

Housing Delivery Explanatory Note

LONDON LEGACY DEVELOPMENT CORPORATION

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1. Background and reason for note

1.1 This explanatory note has been prepared in response to a number of representations received at the Regulation 20 stage seeking further clarity with respect to past and anticipated housing delivery trends within the area and the implications of changes to the consented Legacy Communities Scheme with respect to affordable housing and overall delivery rates. It is also considered that some further clarification and explanation is also required with respect to some other strategic matters. This explanatory note supports the [Housing Background Paper \(2018\)](#) and should be read in conjunction with this.

1.2 This explanatory note will therefore cover the following matters:

- Relationship with the London Plan and current progress of the draft New London Plan
- Clarification with respect to some housing delivery statements and projections within the text of the Revised Local Plan, including delivery within distinct phases or periods of the Revised Local Plan
- Further detail on which site allocations have planning permission, when it was received and monitoring
- Further clarity on the implications of the changes to the Legacy Communities Scheme on housing and affordable housing delivery
- The results of the Housing Delivery Test
- Approach within the Viability Study (2018)
- Meeting the needs of gypsy and travellers

2. Relationship with the London Plan

2.1 Figure 41 within Appendix 1 of the Revised Local Plan sets out the chain of conformity whereby the Local Plan sits below the Spatial Development Strategy (aka The London Plan) and together they form the Development Plan for the area.

2.2 Paragraphs A1.1-A1.3 set out the extent of the planning powers of the Legacy Corporation whereby it is the designated local planning authority for its area shown within the Figure on page 264 of the Revised Local Plan. Within this context the Legacy Corporation has prepared a single Local Plan for its area and does not seek to break down the area by its constituent boroughs. The Legacy Corporation recognises that the four boroughs have different approaches within their local plans (for example, the approaches to housing, affordable housing and tenure mix requirements). However it is not the role of the Legacy Corporation to replicate this. Therefore, these matters are addressed taking into account (1) national

legislation, policy and guidance (2) strategic guidance (in the form of Mayoral supplementary planning guidance) and (3) strategic and local evidence base.

- 2.3 As a Mayoral Development Corporation, the Revised Local Plan closely reflects the approach of the Mayor within his draft New London Plan, and its policies are seeking to provide local interpretation of this higher tier planning document. Housing targets within the Revised Local Plan come directly from the Mayor. Given that this is the overarching strategic document for London it would not be appropriate for the Legacy Corporation to adopt a different approach. Indeed if a local-need based approach was adopted this would result in an objective assessed need (OAN) of only 619 per annum which is considerably lower than expected housing delivery and the annual housing target set out within the Draft New London (see [Housing Requirements Study, 2018](#)).
- 2.4 It is understood that the draft New London Plan is still being prepared with it currently undergoing independent Examination in Public. It is currently anticipated that the hearing sessions will continue until May 2019 with the Panel Report anticipated later in the year. The Legacy Corporation understands that any further proposed changes to the London Plan may have some implications for the Local Plan, which will be closely monitored by officers.
- 2.5 Given the new requirement within the NPPF to review Local Plans every five years it would not have been considered prudent to await the outcome of the New London Plan before commencing review. Instead the Legacy Corporation is closely monitoring progress of the New London Plan and is aware that matters are likely to arise as part of this process. Where appropriate this will be highlighted during the examination of the Revised Local Plan and reflected if necessary at the appropriate stage.

3. Issues raised in representations

- 3.1 The [Consultation Report \(2019\)](#) contains summaries of and responses to the representations received throughout the preparation of the Revised Local Plan at Regulation 18 and Regulation 20 stages. A number of these responses referred to the production of this explanatory note to provide further clarity on issues raised. Below is a summary of the representations which this note considers in more detail:

Timescales and delivery targets

- 3.2 Welcome commitment to deliver in excess of the 2161 pa target. If rolled forward it would be in excess of 22,000 homes to be delivered for 2020-2036. Welcome the 5% buffer in the trajectory however PPG states the Mayor should distribute the total housing requirement for London (PRN.011).
- 3.3 It is unclear what the land supply actually is for period 2020/21-2028/29. Revised Local Plan covers 2020-2036 but draft New London Plan starts 2019/2020 which implies LLDC not proposing to provide 2161 in 2019/2020. Para 5.3 states LLDC expect to deliver 22,000 homes to 2036 and therefore it is unclear what annualised target is being used. The target of 2161 to 16 years makes 34,576 homes therefore the 22,000 is capacity driven and should be made

clear. However the 65,000 London figure is also capacity constrained so the target is twice constrained. Draft New London plan has been amended to require rolling over of annualised targets when the dates extend beyond that of the New London Plan so the full housing figure should be 34,576 quoted above, but aware Mayor is unable to identify land supply for period beyond 2028/29 (PRN.030).

- 3.4 Policy proposes delivering in excess of the 2161 target however the paragraph states 22,000 homes expected between 2020-2036 which is less than the Adopted Local Plan. Projection of annual target would see in excess of 30,000 homes, given expectation to optimise delivery should state this figure which means plan is unsound without this (PRN.054).

Small sites target

- 3.5 The NPPF requires local authorities to identify small sites no larger than 1ha to accommodate 10% of the housing requirement (LLDC=2161). Mayor small sites equals 800 homes in sites of 0.25ha or less. The LLDC should therefore identify other sites of up to 1ha to meet the requirement for 1361 homes to be met. Rather than relying on the Mayor's theoretical assumptions LLDC should identify small sites for each year of the Revised Local Plan equivalent to 10% of the housing requirement. The Revised Local Plan should be a 10-year plan therefore sites of 0.25ha for 2610 homes should be identified (PRN.030).

Evidence base

- 3.6 The extensive Housing Requirements Study (HRS) does not reconcile GLA requirements from the SHMA with the Outer North-East London SHMA and that of neighbouring boroughs. This will have delivery implications for a full range of size, accommodation and tenure requirements in particular for family housing with implications on mixed and balance communities (PRN.044).
- 3.7 Identifying deliverable sites for 10 years' supply for 2019-2029. The Sites Report does not include a breakdown of estimated site yields or trajectory for delivery of allocated sites. The Housing Background Paper includes information on capacity of key sites but does not breakdown what has been delivered and what completions are expected over the plan period. This should be included in a trajectory plan for each site by year and key site. Appendix 2 includes sites but we are confused about the pre-adoption period of 2018/19 as this is not part of planning period and should not be counted towards the target. This also breaks down delivery into 5-year blocks, while helpful this should also be broken down by each identified and allocated site by each year. This should also be totalled with small sites assumptions so it makes the total of 21610 completions by the end of the plan period. LLDC should explain planning status of its allocations including whether it has full permission and date received (PRN.030).
- 3.8 Additional engagement on local authority needs would help address this which raises questions about how the Revised Local Plan has been positively prepared informed by agreement with other authorities and its likely effectiveness. Clear tests have not been satisfied in engaging with existing evidence of the boroughs to ensure a joined-up approach in delivering national policy objectives relating to sustainable development (PRN.044).

- 3.9 Inconsistencies with the draft New London Plan with respect to the affordable tenure requirements of Build to Rent schemes and lack of consideration of the level of discount required and viability of achieving the threshold. It is not justified to have same tenure mix for sale and Build to Rent and flexibility should be added in line with draft New London Plan (PRN.40).
- 3.10 The Viability Study does not set proposed yields or rents which need to be assessed accurately to reflect whether affordable housing and tenure requirements are viable. Unable to comment further without the methodology being clarified (PRN.45).

