



Amanda Reid
 London Thames Gateway Development
 Corporation
 9th Floor
 South Quay Plaza 3
 189 Marsh Wall
 London
 E14 9SH

Bernadette Marjoram MSc. F.C.I.M. F.R.S.A.
 Executive Director of Regeneration, Planning & Property
**PHYSICAL REGENERATION &
 DEVELOPMENT**

Development Control
 1st Floor, West Wing
 Newham Dockside
 1000 Dockside Road
 London
 E16 2QU

Tel No: 020 3373 3580
 Email: chris.gascoigne@newham.gov.uk
 Ask for: Chris Gascoigne
 Our ref: 08/01953/LTGDC

Date: 17/08/2009

Dear Amanda,

RE: 08/01953/LTGDC
Site: 2 Broadway, Stratford, London, E15

I am writing with regard to the above mentioned application for planning permission.

On the 11th June 2009 the Council wrote to the LTGDC objecting to the application and recommended that planning permission should be refused on the basis of the inadequate level of affordable housing proposed.

On 30th July 2009 the applicant submitted updated affordable housing/S106 allocation options. In summary the submission proposes:

1. Allocation options delivering incremental increases in on-site intermediate housing (from 10% to 15% with grant / from 10% to 12% without grant) with corresponding decreases in the S106 financial contributions, to achieve the same viability; and
2. Overage (referred to as 'Clawback') revenue triggers and equivalent off-site affordable housing numbers (based on £120k per unit).

This letter sets out the Council's formal consultation response regarding the updated affordable housing/S106 allocation options submitted by the applicant on 30th July 2009.

In summary, the Council's outstanding concerns regarding affordable housing have not been satisfactorily resolved and the Council's objection to the application is maintained. The Council's key concerns are set out below.

1. Affordable Housing

The proposed allocation options would achieve a maximum on-site intermediate housing provision of 15% (with grant) or 12% (without grant). These maximum levels of on-site intermediate housing remain very low in relation to policy expectations to deliver 50% affordable housing and are significantly below the levels of affordable housing delivered in

other comparable high density developments permitted in the locality. Such a low level of affordable housing would also set an undesirable precedent for future developments in the Borough which would have a detrimental impact on the Council's ability to meet housing needs.

In addition, the Council remains very concerned regarding the proposed tenure and mix of the affordable housing offer, which has not changed. No social rented housing or family sized (3-bed+) affordable housing is proposed on-site and no commuted sum towards off-site affordable housing is proposed as part of the S106 'first payment' financial contribution offer. Social rented housing could only be delivered off-site in the event that the S106 overage revenue triggers are realised. The exclusion of social rented housing and family sized units from the affordable housing/S106 offer is contrary to policy expectations and is unacceptable to the Council as a matter of principle. A development of the scale proposed should seek to deliver a reasonable quantum of social rent housing and family sized units as part of the affordable housing offer. In the absence of an appropriate offer the Council objects to the application.

The submitted financial appraisal suggests that the build cost of the development is preventing increased levels of affordable housing being delivered. Although the Council supports the design quality of the development and the aspiration for a high quality fit-out, we do not consider that the planning benefits of the development (and the associated costs) outweigh the significant shortcomings of the development in relation of affordable housing policy expectations. Notwithstanding this view, the Council considers that there is scope for the development viability to reasonably accommodate an increase in affordable housing, as set out below.

2. Financial Appraisal

Cyril Sweett has been commissioned by the LTGDC to undertake an independent evaluation of the Cost Plan Nr.02 dated April 2009 from DBK Goyne Adams. The Council has been provided with the Cyril Sweet Summary Statement which lists possible additions and omissions to the Cost Plan and suggests a total cost difference amounting to £1,047,426.19.

The Council's Property Advisor has also raised the following matters regarding the Appraisal Summary dated 26/06/2009 prepared by Chantry Ltd (version submitted to LTGDC on 23/07/2009):

1. Both the office and retail rental/capital values are too low. The rate for the retail units should be £30 psf and for the offices £22.50 psf. This gives a capital figure of £8.014m.
2. The capitalisation rate on the aggregate ground rents should be at 5.75% i.e. £2.082m.
3. The resulting GDV of these elements is £10.096m which compares to £7.855m in the appraisal, with a difference of £2.241m. The NDV difference is £2.112m.
4. Contingency payments are above the 5% norm.
5. Developers profit is at 20%, but the Three Dragons Toolkit suggests 17.5%.

The Council consequently does not accept that the proposed level of affordable housing/S106 offer is the maximum that can reasonably be delivered in the context of the development viability. The LTGDC should seek to ensure that the financial appraisal is accurate in relation to the above points and that any additional finances are directed towards improving the affordable housing/S106 offer, rather than developer profit.

3. Impact on Other S106 Contributions

The Council's Development Control Committee Report dated 10th June 2009 (paragraph 8.24.11) identified that contributions received through the S106 should be used by the LTGDC towards the costs of provided the listed items of infrastructure and services to mitigate the impacts of the development. The total cost of the items listed in the committee report is approximately £2,206,000. This cost is broadly consistent with the initial S106 contribution offer of £6,000 per unit, which totals £2,052,000. It is however below the £10,000 per unit required in the LTGDC's S106 strategy.

The Council acknowledges that when making a planning decision there is a need to balance the levels of affordable housing and other S106 contributions. However, the Council is concerned that the proposed incremental increases in affordable housing would have corresponding decreases to the S106 contribution offer. Decreasing the S106 contribution means that the development is unable to fully mitigate its impacts in terms of other key planning matters such as transportation, open space, skills training and education, as listed in the Council's committee report. A significant decrease in the level of S106 contributions would lead the Council to conclude that the development cannot be justified or considered acceptable in relation to these planning matters.

4. Overage

The Council is encouraged that the applicant and the LTGDC are considering the use of an affordable housing focussed S106 overage clause. In this instance the Council considers it is essential that the S106 specifies that additional financial contributions received are directed towards off-site affordable housing and not other items of infrastructure. The Council requests to be consulted regarding the revenue triggers and thresholds.

Conclusion

The affordable housing offer remains contrary to policy expectations and the planning merits of the proposal are not considered to outweigh the significant shortcomings in affordable housing.

As a consequence the Council objects to the application on the basis of the unacceptable level of affordable housing and recommends that the LTGDC should refuse planning permission for the reason set out below, unless there is an appropriate increase in provision for affordable housing.

Reason for Refusal:

1. 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 (Feb 2008: Consolidated with Alterations Since 2004) and the London Plan Housing SPG (Nov 2005).

If, against the Council's recommendation, the LTGDC resolves to grant planning permission based on the current S106 offer, in this instance the Council considers that allocation options maximising on-site affordable housing should take priority over other S106 financial contributions and that an affordable housing focussed S106 overage clause should be pursued.

The Council requests to be consulted regarding any changes to the affordable housing/S106 offer.

Yours sincerely,



Chris Gascoigne

TEAM LEADER
DEVELOPMENT CONTROL
MAJOR APPLICATIONS: LTGDC & ODA AREA TEAM
For PHYSICAL REGENERATION & DEVELOPMENT

cc Lorraine Hughes – GVA Grimley
David Watkinson – GLA