu approaches on Build to Rent schemes. This clearly conflicts with national policy and the London Plan.

To reiterate this point, we refer to paragraphs 4.49 and 4.4.10 of the London Plan:

*Affordable housing should only be accepted as an **off-site contribution** in exceptional circumstances where it can be robustly demonstrated that affordable housing cannot be delivered on-site or where an off-site contribution would better deliver mixed and inclusive communities than an on-site contribution.*

Cash in lieu contributions should be used in even more limited circumstances,⁵⁵ and only where there is detailed evidence to demonstrate that on-site affordable housing delivery is not practical, off-site options have been explored but are not acceptable and that accepting a cash in lieu contribution will not be detrimental to the delivery of mixed and inclusive communities.

The impact of boroughs adopting more restrictive Local Plan policies on Build to Rent developments must be carefully considered in terms of housing supply and the overall health of this important sector.

Research by the British Property Federation published in July 2024 shows that the potential Build to Rent pipeline in London totalled 100,000 homes, including 44,000 completions, with a further 17,000 homes under construction and 36,000 in planning.

Build to Rent schemes meet identified and rapidly growing housing need in London, as evidenced in the 2017 London Strategic Housing Market Assessment² and Housing in London Reports published GLA which inform the Mayor's Housing Strategy³.

Research by JLL published in 2023 showed:

- Nearly one third of housing starts in London were within Build to Rent schemes⁴
- between 2011 and 2021, the number of households within the private rented sector rose 33%, exceeding 1 million in 2021-22 and overtaking the number of owner-occupiers with a mortgage.
- The proportion of households renting has doubled since the English Housing Survey began tracking this in 2003-04. This is being driven by population increase, net migration trends and rising house prices relative to salaries.
- In total, £15 billion has been invested in London Build to Rent sector since the start of 2015, funding 42,147 homes.⁵

We consider that a more appropriate balance needs to be taken to ensure social rent is delivered but also enable the Build to Rent sector in London to thrive. The GLA Practice Note states: 'While the overwhelming need in London is for social rented housing, the GLA believes that supporting intermediate rent homes helps those on middle incomes, which in

² https://www.london.gov.uk/sites/default/files/london_shma_2017.pdf

³ <https://data.london.gov.uk/housing/housing-in-london/>

⁴ <https://residential.jll.co.uk/insights/research/jll-the-construction-starts-fall-across-london>

⁵ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-london-build-to-rent-report-2023.pdf>

turn benefits London's economy and services, and can also help wider viability issues on projects.'

This concludes our written statement.

Yours sincerely



Andrew Russell
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Places for London