Affordable housing

- 3.11 Affordable housing- reliance on the Mayoral approach to affordable housing and viability thresholds without analysis of whether these would have most local benefit. The Newham Options Appraisals modelled these alternative approaches and how they would play out in practice, and the results demonstrated that on a unit basis yielded higher levels of affordable housing. Such modelling would provide a more robust justification of targets used and the approach is justified in terms of maximising affordable housing delivery (PRN.044).
- 3.12 There is also over-reliance on public landowners to deliver affordable housing at 50% to compensate for under-delivery across the area disregards the mixed and balanced communities objectives promoted in plan. Whilst LBN recognise Mayoral objectives to deliver affordable housing on their sites there is a need for higher ambition elsewhere (PRN.044).
- 3.13 The [Housing Background Paper](#) outlines that the LCS has been subject to amendments taking into account East Bank proposals would result in net loss of residential floorspace projected originally to be 1400-1500 units. A Deed of Variation to the LCS 106 makes a commitment to making up much of this capacity by increasing density in PDZ8 and 12 and LLDC's ownership gives greater delivery certainty. Evidence base should clarify what is possible and acceptable in light of other policies so it is clear in terms of housing numbers to meet OAN. Concerns raised over assumption underlying this that it is possible to deliver higher density through development on all plots. Whilst this may be a possible resolution to housing shortfall it is not justified in planning terms in relation to character and local context to ensure strategic approach to delivery of tall buildings which are not harmful to surroundings (PRN.044).

Build to Rent

- 3.14 Private Rented Sector (PRS) specifically houses in multiple occupation with no protection or limit to particular locations. This means that the limited role of HMOs which cater for single households has potential to displace capacity for development that meets more mainstream need (PRN.044).

4. Revised Local Plan references

4.1 Figure 1 below shows actual and anticipated delivery within the Legacy Corporation area between 2014 and 2036. Table 1 shows the timing of delivery within four distinct phasing periods: 2014-2017 (delivery against the Adopted Local Plan); 2018 and 2019 (pre-adoption phase of the Revised Local Plan); 2020-2036 (Revised Local Plan period); and 2037-2041 (latter end of the draft New London Plan period).

4.2 Paragraph 5.1 and Objective 2 of the Revised Local Plan set out:

“It is expected that by the end of 2019 about 11,000 homes will have been built within the Legacy Corporation area. With future planned development this figure is expected to reach 33,000 by 2036. Alongside this new housing, new community infrastructure needs to be provided to ensure that successful neighbourhoods are created and the new communities have the facilities available to meet their needs” (Paragraph 5.1)

“Objective 2: Establish and maintain locally distinctive neighbourhoods which meet housing needs, while providing excellent and easily accessible social infrastructure. This will mean:

- **Delivering more than 22,000 new homes between 2020 and 2036 within a range of sizes, types and tenures.”** (Objective 2, bullet 1)

4.3 By way of clarification this refers to data contained within Figure 1 and Table 1 below. As shown within Figure 1 below housing delivery from 2014 until 2018 7716 homes, and it is anticipated that a total of approximately 11,000 homes will have been completed in the area by the end of 2019 (as shown also within table 1 below). It is anticipated that a further approximately 22,000 homes will be built up until the end of 2036. These figures are entirely consistent with the Housing Trajectory as set out in Figure 9 of the Revised Local Plan.

Table 1- Housing Delivery 2014-2036

| Stage | Time-period | Completions | Local Plan period | New London Plan period |
|----------------|--------------|--------------|-------------------|------------------------|
| 1a | 2014-2017 | 6435 | 10997 | n/a |
| 1b | 2018-2019 | 4562* | | 27167* |
| 2 | 2020-2036 | 22605* | 22605* | |
| 3 ¹ | 2037-2041 | n/a | n/a | 651* |
| | Total | 33602 | 10997 | 27818 |

*Estimated completions

4.4 SP.2 and paragraph 5.3 set out that the Legacy Corporation will be:

¹ The draft New London Plan period covers the period 2018/19 to 2040/41 which goes beyond the Revised Local Plan period. Therefore information shown for stage 3 has been calculated on the best available data for the time and has not been included within Local Plan delivery assumptions.

“Delivering in excess of the Draft New London Plan target of 2,161 housing units per annum through optimising housing delivery on suitable and available sites” (SP.2 (1))

“... Figure 9, the housing trajectory, shows the ability to deliver housing against the housing target over the Plan period. The trajectory includes a five per cent buffer of deliverable sites which is expected to be met for the first five years, but it may not be possible on a rolling five-year basis past 2028/2029. Nonetheless, it is expected that more than 22,000 homes will be delivered over the Plan period of 2020 to 2036 through optimised housing delivery on suitable, available and achievable sites over the period.”
(paragraph 5.3)

- 4.5 Appendix 2 (Key Housing Locations) of the Revised Local Plan contains summary information on housing delivery correct at the time of the Publication version (October 2018) but further detail is provided within the [Housing Background Paper](#). Appendix 2 shows delivery within stages 1b and 2 (as such stages are defined within Table 1 above) set out by the following categories:
- Allocations
 - Permissions
 - Additional capacity
- 4.6 It is key to note that Appendix 2 of the Revised Local Plan and the Housing Background Paper do not include small site assumptions of 80 per annum (see GLA SHLAA, 2017) which are only factored into the housing trajectory from 2025 onwards. This translates into 12 years of 80 homes per annum equalling 960 homes over the plan period. Paragraph 5.9 of the Revised Local Plan and section 5.1 of the Housing Background Paper clearly state how this annual small sites figure will only be included from Year 6 (2025) onwards to allow the new policy approach of H.1 time to ‘bed in’. The housing figures set out in Table 1 above combine this additional delivery from small sites to the housing delivery numbers set out in Appendix 2e. For clarification in the first 5 years of the Revised Local Plan the 5% buffer is anticipated to meet any shortfall which may arise from non-delivery of small sites (e.g. 5 x 80 =400 homes).
- 4.7 The Legacy Corporation anticipates making up the potential shortfall (of 80 per annum, or 400 over the first 5 year period) from greater than anticipated delivery within the large sites plus the continuing trend for delivery of non-self-contained accommodation. Therefore additionally when the 80 homes per annum figure is included from year 6 onwards then this is likely to help achieve delivery of over the annual target.
- 4.8 Table 1 above and the Housing Trajectory therefore set out that 4562 homes are anticipated to be delivered in 2018 and 2019 (the pre-adoption stage). For the period to 2028/29 (the 10 year New London Plan target) delivery is anticipated to amount to an additional 17,171 homes, totalling just below 22,000 homes but above the 21610 10-year target within the draft New London Plan. As stated earlier there are no small sites assumptions for the first 5 years of the Revised Local Plan which is still likely to yield further capacity.

