

Hearing Statements on behalf of Quayside Lodge Ltd

Rep ID 10

- 1.1 We have set out below a response, on behalf of Quayside Lodge Ltd (previously referenced as CLS Holdings), to some of the Inspectors Issues and Questions in advance of the EiP into the Hammersmith and Fulham Proposed Submission Local Plan ('Plan'). This should be read in conjunction with the previous representations submitted in response to the Regulation 19 consultation.

Week 1 Issue 1 - Legal Compliance, Spatial Vision and Strategic Objectives

Question 6 – Has the Plan been prepared to be consistent with the National Planning Policy Framework (NPPF) and in general conformity with the London Plan?

- 1.2 For reasons explained in greater detail in our representations and this Hearing Statement we are of the view that the Plan is currently unsound as it is not consistent with the National Planning Policy Framework (NPPF). Specifically with paragraphs 47, 50, 154, 173, 174.
- 1.3 There are also aspects of the Plan which are not consistent with the London Plan which have been set out in our representations and are addressed in further detail where appropriate in our Hearing Statement.

Question 11 – Is Policy DEL1 positively prepared and justified by the evidence?

Question 12 – Are issues of development viability recognised adequately by the Plan and its evidence base?

- 1.4 We are of the view that Policy DEL1 is not positively prepared or justified by the evidence because the policy wording does not ensure the necessary flexibility to secure viable development. Further, notwithstanding the Councils response to our concerns raised about development viability in our previous reps, we maintain that the issues of development viability are not adequately recognised by the Plan and in its evidence base.
- 1.5 We attach as **Appendix 1** to this hearing statement a further submission from Boyer's Economic Development Team which should be read in conjunction with this Hearing Statement and clearly sets out the inadequacies in the viability evidence submitted by the Council. Specifically the evidence base has only tested housing policies and has not considered the costs of compliance with other Local Plan policies including requirements for high standard of design and affordable workspace, and has used generic viability data which is not reflective of borough wide development, and particularly development of brownfield sites. The inadequacies in the viability evidence mean that it does not justify the proposed Local Plan policies and is not effective in ensuring that key sites can be developed viably.
- 1.6 The London Plan and NPPF both positively encourage the delivery of housing. The Plan reflects this in its support for a growth in housing delivery and its aim to exceed London Plan housing targets.

- 1.7 However, the Plan and specifically policy DEL1 does not emphasise sufficiently the role of the decision maker to strike an appropriate balance between addressing the Plan requirements and development viability. This flexible approach is set out in the NPPF and NPPG to ensure housing delivery on key strategic sites (in particular brownfield sites) over the Plan period, even in times of changing economic/market conditions.
- 1.8 Paragraph 47 of the NPPF says that to boost significantly the supply of housing Local Plans should identify deliverable and developable sites critical to the delivery of the Council's housing strategy. Such sites must be capable of being viably developed. These sites must be considered suitable, available and achievable. Achievability is identified in the National Planning Practice Guidance (NPPG) (paragraph 021 ref ID: 3-021-20140306) as a judgement about the economic viability of a site and capacity of the developer to complete and let or sell the development over a certain period.
- 1.9 NPPG goes on to say that where constraints are identified to the suitability, availability and achievability it should be considered what actions are needed to overcome said constraints including a review of development plan policy.
- 1.10 In order to avoid making key sites undeliverable, paragraph 173 of the NPPF requires '*careful attention to viability and costs in plan-making and decision taking*'. It makes it very clear that plans should be deliverable and that '*the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened*'.
- 1.11 Specifically referencing brownfield land paragraph 025 (ref ID 10-025-20140306) of NPPG confirms that the NPPF '*sets out a core planning principle that in decision-taking local planning authorities should encourage the effective use of land by re-using land that has been previously developed (brownfield land)*'. In order to incentivise re-use of brownfield land it goes on to state that local planning authorities should reflect levels of mitigation and investment required to bring sites back into use in land values and give consideration to impact of land remediation. This approach is also reflected in NPPG para 026 (Ref ID:10-026-20140306) relating to viability in decision taking which states that local planning authorities should '*take a flexible approach in seeking levels of planning obligations and other contributions to ensure that the combined total impact does not make a site unviable*'. This guidance also reflects paragraph 173 of the NPPF.
- 1.12 Para 007 (Ref ID 10-007-20140306) the NPPG confirms that '*Plan makers should consider the range of costs on development. This can include costs imposed through national and local standards, local policies and the CIL, as well as a realistic understanding of the likely cost of section 106 planning obligations and section 278 agreements for highways works. Their cumulative cost should not cause development types or strategic sites to be unviable. Emerging policy requirements may need to be adjusted to ensure that the plan is able to deliver sustainable development*'.
- 1.13 The NPPF and NPPG are clear that policies of a Local Plan must be flexible to enable delivery and must have regard to development viability. It is clear that the NPPF acknowledges that the development of brownfield sites will be more challenging in respect of development viability and therefore a flexible approach to meeting policy and planning obligations is encouraged.
- 1.14 The Plan as currently drafted requires Strategic Sites to come forward in a timely manner to deliver on its Strategic Objectives, support the regeneration of the borough and to meet London Plan

