

Meeting: 9 July 2009
Agenda Item: 6
Report No: LTGDC/09/PC32



Addendum Planning Committee Report

London Thames Gateway Development Corporation

Planning Application LTGDC-08-145-FUL Addendum Report

Report of the Director of Planning

1. Summary

1.1 This addendum report updates Item 6 on the agenda that considers an application by MCRP (No. 1) LLP. It covers:

- additional information / correspondence that has been received; and
- the proposed provision of affordable housing and financial contributions in the context of LTGDC's Planning Obligations Community Benefit Strategy that has been received,

since the application was deferred by Members at the 11 June 2009 committee.

2. Further representations received

2.1 The London Borough of Newham's formal consultation response dated 11 June 2009 was received by LTGDC on 15 June 2009. That representation states that the application was considered together with an update by Newham's Development Control Committee on the 10th June 2009 and that on balance, whilst the development is considered to be acceptable in terms of design, massing, layout, impacts on amenity, density and the quality of residential accommodation, the Council objects to the application on the basis of the unacceptable level of affordable housing. LTGDC is recommended to refuse to grant planning permission for the following reason:

The proposed development would provide an inadequate amount of affordable housing that fails to meet housing needs and achieve a mixed and balanced community, contrary to Policy S20 of the London Borough of

Newham Unitary Development Plan (adopted June 2001 and saved from 27/09/2007 by direction from the Secretary of State), Policies 3A.9 and 3A.10 of the London Plan (February 2008: Consolidated with Alterations Since 2004) and the London Plan Housing SPG (Nov 2005).

- 2.2 A copy of Newham's representation is appended to this addendum at Appendix 1. Newham's officer report and Officer update are available to view on Newham's web site.

3. Affordable Housing and LTGDC's Planning Obligations Community Benefit Strategy

- 3.1 The affordable housing offer remains as previously reported at 10% on site intermediate housing comprising of 17 x 1-bed and 17 x 2-bed units. The Applicant intends to apply for government housing subsidy.
- 3.2 Policy 3A.10 of the London Plan states that boroughs should seek the maximum reasonable amount of affordable housing when negotiating on individual private residential and mixed-use scheme, having regard to their affordable housing targets adopted in line with Policy 3A.9, the need to encourage rather than restrain residential development and the individual circumstances of the site.
- 3.3 The applicant submitted a financial appraisal on the 26th June 2009, stating that its affordable housing offer is made in the absence of viability. Scrutiny of that financial appraisal is ongoing at the time of drafting this addendum. However, subject to the conclusions of that further assessment of the Applicant's financial information, Officers believe that the provision of affordable offered may be acceptable in the context of this scheme because evaluation of the financial appraisal to date demonstrates that the viability position of the scheme may be detrimentally undermined if a higher proportion of affordable housing were required by LTGDC. This would have a significant adverse impact on the delivery of housing in this instance and discord with Policy 3A.10, which allows targets to be applied flexibly, taking account of individual site costs, the availability of public subsidy and other scheme requirements.
- 3.4 An offer has been made in respect of LTGDC's Planning Obligations Community Benefit Strategy ("the Strategy"), which is subject to further negotiations between the Applicant and LTGDC Officers, as set out below.
- 3.5 The Applicant has offered to contribute an initial Discounted Standard Charge of £6,000 per residential unit as follows:
- 20% of base payment (£6,000 per unit), i.e. £1,200 per unit, payable on implementation of the planning permission;

- 80% of base payment (£6,000 per unit), i.e. £4,800 per unit, payable on practical completion of the residential units comprised in the proposed development;
- 3.6 The balance of Discounted Standard Charge, i.e. £4,000 per unit, is payable on practical completion of the residential units comprised in the proposed development, subject to realised average sales values, exceeding a threshold level, which remains to be agreed.
- 3.7 In addition to the above, and in accordance with the Strategy, the Applicant has agreed to pay the deferred element of the Standard Charge (i.e. balance up to £22,600) per residential unit, subject to realised average sales, exceeding a threshold level, which also remains to be agreed.
- 3.8 The Applicant has also agreed to the following heads of terms for a Section 106 Agreement :
- Provision of at least 10% (on a unit basis) affordable housing;
 - Financial contributions to be subject to indexation in accordance with Building Cost Information Service (BCIS) All-in Tender Price (From April 2007);
 - Payment of LTGDC's Standard Charge in accordance with its Planning Obligations Community Benefit Strategy (March 2008);
 - Submission of and adherence to a Framework Travel Plan – conforming to the TfL guidance document 'Guidance for residential travel planning in London' (2008). To be secured, managed, monitored and enforced;
 - Commitment to renewables (min 20% reduction in Co₂ emissions);
 - Submission of and adherence to a Local Labour Commitment Scheme;
 - Future residents of the development to be excluded from obtaining parking permits for the surrounding on-street CPZ;
 - Provision of TV reception mitigation measures;
 - Payment of a financial contribution towards works to the public highway within the vicinity of the application site and the entering into of a section 278 agreement for that purpose;
 - Environmental Monitoring;
 - Payment of a financial contribution towards CCTV;
 - Payment of LTGDC's legal, professional and monitoring costs.
- 3.9 Whilst LTGDC officers are content that an offer has been made in respect of financial contributions, which broadly accords with development plan policy and the Strategy, negotiations are ongoing with regard to: the financial information that has been submitted by the Applicant; and the realised average sales values, which would trigger payment of the balance of the Discounted Standard Charge (3.6 above) and the deferred element of the Standard Charge (3.7 above) respectively by the Applicant. That said,

Officers remain confident that an acceptable threshold or thresholds can be agreed.

3.10 Consequently, Members are requested to agree to delegate authority to the Director of Planning to: (i) grant full planning permission subject to the conditions and informatives listed at section 11.1 of the main officer report, together with any amendments or additions that he considers necessary; (ii) approve the financial information that has been submitted by the applicant; (iii) approve, subject to satisfactory viability assessment, the level of affordable housing provision at no less than 10% on-site intermediate housing; and (iv) approve the realised average sales values, which would trigger payment of the balance of the Discounted Standard Charge and the deferred element of the Standard Charge respectively by the Applicant; subject to:

- 1) Referral of the application to the Mayor of London as a Stage 2 referral confirming that LTGDC is minded to grant planning permission;
- 2) Any direction by the Mayor of London;
- 3) The completion of a legal agreement under S106 of the Town and Country Planning Act 1990 (as amended) and other relevant legislation between LTGDC and the Applicant covering the Heads of Terms set out at 3.8 above.

CASE OFFICER: Amanda Reid for John Allen, Director of Planning

Appendix 1: Letter from London Borough of Newham dated 11th June 2009

Appendix 2: Officer Report dated 11 June 2009, including appendices and addendum.