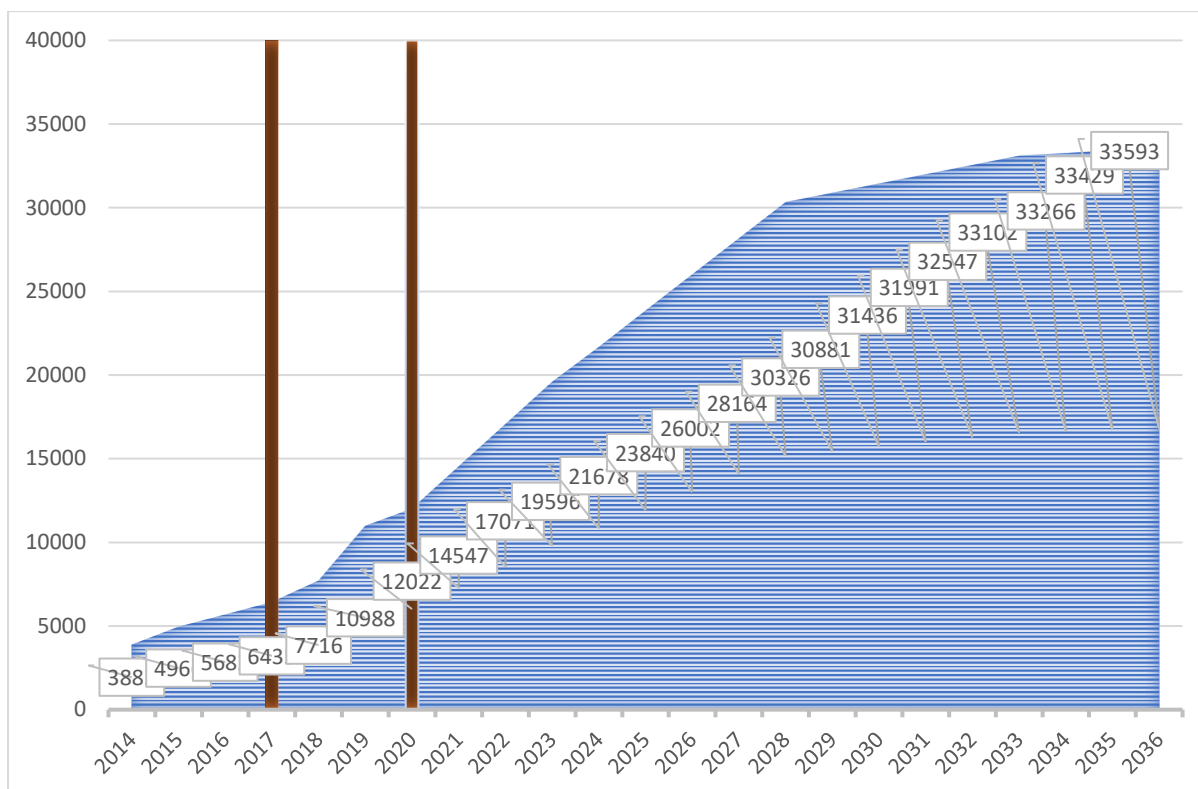


Figure 1- Housing delivery (actual and projected)

5. Sites with permission

5.1 All the Revised Local Plan site allocations include information on phase and housing capacity. The housing trajectory also includes assumed delivery rates for each of these allocations sourced from the 2017 London SHLAA. Appendix 2 of the Housing Background Paper shows phasing assumptions for the site allocations, permitted schemes and additional capacity. Therefore it is considered that, in conjunction with the [Sites Report \(2018\)](#) which provides detailed site information (site size, delivery and phasing assumptions, constraints) there is sufficient detail on the sites within the area and their ability to deliver housing.

5.2 As requested by representation (PRN.011) Table 2 below contains extant planning permissions within the site allocations (excluding permission for those developments which have been completed). This shows the permission date for outline schemes and the reference numbers. Further detail for each permission is available within Appendix 2 to the Housing Background Paper and all documentation for each permission is available on the Legacy Corporation's website at:

<http://planningregister.londonlegacy.co.uk/swift/apas/run/wphappcriteria.display>.

Table 2- Site allocations

| Site Allocation | Permission details | Date received permission |
|----------------------------------|---|--------------------------|
| SA1.1 Hackney Wick Station area | 16/00166/OUT Hackney Wick Masterplan (Resolution to grant) | n/a |
| | 14/00387/FUL 80-88 Wallis Road | 30-Jun-2016 |
| | 17/00112/FUL Hepscoth and Rothbury | 16-Jul-2018 |
| | 15/00338/FUL 75-89 Wallis Road and 59 Berkshire Road | 16-Aug-2017 |
| | 15/00446/FUL 1 to 2 Hepscoth Road | 22-Jun-2016 |
| SA1.2 Hamlet Industrial Estate | n/a | n/a |
| SA1.3 Hepscoth Road | 16/00451/OUT Hepscoth Road (Resolution to grant) | n/a |
| SA1.4 Neptune Wharf | 12/00210/OUT Neptune Wharf 16/00219/REM | 27-Mar-2014 |
| | 15/00212/FUL | 24-Mar-2016 |
| SA1.5 East Wick and Here East | 11/90621/OUTODA Legacy Communities Scheme 16/00520/REM | 29 September 2012 |
| | 13/00534/FUM, 13/00536/COU, 13/00537/FUL Here East | 20-Mar-2014 |
| SA1.6 Sweetwater | 11/90621/OUTODA | 29 September 2012 |
| SA1.7 Bartrip Street South | n/a | n/a |
| SA2.1 Chobham Farm | 12/00146/FUM 15/00266/REM 17/00175/REM | 27-Feb-2014 |
| SA2.2 East Village | 10/90641/EXTODA 17/00045/REM 14/00034/REM | 30-Mar-2012 |
| SA2.3 Chobham Manor | 11/90621/OUTODA Legacy Communities Scheme 13/00504/REM 14/00356/REM 16/00510/REM 16/00518/REM | 29-Sep-2012 |
| SA2.4 Chobham Farm North | 12/00146/FUM (small parcel) | 27-Feb-2014 |
| SA3.1 Stratford Town Centre West | 10/90641/EXTODA 17/00049/REM 16/00212/REM 16/00671/REM | 30-Mar-2012 |
| | 15/00358/OUT | 13-Feb-2018 |
| | 10/90285/FUMODA | 18-Jul-2011 |

| | | |
|---|---|-------------|
| SA3.2 Stratford Waterfront North | 11/90621/OUTODA Legacy Communities Scheme | 29-Sep-2012 |
| SA3.3 Stratford Waterfront South | 11/90621/OUTODA Legacy Communities Scheme | 29-Sep-2012 |
| | 17/00235/OUT | 03-May-2018 |
| SA3.4 Greater Carpenter's District | 15/00598/FUL | 25-Aug-2016 |
| | 15/00515/FUL (Resolution to grant) | n/a |
| SA3.5 Bridgewater Road | 11/90621/OUTODA Legacy Communities Scheme | 29-Sep-2012 |
| SA3.6 Rick Roberts Way | 11/90621/OUTODA Legacy Communities Scheme | 29-Sep-2012 |
| SA4.1 Bromley-by-Bow | PA/11/02423/LBTH 15/00476/REM | 27-Sep-2012 |
| | 17/00364/FUL | 05-Sep-2018 |
| | 17/00344/FUL | 20-Jun-2018 |
| SA4.2 Sugar House Lane | 12/00336/LTGOUT 15/00359/REM 16/00223/REM 16/00440/REM 16/00412/REM 15/00327/REM 17/00348/REM 15/00435/REM 17/00369/REM 15/00384/REM 15/00250/REM | 27-Feb-2012 |
| SA4.3 Pudding Mill | 11/90621/OUTODA Legacy Communities Scheme | 29-Sep-2012 |
| | 14/00422/FUL | 05-May-2017 |
| | 15/00392/FUL | 12-Aug-2016 |
| SA4.4 Three Mills | n/a | |
| SA4.5 Bow Goods Yards (Bow East and West) | n/a | |

5.3 As set out within paragraph 5.4 of the Revised Local Plan the Legacy Corporation will continue to closely monitor housing delivery against the housing target. It sets out a series of measures to enhance housing delivery should rates fall below target including the work on the Legacy Communities Scheme (see below), update of evidence, further capacity investigations and use of Design Codes. The [2018 Authority Monitoring Report](#) provides more detail including monitoring of progress against each of the site allocations and progress towards achieving the principles for each site. This approach will be continued in subsequent monitoring reports and, should delivery fall behind target, the measures identified above will be triggered.