housing targets. It is these sites which are predominantly brownfield where development viability will be most challenging. This is because Strategic Sites are expected to deliver on a number of policy requirements and site specific infrastructure but at the same time are more likely to be faced with other development constraints such as high abnormal costs (remediation and site clearance) and the need to provide new utility and services connections. Furthermore, in those locations within the borough where there is a residential CIL charge this will act as a fixed cost and place an even greater emphasis on the need to allow a flexible approach to addressing policy.

- 1.15 In its Submission Local Plan Regulation 22 (1) (c) Statement the Council states that it's '*Housing Viability Assessment has tested all policy requirements, including the current CIL rates. Many scenarios were tested across the borough, based on the 50% affordable housing target with a split of 60% rented housing and 40% shared ownership, which found that development in general is viable. The Council recognises that each planning application will be assessed on its own merits and that viability will vary depending on the specifications of any site. The policy position therefore is considered to be flexibly prepared and consistent with the NPPF*'.
- 1.16 At para 4.11 of the Proposed Submission Local Plan the Council also set out that it considers its policies together with CIL charges are deliverable and allow development to be viable.
- 1.17 We submit that this is not the case, and that there is inadequate flexibility within the Plan to enable viable delivery of strategic sites.
- 1.18 The Housing Viability Assessment produced by BNPP for the Council is predominantly based on generic data sets which are limited and cannot replicate the detailed site specific information which is prepared to support viability appraisals for planning applications. Paragraph 005 (Ref ID: 10-005-20140306) of the NPPG confirms that '*evidence should be proportionate to ensure plans are underpinned by a broad understanding of viability. Greater detail may be necessary in areas of known marginal viability or where the evidence suggests that viability might be an issue – for example in relation to policies for strategic sites which require high infrastructure investment*'. Para 006 Ref ID 10-006-20140306 of the NPPG states that '*more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies*'
- 1.19 We are of the view, as set out in more detail within **Appendix 1**, that the viability evidence has not fully tested the Local Plan policies, only housing policies, and therefore has not given full consideration to all potential costs on development. Further the details are generic and do not give appropriate consideration to specific sites with high infrastructure costs. The Plan is therefore unsound as the viability evidence base is not proportionate and has not had regard to key sites viability only to generic viability across the Borough as a whole.
- 1.20 In order for the plan to be found sound we are of the view that further work must be done in regards to the viability evidence which underpins the Plan to demonstrate that new development can be delivered viably. Oradequate flexibility must be incorporated into the plan and relevant policy wording to ensure flexibility to allow appropriate consideration to be given to the costs on development, enable key sites to be viably developed, and to make it clear to the decision maker how to assess development proposals for such sites and to acknowledge expressly that site specific viability has not been considered in the preparation of the Plan.

1.21 Whilst Policy DEL1 – Delivery and Implementation confirms that the Council will have regard to the viability of development through plan-making, CIL charge-setting, and negotiating affordable housing and S106 obligations it does not go as far as is necessary to create the flexibility envisaged in the Regulation 22 Statement or within the NPPF and NPPG.

1.22 We consider that Policy DEL1 as currently drafted is unsound as it is not consistent with the NPPF requirement to incorporate a flexible approach and to ensure that the ability of sites to be viably developed is not threatened. We are of the view that the fifth bullet point of Policy DEL1 should be amended as set out below in order to make the Plan sound (new text underlined, old text struck through)

- Having regard to the financial viability of development in the following ways:
 - Plan-making;
 - CIL charge setting; ~~and~~
 - Negotiating Section 106 Agreements, ('106s'), including for affordable housing, applying the principles set out in the Viability Protocol in Appendix 9 where appropriate
 - Site specific circumstances including site specific infrastructure;
 - Site size, constraints and characteristics.

1.23 This is required for consistency with the NPPF and to ensure that the intention of the policy is clear to the decision maker.