6. Housing within the Legacy Communities Scheme

- 6.1 The [Housing Background Paper \(2018\)](#) sets out some detail of the changes to the Legacy Communities Scheme (LCS) resulting from East Bank schemes. As highlighted in section 3 above representation PRN.044 raised concerns about the implications of changes at Stratford Waterfront on the need to make up this shortfall by increasing housing delivery within the remainder of the Legacy Communities Scheme plots (e.g. SA3.5 Bridgewater Road, SA3.6 Rick Roberts Way and SA4.3 Pudding Mill). It stated that the evidence base should clarify what is possible and acceptable in light of housing numbers and that it may not be possible to deliver greater density on all plots.
- 6.2 As highlighted within section 2 above the Legacy Corporation is the local planning authority for the area. However the Legacy Corporation is also the landowner and developer for the LCS. The work on the housing capacity and delivery of the remaining LCS plots will be conducted by the Development Directorate and not the local planning authority arm of the Legacy Corporation. The development team are currently revisiting masterplans for Pudding Mill (SA3.5 and SA4.3) and is also conducting further work with the London Borough of Newham with respect to the Rick Roberts Way site (SA3.6). When these schemes are further developed and revised planning application are submitted then the Legacy Corporation (in its capacity as local planning authority) will scrutinise and ultimately determine those applications. As part of this process the Legacy Corporation will be utilising the [Characterisation Study \(2018\)](#) to ensure that any revised development proposals are appropriate to the character and context of the area. The Legacy Corporation's adopted SPD for Pudding Mill (SA4.3) provides guidance on the delivery aspirations of the Revised Local Plan which will also be utilised.
- 6.3 This change in delivery aspirations also needs to consider the changing context of housing within London and in particular the approach taken within the Mayor's [Strategic Housing Land Availability Assessment \(2017\)](#). As a site with an existing permission the anticipated housing delivery of the LCS was inputted into the sites database and therefore these sites were not subject to housing delivery capacity density assumptions applied to other sites without permission. As the Legacy Corporation falls within the Lea Valley Opportunity Area the SHLAA's methodology applied the highest density assumptions to sites without permission. If this exercise had been applied to the remaining plots of the LCS it is likely to have yielded a significantly higher density output than that of the existing LCS permission. Indeed Table 2 below shows the densities for the remaining LCS sites compared to other sites utilising the 'standard' density assumptions within the SHLAA. It therefore shows that the LCS densities are low for the area and therefore it is anticipated that greater delivery capacity can be achieved whilst achieving high quality development.

Table 3- Densities

| Site | Density pursuant to existing permission | SHLAA densities |
|-------|---|-------------------------------|
| SA3.5 | 166 per hectare | 180-700 dwellings per hectare |
| SA3.6 | 150 per hectare | |
| SA4.3 | 166 per hectare | |

7. Housing Delivery Test (HDT)

7.1 As shown within the Revised Local Plan, the Housing Background Paper and in the above sections of this explanatory note, the Legacy Corporation can demonstrate 5-year housing land supply to meet the new target within the draft New London Plan of 2161 new homes per annum plus a 5% buffer to ensure choice and competition in the market for land in accordance with paragraph 73(a) of the NPPF.

7.2 However, in February 2019 the Government published the results of the Housing Delivery Test for the period 2015/16-2017/18. Based on the current Adopted Local Plan target of 1471 new homes per annum this suggests that the Legacy Corporation has achieved 52% of its housing target over this three year period, which would require a 20% buffer of additional available sites. The HDT is based on the formula:

$$\text{Housing delivery test (\%)} = \frac{\text{Total net homes delivered over three-year period}}{\text{Total number of homes required over three-year period}}$$

7.3 The Legacy Corporation closely monitors both past and projected housing delivery within its area and believes that the HDT methodology results in data outputs that are not an appropriate representation of delivery. This is due to the way in which the two main inputs are calculated for the LLDC area: (1) number of homes required (the denominator) and (2) net homes delivered (the numerator). Each part of this formula is addressed below.

Number of homes required (the denominator)

7.4 The HDT utilises the Legacy Corporation's target contained within the London Plan i.e. 1471 new homes per annum. Given a lack of available data for the Legacy Corporation area this is the only target that could have been utilised for the denominator. However the Legacy Corporation notes that for London boroughs and other local planning authorities more complex formulas have been used as set out within paragraphs 12-15 of the [HDT Measurement Rule Book](#) (Rule Book). This means that some London boroughs' housing requirements are calculated under the HDT to be below that of the housing delivery targets set in the London Plan. As shown within Table 4 below, the four boroughs within the Legacy Corporation area have varying targets for the years and, with the exception of LB Newham, all have HDT requirements significantly lower than the housing delivery target within the London Plan.

Table 4- Target inputs

| Borough | 2015/16 | 2016/17 | 2017/18 | 3-year total | London Plan target (2016) | 3-year total | Difference |
|----------------|---------|---------|---------|--------------|---------------------------|--------------|------------|
| Hackney | 1,315 | 1,599 | 1,599 | 4,513 | 2685 | 8055 | -3,542 |
| Newham | 2,500 | 2,410 | 1,994 | 6,904 | 1994 | 5982 | 922 |
| Tower Hamlets | 2,961 | 2,914 | 3,473 | 9,348 | 3931 | 11793 | -2,445 |
| Waltham Forest | 760 | 769 | 862 | 2,391 | 862 | 2586 | -195 |

- 7.5 The Legacy Corporation notes that the Rule Book sets out at paragraph 12 that the housing requirement applied within the HDT calculation for authorities with an adopted plan will be the lower of (1) the target contained within an adopted plan and (2) the minimum annual local housing need for that authority. For the latter, local authority household projections are utilised, but by not being a local authority this option is not available for the Legacy Corporation. However, as highlighted within section 4 of the Housing Background Paper the need figure (OAN) for the Legacy Corporation area is just 619 per annum. If this alternative need figure of 619 per annum is used the HDT requirement for the area would be significantly lower than the London Plan target, and the delivery picture would look considerably different. Indeed paragraph 14 of the Rule Book suggests that in future years this OAN figure would have been used instead.
- 7.6 Additionally, it should also be noted that the housing requirement the LLDC is measured against in the HDT contains large site, small site and non-self contained delivery assumptions (1471= 1267+33+171). The 171 annual figure was based on past delivery rates alone and each bedspace was counted as 1 non-self-contained unit. Therefore crucially this means that non-self-contained delivery within the HDT requirement has been calculated on a 1:1 basis whereas (as shown below) when it comes to delivery the Rule Book measures delivery on a 1:2.5 basis.