Question 12 - Is the viability protocol a suitable approach to the issue of viability which is consistent with national policy?

1.24 For reasons explained in previous representations our client has reservations about the Viability Protocol set out at Appendix 9 of the Proposed Submission Local Plan and remain of the view that it does not provide enough flexibility and therefore is not in line with the NPPF.

1.25 The Viability Protocol should in the first instance be acknowledged in policy as a guide and that there may be instances where it is not appropriate to apply to a specific site in full.

1.26 Further the requirement to make an FVA publically available would have a significant impact on an applicant's commercial position. Releasing such information could cause harm to the applicants own interests which would outweigh public interest in disclosing the information. The need for commercial sensitivity and that FVA's cannot always be publically available needs to be more clearly acknowledged in the Viability Protocol to ensure there is no harm to applicant's commercial interests.

Week 1 Issue 2 - Regeneration Strategies – White City, Hammersmith, Fulham and South Fulham

Question 1 – Is the Strategic Policy (Regeneration Areas) justified, clearly worded and deliverable?

- 1.27 We welcome the Council's support for major regeneration and growth in the boroughs identified Regeneration Areas. However for reasons explained earlier we are of the view that the Council has not had due regard to development viability in its evidence base and policy wording and that greater flexibility needs to be introduced into the plan to ensure development can be viably delivered. This is particularly relevant to the Regeneration Area policies given they rely on development of brownfield sites which are acknowledged in the NPPF as more challenging in respect of development viability and encourages a flexible approach to meeting policy and planning obligations.
- 1.28 We recommend that the Plan must provide greater flexibility to enable deliverability in its Strategic Objectives and certain key policies in order to be found sound because without this provision, such sites could be precluded from coming forward. To be clear and deliverable an additional bullet (as set out below) should be included within the Strategic Policy wording to explain that the Council will be required to have regard to development viability to ensure that sites can be delivered viably.
- Have regard to financial viability of development sites
- 1.29 We also submit that the reference to housing targets in the Strategic Policy and supporting justification should be as a minimum which would reflect the Council's evidence base as to the capacity of the sites and make the intention of the policy clear.

Question 11 – Are Policies SFRRRA and SFRRRA1 justified, with due regard to reasonable alternatives and will they be effective?

- 1.30 To be effective Policy SFRRRA must address the requirement to have regard to development viability as expressed in the NPPF and NPPG and include adequate flexibility to enable delivery. The development viability of brownfield sites and site specific considerations has not been given due regard in policy wording in the Plan and has not been properly tested in the viability evidence base. We consider that in such circumstances to make the plan sound and to enable the decision maker to be clear that these factors should be taken into account in ensuring that development can be viably delivered, the wording of certain key policies (DEL1 and HO3) must be amended to acknowledge the site specific constraints and circumstances which could affect development viability.
- 1.31 The proposed amendments to the Strategic Policy, policy DEL1 and HO3 set out elsewhere in these supporting statements would provide flexibility required and ensure that the plan is sound. We also submit that this acknowledgement should be set out in SFRRRA policy and suggest the following wording should be included in the policy:

The Council will work with landowners and developers to secure regeneration of the area having regard to the financial viability of the development including the CIL charge and individual site specific characteristics, costs and constraints.

Question 12 – Is the SFRRRA approach to housing robust in terms of identified numbers?

Question 13 – Is the SFRRRA justified in terms of redevelopment/renewal and the policy wording?

- 1.32 As set out in our representations our client supports the policy to work with landowners and developers to secure regeneration of the SFRRRA. Our client broadly supports the policy wording and is of the view that the redevelopment of the SFRRRA is appropriately justified in the Council's evidence base, and would provide much needed new housing and jobs for the borough.
- 1.33 Our client supports the provision of high density high quality housing in the SFRRRA and agrees that the evidence base to support the identified housing numbers is robust. However we submit that the housing figures should be identified as a minimum to reflect the Council's evidence base and clarify the intention of the policy and to ensure consistency with the NPPF and London Plan to boost housing supply and optimise development sites.
- 1.34 To be found sound we are of the view that the Policy SFRRRA wording should be amended as follows (new text underlined, removed text struck through):

Indicative Homes
<u>At least</u> 4,000

- 1.35 Further as set out in our reps we are of the view that to ensure consistency between policy wording and the supporting justification para 5.100 should be adjusted as follows 'it is important that employment floorspace should be located in the most accessible parts of the regeneration area, being in the vicinity of Imperial Wharf Station, . . .'. This amendment is necessary to provide consistency and greater clarity to decision makers.