Net homes delivered

- 7.7 Paragraph 6 of the [Rule Book](#) explains that: *“The number of net homes delivered is the National Statistic for net additional dwellings over a rolling three year period, with adjustments for net student and net other communal accommodation”*.
- 7.8 Table 5 below shows net homes delivered as calculated in accordance with the Rule Book by financial year, compared to records of housing delivery within the area held by the Legacy Corporation (the Legacy Corporation monitors by calendar year). It shows that there are considerable differences between the amount of homes completed in the period at 2,850 in accordance with the Legacy Corporation's records compared to the 2291 net homes completed set out within the HDT itself. The two main reasons for the discrepancies are as follows:
- 7.9 First, the National Statistic for net additional dwellings in the Legacy Corporation area is sourced from the GLA which is extracted from the London Development Database (LDD). However the LDD has overlooked a number of permissions previously granted in the Legacy Corporation Area by the London Thames Gateway Development Corporation.
- 7.10 Secondly, the MHCLG makes a calculation for net increase of non-self-contained accommodation (e.g. student housing) which has made up a relatively high proportion of the supply. In accordance with paragraph 10 of the Rule Book the delivery of student housing is adjusted on a 1:2.5 ratio. However, as noted at paragraph 7.6 above the delivery target for the Legacy Corporation of 1471 includes an assumed annual figure for non-self contained units of 171 where each bedspace was counted as 1 non-self-contained unit. This means that the requirement for and delivery of non-self contained units are not calculated on a like-for-like basis which further distorts the results of the HDT in the Legacy Corporation area.

Table 5- Delivery data

| | Information from LDD submitted by GLA | | Housing Delivery Test output | LLDC data | |
|--------------|---------------------------------------|--------------------|------------------------------|----------------|--------------------|
| | Self-contained | Non-self contained | | Self-contained | Non-self contained |
| 2015/16 | 549 | 759 | 853 | 267 | 809 |
| 2016/17 | 448 | 0 | 448 | 772 | 0 |
| 2017/18 | 990 | 0 | 990 | 1002 | 0 |
| TOTAL | 1986 | 759 | 2291 | 2041 | 809 |

7.11 Furthermore, in conversation with the data team at the Greater London Authority the Legacy Corporation has been informed that some technical issues with the use of the 'net additional supply' field can, in some cases, lead to some additional housing units not being captured within the data. Therefore it is the Legacy Corporation's own housing delivery data as set out within this paper which should be relied upon.

Other related considerations

7.12 The Legacy Corporation also believes that three years is too short a period to adequately measure housing delivery in its area. Table 6 below shows actual completions information for the period 2014 to 2018. It shows that over a five-year period, housing delivery against the 1471 target is actually at 105%. This shows what can be described as 'bumpy' delivery, which is unsurprising given that the Legacy Corporation only received planning powers in October 2012 and it takes time for permissions granted to move through the system to completion.

Table 6- Housing delivery (calendar year)

| Year | Target | Delivery | % |
|--------------|-------------|-------------|-------------|
| 2014 | 1471 | 3882 | 264% |
| 2015 | 1471 | 1084 | 74% |
| 2016 | 1471 | 716 | 49% |
| 2017 | 1471 | 753 | 51% |
| 2018 | 1471 | 1281 | 87% |
| Total | 7355 | 7716 | 105% |

7.13 As shown within the 2018 Authority Monitoring Report there are 4559 homes currently under construction within the area, with many anticipating completion in 2019. On a financial year basis this would amount to 2,176 homes completed in 2018/19. Accordingly future HDT calculations will show considerably higher delivery rates and outcomes. The Legacy Corporation believes that a considerably different picture would be presented should a longer time period than three years be used.

7.14 Notwithstanding the above, on the basis of the official results of the HDT the Legacy Corporation has been placed in the 'buffer' category meaning that it should identify sites for an additional 20% of housing delivery. If the draft New London Plan target is utilised this amounts to a further 432 homes per annum. However the Legacy Corporation believes that

given the small and constrained nature of its area, and given that all parcels of land have been considered in the context of the GLA SHLAA (2017), it is not possible to identify any further sites without fundamentally altering the strategy of the Local Plan as a whole.

7.15 The SHLAAs methodology meant that all sites were included at the outset and removed if they were subject to a significant constraint such as Metropolitan Open Land or were subject to recent redevelopment. Following assessment, sites that were considered suitable for housing were given density assumptions based on factors such as the mix of uses, their location, proximity to town centres or PTAL level. As the Legacy Corporation is located within the Lower Lee Valley Opportunity Area this has meant that the highest density assumptions were utilised within this assessment, therefore there is little scope for increasing densities further. The Legacy Corporation is not aware of any other suitable and available sites which have not already been considered within the SHLAA process (see Sites Report, 2018). The implications of this are that the draft New London Plan housing target is capacity-based, rather than needs-based, therefore there are no additional sites which can be considered for housing delivery.

7.16 The Legacy Corporation considers that the Revised Local Plan strikes the appropriate balance between housing delivery and economic growth to achieve this vision. Chapter 3 of the Revised Local Plan sets out the overall strategy for the area up to 2036 which includes the Legacy Corporation's main purpose of:

“To promote and deliver physical, social, economic and environmental regeneration of the Olympic Park and its surrounding area, in particular by maximising the legacy of the 2012 Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence”.

7.17 Allocating additional sites for housing delivery would have significant implications on the wider regeneration aims of the organisation as a whole, and could only be achieved by releasing employment land or other protected land such as Metropolitan Open Land or Local Open Space. In this context it should be noted that the SHLAA's methodology already includes some assumptions for housing delivery alongside intensification and consolidation of industrial sites. Accordingly, to increase housing capacity in these locations would have to involve substantial release of industrial land to meet delivery expectations. The appropriateness of the balance achieved in the Revised Local Plan is confirmed within the Integrated Impact Assessment (2018).

7.18 In conclusion the Legacy Corporation considers that the methodology used within the HDT does not adequately reflect the unique circumstances of the Legacy Corporation. In summary it is contended that the housing requirement is disproportionately high compared to other boroughs, and delivery against this requirement is underestimated. For this reason it is the Legacy Corporation's position that the HDT should not be relied upon in setting out the appropriate buffer within the Revised Local Plan.

8. Build to Rent Viability Testing

- 8.1 As highlighted in section 3 above, two representations queried the approach to Policy H.1 with respect to Build to Rent and the approach of the Viability Study. In particular concerns were expressed about the rents/yields assessed, and some considered inconsistencies with the draft New London Plan. As identified in Annex 1 of this explanatory note, Table 4.17.1 of the Viability Study highlights that a range of rents of have been used from £1,400 to £2,700 per month and it has also included a gross to net deduction on rental income of 20% to account for void periods, management and maintenance costs. It also highlighted the relationship between the amenity offer and the rental rates achieved, and confirmed that a reasonable yield assumption has been applied which in the case of Stratford may also be conservative.
- 8.2 Annex 1 of this explanatory note confirms that the viability testing of a range of affordable housing tenure mixes is consistent with the approach of the draft New London Plan which expects at least 30% of affordable homes to be delivered as discounted market rent homes equivalent to London Living Rent with the remainder of the 70% at a range of genuinely affordable rents. The testing applied within the Viability Study is:
- 30% London Affordable Rent and 70% London Living Rent
 - 60% London Affordable Rent and 40% London Living Rent
 - 60% London Affordable Rent, 30% London Living Rent and 10% Discounted Market Rent at 80% of Market Rents.
- 8.3 The approach within the Revised Local Plan is therefore consistent with the draft New London Plan and aims to achieve affordable housing provision at an equivalent rate to forms of housing for sale. Schemes not achieving this tenure mix would go through the Viability Tested Route whereby the distinct economics of each proposal would be considered. Accordingly the policy approach within Policy H.1 does not place limitations of Build To Rent schemes coming forward.
- 8.4 One representation (PRN.040) also provided detailed commentary on the Viability Study approach. BNP Paribas have provided some commentary on the matters raised also reproduced in Annex 1 to this explanatory note.

9. Further information on progress of gypsy and traveller provision

- 9.1 As detailed within the [Housing Background Paper](#) and the [Duty to Cooperate Background Paper](#) the Legacy Corporation has been working with the London Borough of Hackney, the Greater London Authority and Transport for London to facilitate bringing forward of the gypsy and traveller site allocation at SA1.7.
- 9.2 The Adopted Local Plan covered the period 2015-2036 and identified a need for between 10 and to 19 pitches over the whole of the plan period. This was based on the 2012 definition of gypsies and travellers. The 2014 Housing Background Paper also highlighted that this delivery was to be front loaded to the first five years of the plan period (2015-2019), amounting to 6-13 in first five years and 2-3 in the subsequent periods. Table 3 below shows this.

Table 7- Pitch targets of adopted and Revised Local Plans

| | 2015-2019 (per annum) | 2020-2024 (per annum) | 2025-2031 (per annum) | 2031-2036 (per annum) | Total | +/- |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-------|-----|
| Adopted Plan (lower) | 6 (1.2) | 2 (0.4) | 2 (0.4) | n/a | 10 | -10 |
| Adopted Plan (higher, including need arising from sites within the LBN planning area) | 13 (2.6) | 3 (0.6) | 3 (0.6) | n/a | 19 | -19 |
| National definition | n/a | 9 (1.8) | n/a | n/a | 9 | -9 |
| London definition | n/a | 9 (1.8) | 8 (1.6) | 7 (1.4) | 24 | -24 |

- 9.3 Table 5 therefore shows that under-delivery within the first 5 years of the plan period is equal to 6 to 13 pitches, however given the methodology of the different studies it is not considered appropriate to conclude that this backlog should be additionally catered for within the Revised Local Plan period. The Gypsy and Traveller Accommodation Needs Assessment interviewed households on the existing St Anthony’s and Palace Close site and also captured households living in bricks and mortar within Hackney. The survey of the [Housing Requirements Study \(2018\)](#) revisited the same site and also through outreach approaches captured those in bricks and mortar. In a vast majority of cases, the same households were captured as previously therefore those in housing need in 2014 were still considered to be in housing need in 2018 (applying the London Plan definition), therefore the unmet need from the same households was again captured.
- 9.4 The [Housing Background Paper](#) at page 28 sets out how the conclusion that there are no additional suitable, available and achievable sites for gypsy and traveller use has been reached. Therefore delivery within the Legacy Corporation area will be focussed upon the delivery of the Bartrip Street site (SA1.7) and working with the four boroughs to facilitate delivery of identified shortfalls.
- 9.5 Appendix 3 of the [Housing Background Paper](#) sets out the meetings which have taken place to progress the delivery of the site allocation and as part of this the Legacy Corporation’s Transport Consultants have assessed the transport capacity of the site, concluding that up to 9 pitches is expected to be achieved (subject to later detailed design work) and that there is capacity on the road system for the traffic generated (see Bartrip Street Transport Note, 2017/18). By way of an update the Legacy Corporation is currently continuing to work with the landowner (Transport for London) and the London Borough of Hackney to secure appropriate terms for the land. Once this has been achieved then additional more detailed site survey work will commence. The Legacy Corporation has also committed to consult with the gypsy and traveller community and stakeholders in this detailed design process to ensure the design meets the community requirements. The Greater London Authority has also been involved throughout this process and is supportive of the delivery.

9.6 In relation to cross-borough needs the following is a summary of the current situation of each of the four boroughs:

- London Borough of Hackney- identified need (2016) for 78 net additional pitches to 2030
- London Borough of Newham- an adopted Gypsy and Traveller DPD (2018) identifying no need for additional pitches.
- London Borough of Tower Hamlets- identified need (2016) for 1 pitch under the national definition and a further 14 not meeting this definition
- London Borough of Waltham Forest- relies on 2008 London GTAA.

9.7 Therefore provided that the Bartrip Street site is delivered within the first five years of the Revised Local Plan, and there is a good level of confidence that this is the case, there will be a shortfall of 15 pitches within the Legacy Corporation's area from 2025 onwards (adopting the London Plan definition). Households falling within the national definition category will have been provided for by the Bartrip Street site however it is not in the Legacy Corporation's powers to stipulate how this nominations process works in practice therefore as highlighted within para 5.35 of the Revised Local Plan the borough nominations processes will be adopted. As highlighted within para 5.34 and 5.35 the Legacy Corporation will continue to work with the boroughs to ensure that any need associated with its area can be met at a strategic level.

Annex 1 Confirmation of Viability Study approach

RESPONSE TO PRS COMMENTS:

1. BNP Paribas Real Estate (BNPPRE) have tested a PRS typology based on an actual scheme that has come forward in the area, and is considered by BNPPRE and the LLDC to be a reasonable assessment of such schemes in the LLDC's area. We note that the National Planning Practice Guidance ('NPPG') on Viability identifies at Para 003 that, "Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage."
2. We have updated the LLDC's Viability Study to identify the unit mix tested in the PRS/BTR typology, which is as set out in table 2.1 below.

Table 2.1 Unit mix adopted in PRS/BTR typology

| Unit type | % of scheme |
|-----------|-------------|
| Studio | 6% |
| One bed | 39% |
| Two bed | 49% |
| Three bed | 6% |

3. In our viability testing of PRS schemes we have tested three tenure scenarios as follows:
 - 30% London Affordable Rent ('LAR') and 70% London Living Rent ('LLR');
 - 60% LAR and 40% LLR; and
 - 60% LAR, 30% LLR and 10% DMR at 80% of Market Rents.
4. We note that the Draft Submission London Plan identifies under Policy H13 that for PRS schemes to qualify for the Fast Track Route (FTR) the Mayor expects at least 30% of DMR homes will be provided at an equivalent to LLR with the remainder of the 70% at a range of genuinely affordable rents. On this basis we consider that the scenarios tested in the LLDC's viability study appropriately test this requirement.
5. As set out in the LLDC's Viability Study, the results of our testing indicate that such schemes could deliver up to between 30% and 35% affordable housing provided at rents equivalent to LAR and LLR and DMR at 80% of market rents along with other policy requirements, however this is subject to the benchmark land value against which they are assessed. We note that the LLDC's policy will be applied subject to viability, so in cases where schemes show challenging viability the LLDC will consider these on their merits through submitted viability assessments. We are aware that a number of schemes come forward on sites akin to benchmark land value 4 and therefore we do not consider it to be unreasonable for the LLDC to set their target based on the achievable viable level of AH identified in this scenario. We would also highlight our comment set out at Para 5.4 of the LLDC's Viability Report, which sets out that:

"It should be noted that if a scheme is shown to be viable, a greater level of affordable housing might be deliverable within the 'interval' that has been tested. For example, if a scheme is shown to be viable with 25% affordable housing, but not with 30% affordable

housing the actual level of affordable housing that could be provided will fall between 26% and 29%. Likewise if a scheme is viable at 30% and unviable with 35%, the scheme will be able to provide between 31 and 34%. Schemes that are viable at 35% affordable housing could potentially provide a higher level of affordable housing.”