Week 1 Issue 3 - Housing

Question 2 – Should housing targets be referenced as minimums?

- 1.36 The NPPF requires local planning authorities to ‘boost significantly the supply of housing’ (para 47).
- 1.37 The Council’s evidence base identifies the capacity of those sites and key regeneration sites allocated within the Local Plan. However the policy wording only refers to indicative housing targets for strategic sites across the borough. We are of the view that in order to be consistent with the NPPF requirement to boost significantly the supply of housing, and with the London Plan to optimise housing sites, the housing targets should be referenced as minima.
- 1.38 In KD5 the Council suggest that it is only where there is certainty on housing numbers should a minimum target be applied. Given that the Council have identified said housing numbers in their evidence base and allocated the sites within the Proposed Submission Local Plan to contribute towards exceeding the London Plan target, we are of the view that there is certainty in the delivery of these numbers and therefore they must be referenced as minima. Such a reference would also make clearer the intention of the policy which is to boost the supply of homes.

Question 8 - Is Policy HO3 justified and effective and consistent with national policy?

Question 9 – Is a 50% threshold for affordable housing deliverable and viable? Is the policy consistent with the NPPF, with due regard to positive planning and considerations of viability?

Question 10 – Is the approach for viability assessments for each scheme justified, effective and consistent with national policy?

- 1.39 As previously explained in response to Issue 1 our client submits that the Councils policies together with CIL charges would not provide adequate flexibility within the Plan to enable viable delivery of strategic sites.
- 1.40 Paragraph 50 final bullet of the NPPF highlights that policies on meeting affordable housing need should be ‘*sufficiently flexible to take account of changing market conditions over time*’.
- 1.41 For the Plan to be found sound it must not be subject to such a scale of obligations and policy burdens that the ability of sites to be developed is threatened.
- 1.42 Policy HO3 states at part e that the Council will seek the maximum reasonable amount of affordable housing and take into account site size and site constraints and financial viability applying principles of the Viability Protocol (appendix 9) and having regard to individual circumstances of the site and availability of public subsidy.
- 1.43 As currently worded the policies do not go far enough to create the flexibility to enable delivery of key sites and does not acknowledge that regard must be had to all costs and policy burdens on development at local and national level, which includes CIL.
- 1.44 We are of the view, as previously explained in this Statement and expressed in more detail at **Appendix 1**, that the viability evidence has not given appropriate consideration to the costs of all Local Plan policies, to specific key sites with high infrastructure costs and has only had regard to generic data. Given this, and to ensure a sound plan, adequate flexibility must be incorporated into the plan and relevant policy wording to ensure flexibility to allow key sites to be viably developed and to make it clear to the decision maker how to assess development proposals for such sites.

1.45 To provide this we propose that the following amended wording for part 3 of Policy HO3 would assist in making the plan sound and making clear the approach the decision maker should take to site viability, affordable housing and necessary flexibility.

HO3 – Affordable Housing

e. in negotiating for affordable housing in a proposed development, the Council will seek the maximum reasonable amount of affordable housing and take into account:

- site size and site constraints; and
- financial viability, applying the principles set out in the Viability Protocol (Appendix 9) ~~and having regard to the individual circumstances of the site~~ where appropriate;
- individual circumstances and characteristics of the site;
- site specific infrastructure;
- availability of public subsidy;
- CIL charge.

Question 11 – Is Policy HO4 justified and aligned with the London Plan? Is it flexible?

1.46 The final two paragraphs of this policy relate to Housing Density. These paragraphs do not reflect the London Plan policy 3.4 Optimising Housing Potential and 2.13 Opportunity Areas which seek to optimise housing density, particularly on the Strategic Sites identified in the Plan.

1.47 The policy, as proposed to be amended by KD4, has not addressed previous concerns raised with the wording.

1.48 We are of the view that the policy wording should include an additional paragraph in order for it to be found sound and to be consistent with the London Plan to recognise and reflect that in particular the strategic sites should optimise residential output. Proposed wording is noted below:

Strategic Sites should optimise residential output taking into account local context and character and London Plan policies.

Question 17 – Is HO11 justified and flexible?

1.49 Policy HO11 is not flexible and not consistent with other policies in the Proposed Submission Local Plan (namely policy HO4) in that it does not acknowledge the flexibility in applying the nationally described space standards.

1.50 In order to be consistent and to provide a clear indication to a decision maker policy HO11 should be amended to include the referenced flexibility to space standards shown in policy HO4. Part a. of the policy should be adjusted as follows:

- a. Floor areas and room sizes in new build dwellings, conversions and changes of use, including meeting 'Nationally Described Space Standards' unless it can be shown that not building to those space standards is justified by the circumstances of a particular site.

Week 2 Issue 2 – Economy and Employment; Town Centres

Question 1 – What robust evidence justifies Policy E1 and how will it be implemented effectively with due regard to viability?

- 1.51 Our client welcomes amendment ref MC85 to policy E1. However we are of the view that as set out in our previous representations paragraph 2 of policy E1 contradicts the final paragraph and therefore the policy cannot be effectively implemented as it is not clear to the decision maker how to assess a proposal for retention, enhancement and intensification of an existing office development outside of the areas identified in the policy which exceed 2,500sq.m.
- 1.52 We maintain that the final paragraph of policy E1 should be amended to include the following text at the start of the paragraph: Except where the proposal is for the retention, enhancement and intensification of an existing office use.
- 1.53 This would provide greater clarity for the decision maker and ensure that the policy can be implemented effectively.
- 1.54 Our client welcomes the Council's acknowledgement in KD5 that further clarity and detail is required in relation to affordable workspace, however considers that the amendments proposed in KD4 have not gone far enough to provide clarity in decision taking having regard to viability and what is expected to be delivered.
- 1.55 Amendment ref MC87 adds further confusion. It does not provide any flexibility of acknowledgement of regard to viability in purpose built business development. Further it adds to the text that in mixed use schemes the Council will consider the requirement for affordable workspace in relation to viability.
- 1.56 The policy wording does not make any reference to mixed use developments having to provide affordable workspace, this is only introduced in the supporting justification, and therefore this most recent amendment should be removed as it is not set out in the policy and provides ambiguity in decision making.
- 1.57 In addition, as set out in our representations in order to ensure that policy E1 will be implemented effectively with due regard to viability, this needs to be incorporated within the policy text itself.
- 1.58 We therefore submit the following amendments to make the plan sound and ensure that policy E1 is effective and consistent with the NPPF.
- 1.59 We maintain that the second sentence of paragraph 2 of policy E1 should be amended to read: it will require flexible and affordable space suitable for small and medium enterprises in large new business development, unless justified by the type and nature of the proposal and having regard to the financial viability of the development.
- 1.60 As expressed earlier in this statement the NPPF is clear that development should not be subject to such policy burdens or obligations as to make it unviable. Given the importance placed on this it is considered that it is necessary to include such reference in the policy text, as well as supporting justification.

1.61 In addition to those amendments proposed above and to address the ambiguity identified we submit that the first and last sentences of the second paragraph of MC87 should be deleted and replaced with the following wording at the start of the paragraph:

The Council will expect affordable workspace in large new business developments, subject to consideration as to the type and nature of the proposal and the financial viability of the development and impact it could have on delivery. Affordable workspace may include

Does the plan contain flexibility in Policy E1 by recognising that affordable workspace could be provided by design or rent?

1.62 Our client welcomes the reference to the methods via which affordable workspace might be provided (by design or rent) as set out in amendment MC87 and accepts that this can be appropriately addressed through the policy justification.

Summary

- 1.63 As currently drafted the Proposed Submission Local Plan is unsound as it is not consistent with the NPPF specifically with paragraphs 47, 50, 154, 173, 174 as it does not incorporate adequate flexibility in policy wording to ensure that development can be viably developed, or to give a clear indication of how a decision maker should react to a development proposal. Further that issues of development viability have not been appropriately recognised in the plan and its evidence base.
- 1.64 We recommend that the Plan must be amended as set out within this statements, to make clear the regard to be had to development viability in decision taking to ensure that key strategic sites can be developed viably in order to contribute towards the necessary homes and infrastructure to be delivered in the borough.
- 1.65 Further amendments have also been proposed to ensure consistency with the NPPF and London Plan and clarity in policy wording.

Appendix One – Viability Evidence Review

Date: 19th May 2017
Our Ref: Boyer London

24 Southwark Bridge Road
London
SE1 9HF

T 0203 268 2018

Adam Smith
CLS Holdings plc

Dear Adam

Re: LBHF Local Plan Examination - Submission of Documents (Reg 22)

This submission has been prepared by Boyer's Economic Development Team on behalf of Quayside Lodge Ltd in relation to their land interest at Quayside Lodge; William Morris Way; Fulham, SW6 2UZ. CLS are seeking to redevelop the existing 3 storey office building inclusive of new residential accommodation (exact land use mix to be determined in discussion with the Council).