6. With respect to the rents and yield adopted to value PRS/BTR units, we would highlight that these have been set out in Table 4.17.1 of the LLDC's Viability Study. This identifies that a range of rents of £1,400 to £2,700 per month have been adopted. The range of rents adopted reflects the average achievable market rent on different unit types in the LLDC's area and adopted to value the different units in the typology tested. We provide a breakdown of the rents adopted in Table 6.1 below.

Table 6.1 Average market rents adopted in PRS/BTR typology

| Unit type | Average market rent per month |
|-----------|-------------------------------|
| Studio | £1,400 |
| One bed | £1,650 |
| Two bed | £2,000 |
| Three bed | £2,700 |

7. We have allowed for a gross to net deduction on rental income of 20% to account for void periods, management and maintenance costs. In our experience this is a reasonable assumption adopted in numerous assessments we have undertaken of specific PRS/BTR sites. We are aware that on a site specific basis such rates would be calculated based on a breakdown of the specific management costs for that development taking into consideration the level of services to be provided by the development. These can include (but are not limited to) utility bills, free broadband, gymnasium, concierge services, laundry and dry cleaning service, on site screening rooms, games rooms and communal entertaining spaces. Understandably sites that offer less services will have a lower deduction for such elements, sites with a greater amount of services might also achieve premium rents above those adopted in the Viability Study and we are aware that larger developments are able to achieve economies of scale so this can be lower than the average 20% assumption allowed for in our assessment.
8. We have capitalised the net rental income at a capitalisation yield of 3.5%, which is a reasonable assumption for the entire LLDC area. It is however a little conservative for schemes in the Stratford location, which given the excellent public transport links, underlying rental demand and services we consider would achieve yields of 3.15%.
9. We would also highlight that we have not included any additional income to such schemes. We are aware that such schemes often raise additional revenue from the services they offer such as onsite dining rooms, cafes, bars, car and bike valeting, rents on parking spaces and lockers as well as private hire of the communal spaces for events etc.

RESPONSE TO WIDER VIABILITY COMMENTS:

Methodology:

10. BNPPRE disagrees, we do not consider further typology testing needs to be undertaken. The LLDC and BNPPRE have carefully considered the typologies tested and consider that they reflect the range and nature of development likely to come forward in the LLDC's area during the life of the Plan. We reiterate that the NPPG Viability identifies at Para 003 that, "*Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence.*"

Benchmark Land Value

11. We note the comments made with regard to appropriate alternative use values ('AUVs'), however we highlight that AUVs will be site specific. The LLDC will consider AUVs in the determination of site specific assessments, however in policy testing new and emerging policy that can be delivered, the assumption is the minimum value that a site will require to meet before it can be considered to come forward for development is its existing use value ('EUV') plus a reasonable premium. Notwithstanding this, we would highlight that the study adopts a range of four benchmark land values ('BLVs'), consequently this serves as a reasonable proxy for alternative use values. We have considered the nature of sites that have and are coming forward in the LLDC's area and are of the opinion that the benchmark land values adopted reasonably reflect the value levels of these. Further, they reflect the range of values that have been adopted in site specific viability assessments in the LLDC's area.
12. We would highlight that this methodology and approach to benchmark land values and determining viability has been found to be sound by Inspectors and Examiners in numerous local plan and other policy testing studies and is endorsed by the NPPG.
13. With regard to site specific factors, these are abnormal costs and by their nature differ from site to site and would be inappropriate to apply to an area wide study as they would not apply to all sites. We note that the NPPG identifies at para 004 that "*Average costs and values can be used to make assumptions about how the viability of each type of site would be affected by all relevant policies.*" BNPPRE are aware that abnormal costs are often deducted from site values by developers, and therefore could result in reduced land values. We would highlight that this is another reason why an EUV for a site is the most reasonable starting point for viability, as a site will simply not trade for less than its EUV as a landowner would not accept a land value below this. To deduct abnormal costs from the EUV would be inappropriate.

Build Costs

14. With respect to comments in relation to abnormal costs, we reiterate our earlier comments that in an area wide study the inclusion of abnormal costs is inappropriate as this would not be incurred on all sites at the same level assumed. BNPPRE the LLDC and the NPPG on Viability all recognise that such costs can impact on the viability of a scheme, and in such instances the appropriate route would be for a developer to submit an open book viability assessment setting out the viability case for their scheme. This will ensure that the appropriate costs will be considered for the scheme and site in question as there will be full details that can be provided and considered. We note that the NPPG recognises at Para 007 that this would be a justified circumstance as to why a viability assessment in decision-making will be appropriate, i.e. "*further information on infrastructure or site costs is required.*"

Affordable Values

15. We note the comments made in relation to the calculation of affordable housing values. We have adopted standard methodology as to assessing the value of the affordable tenures assessed and set out our approach and inputs in the LLDC's Viability Study. Notwithstanding this, for transparency we set out below the capital values adopted in the Study.

Table 15.1 Housing values in £ per sq m adopted in LLDC Viability Study

| Unit Type | Market Housing | Social Rent | London Affordable Rent | London Living Rent | Shared Ownership |
|-------------|----------------|-------------|------------------------|--------------------|------------------|
| 1 Bed Flat | £7,266 | £1,577 | £2,666 | £3,446 | £4,724 |
| 2 Bed Flat | £7,266 | £1,431 | £2,009 | £2,749 | £4,221 |
| 3 Bed Flat | £7,266 | £1,315 | £1,552 | £2,232 | £3,090 |
| 4 Bed Flat | £7,266 | £1,309 | £1,440 | £2,157 | £2,615 |
| 2 Bed House | £7,266 | £1,346 | £1,767 | £2,423 | £3,925 |
| 3 Bed House | £7,266 | £1,272 | £1,438 | £2,071 | £2,811 |
| 4 Bed House | £7,266 | £1,250 | £1,345 | £2,019 | £2,402 |
| 5 Bed House | £7,266 | £1,213 | £1,305 | £2,027 | £2,186 |
| 1 Bed Flat | £7,535 | £1,607 | £2,666 | £3,446 | £4,899 |
| 2 Bed Flat | £7,535 | £1,460 | £2,009 | £2,749 | £4,309 |
| 3 Bed Flat | £7,535 | £1,344 | £1,552 | £2,232 | £3,090 |
| 4 Bed Flat | £7,535 | £1,339 | £1,440 | £2,157 | £2,615 |
| 2 Bed House | £7,535 | £1,376 | £1,767 | £2,423 | £3,991 |
| 3 Bed House | £7,535 | £1,301 | £1,438 | £2,071 | £2,815 |
| 4 Bed House | £7,535 | £1,250 | £1,345 | £2,019 | £2,402 |
| 5 Bed House | £7,535 | £1,213 | £1,305 | £2,027 | £2,186 |
| 1 Bed Flat | £7,750 | £1,666 | £2,666 | £3,446 | £5,248 |
| 2 Bed Flat | £7,750 | £1,520 | £2,009 | £2,749 | £4,484 |
| 3 Bed Flat | £7,750 | £1,403 | £1,552 | £2,232 | £3,090 |
| 4 Bed Flat | £7,750 | £1,339 | £1,440 | £2,157 | £2,615 |
| 2 Bed House | £7,750 | £1,435 | £1,767 | £2,423 | £3,991 |
| 3 Bed House | £7,750 | £1,336 | £1,438 | £2,071 | £2,821 |
| 4 Bed House | £7,750 | £1,250 | £1,345 | £2,019 | £2,402 |
| 5 Bed House | £7,750 | £1,213 | £1,305 | £2,027 | £2,186 |
| 1 Bed Flat | £8,073 | £1,631 | £2,666 | £3,446 | £5,039 |
| 2 Bed Flat | £8,073 | £1,484 | £2,009 | £2,749 | £4,379 |
| 3 Bed Flat | £8,073 | £1,368 | £1,552 | £2,232 | £3,090 |
| 4 Bed Flat | £8,073 | £1,339 | £1,440 | £2,157 | £2,615 |
| 2 Bed House | £8,073 | £1,399 | £1,767 | £2,423 | £3,991 |
| 3 Bed House | £8,073 | £1,325 | £1,438 | £2,071 | £2,821 |
| 4 Bed House | £8,073 | £1,250 | £1,345 | £2,019 | £2,402 |