This note focuses primarily on the viability evidence issued by the Council; namely BNPP's Housing Viability Assessment (September 2016); and should be read in conjunction with Boyer's submission on key planning matters relating to the proposed Local Plan. The key areas of contention we focus on within this response are:

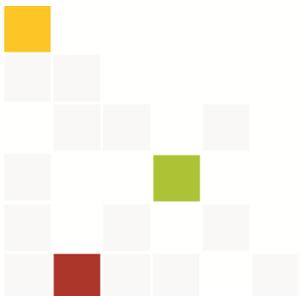
- The cumulative impact of Local Plan policies; and
- Benchmark Land Values.

Cumulative Impact of Local Plan policies

Like all inner London boroughs, Hammersmith and Fulham experience considerable development pressure but have finite land resources within which to accommodate growth. The Council's housing, retail and employment evidence base studies confirm these different markets are active in the Borough. The Local Plan considered these and other key land uses as critical to the overall sustainability of the area and includes policies to manage their growth accordingly. Despite this, the only Local Plan policies that have been subjected to viability testing are the housing policies; in particular the increased Affordable Housing threshold from 40% to 50% for schemes over 10 units.

This approach and lack of viability test is contrary to national policy. For instance National Planning Practice Guidance (NPPG) (Paragraph 005 Reference ID: 10-005-20140306) states that viability assessment:

"should not compromise the quality of development but should ensure that the Local Plan vision and policies are realistic and provide high level assurance that plan policies are viable".



Paragraph 007 (Reference ID: 10-007-20140306) further states that:

“plan makers should consider the range of costs on development” - which includes costs imposed through national and local standards and local policies and *“their cumulative cost should not cause development types or strategic sites to be unviable”*.

Against this requirement many other London Boroughs have completed a ‘whole’ Local Plan viability assessment for instance Hackney; Croydon; Hillingdon; and Lambeth among others. By only focusing on Affordable Housing policy, the viability impacts of other policies within the Plan have in effect been ignored. This has partly contributed to an increased Affordable Housing threshold being considered feasible when in reality the Council will require compliance with other Local Plan policies whose viability impacts have not been tested. Some of the key policies that are likely to have a viability impact include –

- ‘Strategic Policy SFRRRA - South Fulham Riverside Regeneration Area:’ this policy requires development on the riverside to achieve a very high standard of urban design; and secure economic benefits for the wider community around the South Fulham Regeneration Area by providing programmes to enable local people to access new job opportunities through training, local apprenticeships or targeted recruitment;
- ‘Policy RTC3 - Design and Appearance of Development within the Thames Policy Area:’ requires development to promote a high standard of accessible and inclusive design; and seeks to maintain or enhance the quality of the built and natural environment;
- ‘Policy E1 - Providing for a Range of Employment Uses:’ requires flexible and affordable space suitable for small and medium enterprises in large new business developments;
- ‘Policy CF2 - Enhancement and Retention of Community Uses:’ under this policy the provision of new or expanded community uses should be provided as part of the necessary supporting social infrastructure for significant new housing and other development proposals. Where it is not appropriate to provide community uses on site or as part of a development scheme, a contribution to new and/or enhanced uses in the locality will be sought;
- ‘Policy HO6 - Accessible Housing:’ requires that 90% of new housing should meet Building Regulation requirement M4(2) ‘accessible and adaptable dwellings’ and 10% percent of new housing should meet Building Regulation requirement M4(3) ‘wheelchair user dwellings’; and
- ‘Policy E4 - Local Employment, Training and Skills Development Initiatives:’ requires the provision of appropriate employment and training initiatives for local people of all abilities in the construction of major developments and in larger employment generating developments (ie over 200 jobs).

These policies and others that the Plan is seeking to impose will place additional costs on delivering development in Hammersmith and Fulham. Focusing on just a selection of the above policies we demonstrate below the significant impact they can have on scheme viability and ultimately delivery.

Strategic Policy SFRRRA / Policy RTC3

For example Strategic Policy SFRRRA and Policy RTC3 commit development in these areas to be of the highest design quality. While we support all development being of a high standard these policies are seeking development of the very highest standard in key regeneration areas and near the River Thames. Despite these policy aspirations the same build costs have been applied throughout the

BNPP Housing Viability Assessment irrespective of location. A more realistic approach would be to use higher build costs for key regeneration areas such as the SFRA and Thames Policy Area. With reference to BCIS costs 'the upper quartile' build costs for office and residential can be less than half that of the highest costs recorded in the London Borough of Hammersmith and Fulham.

Table 1 – BCIS Costs in Hammersmith and Fulham

Land use	Upper Quartile BCIS Costs used in BNPP Study	Highest BCIS Costs for LBHF from 1 st June 2016
Houses ('Estate Housing terraced')	£2,470 psqm	£4,215 psqm
Flats ('6+ storey')	£2,193 psqm	£5,381 psqm
Offices ('Air conditioned, generally')	£2,065 psqm	£5,869 psqm

As demonstrated in the table above, the highest recorded BCIS costs relevant to the land use typologies tested are considerably higher in Hammersmith and Fulham than the build costs that BNPP have used in their viability modelling. While we are not suggesting the maximum levels should be used we feel the clear policy emphasis around high design quality and the higher density of development likely to come forward in key regeneration areas warrants an uplift in the build costs tested for viability purposes.

Policy E1

As discussed our clients are looking to redevelop the Quayside Lodge site in Fulham. Policy E1 effectively requires Affordable Workspace without clarifying what qualifies as Affordable Workspace and in what quantity it is to be provided. This lack of clarity is alarming given the significant impact Affordable Workspace provision can have on scheme viability. This is recognised in the Council's Employment Study (February 2016) which states:

'The problem with this is that subsidising offices or shared workspace would be at the expense of affordable housing as potential development sites would fail on viability if both affordable housing and affordable workspace erodes the developer's profit below the market level, which is usually 20% on cost.'

In terms of quantifying what is meant by Affordable Workspace the London Borough of Hackney's Affordable Workspace policy (as an example) requires 10% of new office floorspace within major commercial developments to be Affordable. Affordable Workspace is defined as floorspace let on average at 20% less than comparable market rents.

BNPP have experience in understanding the cost of Affordable Workspace having reviewed the viability impact of Hackney's policy as part of its CIL evidence base. BNPP's conclusion from their Hackney 'Community Infrastructure Levy: Viability Study (December 2013; p48) was that:

'If the policy is applied to the appraisals referred to in paragraph 6.23, the results indicate a decrease in the maximum level of CIL that could be charged (see Chart 6.29.1). The loss in value arising from the reduction in rental income in the base case scenario equates to £0.229 million, or £118 per CIL chargeable square metre. This leaves no scope for a Borough CIL after allowing for Crossrail Section 106 of £140 per square metre (inclusive of Mayoral CIL). We understand that the Council is currently reviewing its draft Affordable Workspace policy.'

In effect BNPP's own testing within the London Borough of Hackney demonstrated the inclusion of Affordable Workspace (as drafted at the time) negated the ability of offices to absorb a CIL charge.

Unlike Hackney's policy; Hammersmith and Fulham's is not clear in terms of its exact requirements. This does not enable its significant viability impacts to be understood by either the Council or applicants. It is unclear how affordability is determined in LB of Hammersmith and Fulham's policy and how long the requirement would last (ie perpetuity or otherwise). Tabulated below are the viability results of Affordable Workspace at different levels of discount to comparable market rents. For consistency we have applied BNPP's office assumptions including rents at £35 psqft; 6% yield; 2 years rent free; Gross to Net ratios; and site acquisition costs of 6.8%. These results are based on the Affordable Workspace requirement being in perpetuity in the absence of any guidance in policy E1.

Table 2 – Affordable Workspace impact on scheme GDV

	Rent Level	Gross Development Value
Market Rent	£35 psqft	£484 psqft
80% of Market Rent	£28 psqft	£387 psqft
60% of Market Rent	£21 psqft	£290 psqft

Using the BNPP office assumptions a 161,459 sqft (15,000 sqm) office scheme; consistent with the office element of Typology 15 in the BNPP Study; required to provide 10% of its floorspace at a 20% discount to market rent would experience a circa £1.5 million reduction in scheme GDV when compared to a wholly market rent scheme. For the same scheme but required to provide 10% of its floorspace at a 40% reduction to market rent would experience a circa £3 million reduction in GDV when compared to a wholly market rent scheme. While these results are based on specific assumptions it does help demonstrate the significant impact Affordable Workspace can have on scheme value and subsequently viability. Policy E1 as currently drafted is not clear in terms of its Affordable Workspace requirement and therefore fails to consider the potential cumulative impact in viability terms.