| Unit Type | Market Housing | Social Rent | London Affordable Rent | London Living Rent | Shared Ownership |
|-------------|----------------|-------------|------------------------|--------------------|------------------|
| 5 Bed House | £8,073 | £1,213 | £1,305 | £2,027 | £2,186 |
| 1 Bed Flat | £8,396 | £1,702 | £2,666 | £3,446 | £5,458 |
| 2 Bed Flat | £8,396 | £1,555 | £2,009 | £2,749 | £4,589 |
| 3 Bed Flat | £8,396 | £1,439 | £1,552 | £2,232 | £3,090 |
| 4 Bed Flat | £8,396 | £1,339 | £1,440 | £2,157 | £2,615 |
| 2 Bed House | £8,396 | £1,470 | £1,767 | £2,423 | £3,991 |
| 3 Bed House | £8,396 | £1,336 | £1,438 | £2,071 | £2,821 |
| 4 Bed House | £8,396 | £1,250 | £1,345 | £2,019 | £2,402 |
| 5 Bed House | £8,396 | £1,213 | £1,305 | £2,027 | £2,186 |
| 1 Bed Flat | £8,611 | £1,725 | £2,666 | £3,446 | £5,598 |
| 2 Bed Flat | £8,611 | £1,579 | £2,009 | £2,749 | £4,621 |
| 3 Bed Flat | £8,611 | £1,442 | £1,552 | £2,232 | £3,090 |
| 4 Bed Flat | £8,611 | £1,339 | £1,440 | £2,157 | £2,615 |
| 2 Bed House | £8,611 | £1,494 | £1,767 | £2,423 | £3,991 |
| 3 Bed House | £8,611 | £1,336 | £1,438 | £2,071 | £2,821 |
| 4 Bed House | £8,611 | £1,250 | £1,345 | £2,019 | £2,402 |
| 5 Bed House | £8,611 | £1,213 | £1,305 | £2,027 | £2,186 |

Commercial rents and yields

16. BNPPRE confirm that we have only applied the higher rental levels in the scenario in Stratford achieving the highest residential values i.e. £800 per sq ft. At residential values below this we have allowed for significantly reduced values as set out Table 4.17.1 on the LLDC Viability Study. These are as follows:

Table 16.1 Extract from Table 4.17.1 in LLDC Viability Study

| Commercial floorspace | Rent per square metre (sq ft) | Investment yield | Other assumptions: Rent free / void / management etc. |
|-----------------------|--|------------------|---|
| Retail | Stratford: £914.94 psm (£85psf) Rest of area: £215.28 psm (£20 psf) | 4.50% 6.00% | 12 RF & V 12 RF & V |

17. BNPPRE's research has identified that prime rents in the Stratford Westfield Shopping Centre are currently £465 per sq ft ZA, (which equates to circa £215 per sq ft on an overall basis). We have adopted a rate of £85 per sq ft on an overall basis in the Stratford retail area. Given the excellent transport links and available parking, the regeneration in the area bringing with it a significant increase in affluent customers (resident and workers) as well as benefiting from one of the best performing shopping centres in England at the heart of this location we consider this to be a reasonable average rental assumption for this location. We note that the NPPG identifies at Para 004 that in undertaking local plan viability assessments "Average costs and values can be used to make assumptions about how the viability of each type of site would be affected by all relevant policies".

Appraisal outputs and conclusion

18. With respect to the comments on the appraisal outputs, we would highlight that our report identifies that the results of our testing demonstrate that schemes in the LLDC's area can accommodate the LLDCs current affordable housing target of 35% and higher (in some limited instances demonstrating viability of 50% affordable housing) as well as the LLDC's other policy requirements, however against lower sales values areas and when measured against higher benchmark land values viability can be challenging. In particular viability in schemes where lower values are achieved is currently challenging. Understandably as residential sales values increase, viability is seen to improve. We also note that viability looks less favourable in the highest density schemes, however, we consider that such schemes will only come forward where the values achievable are able to meet the costs of delivering tall/high density schemes, as seen in the Stratford Town Centre and immediate surrounding areas. In particular we have highlighted the achievement of values in excess of £1,000 per sq ft in the Manhattan Loft Gardens scheme.
19. We would highlight that some development typologies tested were unviable in certain circumstances due to market factors, rather than the impact of the LLDC's proposed policy requirements and standards. These schemes are identified in the appraisals as being unviable at 0% affordable housing and base build costs and are generally located in the low values areas or on higher existing uses or as a result of higher costs given the nature of the scheme. These schemes will not come forward until changes in market conditions i.e.an improvement in sales values by comparison to build costs. In this regard their current unviable status should not be taken as an indication that the LLDC's requirements cannot be accommodated.
20. We would highlight that there are numerous schemes coming forward in the LLDC's area, which are the basis of the typologies tested. Therefore experience on the ground identifies that the current affordable housing policy seeking 35% affordable housing is not preventing development from coming forward. The LLDC currently considers viability assessments on sites where developers identify challenging viability circumstances and the LLD have identified in their Revised Local Plan that this position will not change. We further note that the LLDC's policies conform with those of the Draft London Plan, to which it is required to conform. BNPPRE consider that the LLDC's policies as proposed will assist in delivering the maximum reasonable quantum of affordable housing and other policy requirements as well as ensure that the majority of developments are able to come forward over the economic lifetime of the Revised Local Plan.
21. We would reiterate that the viability testing has been undertaken in accordance with the requirements of the NPPF and NPPG. Further, that the NPPG recognises that viability testing at the decision making stage is still likely to be required in some circumstances. We note that the NPPF requires local planning authorities to prepare their plans in a positive way that is both aspirational and deliverable (Para 16). The LLDC and BNPPRE consider that this has been achieved as the affordable housing target and other policies are based on several strands of evidence including need and viability. These have been balanced in arriving at their proposed policy position.