Policy E4

Policy E4 requires the provision of employment and training initiatives for local people during the construction of major developments (ie generating over 200 jobs). This in effect is an additional s106 requirement that doesn't appear to have been tested. The BNPP Study models potential s106 contributions at £1,000 per residential unit and £10 psqm of commercial floorspace. This is considered too low an assumption based on the potential costs of Affordable Workspace (Policy E1

considered above) and Policy E4 together; especially given s278 costs don't appear to be included. In many situations larger sites can have greater impact on local infrastructure and are subsequently required to mitigate these impacts via a commuted s106 contribution and/or the provision of onsite infrastructure.

Benchmark Land Values

The BNPP Study uses the same Benchmark Land Values as that adopted in the Council's previous Hammersmith & Fulham Community Infrastructure Levy Viability Study (June 2014) prepared by Peter Brett Associates (PBA). These range from £4.6 million to £23 million per hectare. BNPP usefully inflates the PBA baseline Benchmark Land Values by 100% as part of its sensitivity testing to reflect the future value of land that comes forward for development in years 6 to 10 and 11 to 15 of the Local Plan. While we support BNPP's recognition of land value growth we remain concerned that the baseline Benchmark Land Values used by PBA in 2014, and now adopted by BNPP, understate current land values in the Borough; particularly given the PBA Study is around 3 years old.

To illustrate this point we compare the Benchmark Land Value ranges used in the PBA and BNPP Studies with a conservative assessment of the Quayside Lodge Existing Use Value. Tabulated below are the most recent lease deals signed at Quayside Lodge which average £23.20. Using this average rent across the existing building (32,922 sqft NIA) and BNPP's office assumptions of 6% yield and 2 years rent free gives the site an Existing Use Value of circa £10 million after acquisition costs. This is considered conservative given local rents in Fulham are currently well above £30 sqft for similar properties; reported yields are sub 5% and the building is fully let (source: CoStar May 2017). Therefore in reality the value of the site for detailed viability purposes is likely to be much higher, especially considering the current rents are being kept low and on short term leases to aid redevelopment in the short term.

Table 3 – Recent lease deals at Quayside Lodge (CoStar May 2017)

Deal Date	Floorspace leased	Rent	Term
Oct 2015	1,191 sqft	£29.50 psqft	5 yrs
Feb 2015	1,153 sqft	£21.50 psqft	5 yrs
Feb 2015	1,750 sqft	£21.50 psqft	5 yrs
Oct 2014	1,180 sqft	£22.50 psqft	5 yrs
Sept 2014	1,100 sqft	£21.00 psqft	
Average		£23.20 psqft	

To be able to compare our calculated Existing Use Value with the PBA / BNPP's baseline Benchmark Land Values we need to convert to a per hectare figure. The site area for Quayside Lodge is 0.27 hectares meaning the site's Existing Use Value on a gross per hectare basis is £37 million; well outside the highest range tested in the BNPP Study.

It is also worth noting that while the PBA CIL Viability Study (2014) mentions a landowner premium we are unable to locate the specific assumptions used in their Study. From our experience most CIL Charging Schedules use a 20% landowner premium added to Existing Use Value as an incentive for landowners to release their site for redevelopment. Again a 20% landowner's premium for a fully let office building in Fulham is considered conservative but we want to remain consistent with the Council's assumptions as much as possible for the purposes of this note. If a landowner premium wasn't included in the Benchmark Land Value scenarios in the PBA Study this again supports these values (now also used by BNPP) as being too low. Applying a 20% landowners' premium to the Quayside Lodge Existing Use Value produces a revised Benchmark Land Value of circa £44 million per hectare, again demonstrating the upper range used in the PBA and BNPP studies as being too low for many brownfield sites in the Borough.

Table 4 – Benchmark Land Value comparisons

	PBA Baseline Benchmark Land Values (per hectare)	BNPP Growth Scenario Benchmark Land Values (per hectare)
North	£4.6 million	£9.2 million
Central	£9.2 million	£18.4 million
Central Higher	£11.5 million	£23 million
South	£23 million	£46 million
Quayside Lodge	£37 million Existing Use Value £44 million Existing Use Value plus 20% Landowner Premium	£74 - £88 million with BNPP Growth assumptions applied

It is felt the above points raise significant viability concerns; and support the view that the entire Local Plan should be tested to better understand its cumulative viability impacts. While we accept many of the Local Plan policies are subject to viability this should not absolve the Council's in its responsibility to understand the viability impacts of its full suite of policies in the Local Plan at the time of its adoption.

Should you have any questions or would like to discuss this representation please do not hesitate to contact me.

Yours sincerely

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