Representations to the

Community Infrastructure Levy Draft Charging Schedule (CIL DCS)

Prepared by Barton Willmore LLP on behalf of London Hotel Group

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1.0 INTRODUCTION

1.1 Barton Willmore LLP act on behalf of the London Hotel Group (LHG), who own and operate hotels across London. These hotels are operated in partnership with global brands, such as Ibis (AccorHotels Group) and Best Western. On behalf of our client, we wish to submit representations to the Community Infrastructure Levy Draft Charging Schedule (CIL DCS).

1.2 LHG own numerous properties across the Borough, in particular, The Belvedere Hotel at 89 - 93 Clapham Common South Side, London, SW4 9DJ and The Dudley Hotel at 79 - 81 Clapham Common South Side, London, SW4 9DQ (the 'Sites').

1.3 The CIL DCS is supported by the Local Plan and Community Infrastructure Levy Viability Review (December 2019) and the Infrastructure Delivery Plan (January 2020) as an evidence base. The CIL DCS is an update to Lambeth's adopted CIL Charging Schedule from 2014 and seeks to update the CIL rates as follows:

- Higher rates for residential developments, including co-living schemes.
- Four charging zones instead of the previous three.
- Separate rates for self-contained sheltered housing, extra care schemes, and care homes.
- Higher rates for offices applied to both Zones A and B.
- Higher rates for hotels, student accommodation and large retail to be applied across the whole borough.
- A clearer definition for large retail.

1.4 Tables 1 and 2 below set out the adopted CIL Charging Schedule and the CIL DCS.

Table 1 – Adopted CIL Charges

Development type	Zone A – Waterloo and Vauxhall	Zone B – Kennington, Oval and Clapham	Zone C – Streatham, West Norwood, Streatham Hill, Tulse Hill, Brixton and Herne Hill
Residential	£265	£150	£50
Hotel	£100	Nil	Nil
Office	£125	Nil	Nil
Industrial	Nil	Nil	Nil
Large Retail Development*	£115	£115	£115
Other Retail	Nil	Nil	Nil
Student accommodation	£215	£215	£215
All other uses not identified above	Nil	Nil	Nil

Table 2 – Draft Charging Schedule

Development type	Zone A – Waterloo and Vauxhall	Zone B – Kennington, Oval and Clapham	Zone C – Tulse Hill, Brixton and Herne Hill	Zone D – Streatham, West Norwood, Streatham Hill,
Residential including co-living schemes or shared accommodation	£500	£350	£250	£200
Self-contained sheltered housing, self-contained extra care schemes and care homes	£250	£175	£100	£100
Hotel	£200	£200	£200	£200
Office	£225	£225	Nil	Nil
Large Retail Development*	£225	£225	£225	£225

Development type	Zone A – Waterloo and Vauxhall	Zone B – Kennington, Oval and Clapham	Zone C – Tulse Hill, Brixton and Herne Hill	Zone D – Streatham, West Norwood, Streatham Hill,
Other Retail	Nil	Nil	Nil	Nil
Student accommodation	£400	£400	£400	£400
All other uses not identified above	Nil	Nil	Nil	Nil

* Retail includes all uses that fall within Classes A1, A2, A3, A4 and A5 of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order, as well as related D2 and sui generis commercial uses including cinemas, betting shops, car showrooms, launderette. Large retail development is defined as either one of the following:

• Superstores/supermarkets/shopping mall/shopping centre/shopping arcade which are shopping destinations in their own right, with over 280m2 of retail space, with or without a dedicated car park; or

• Retail warehouses which are large stores over 1000m2 specialising in the sale of household goods (such as carpets, furniture, and electrical goods), DIY items and other ranges of goods catering for mainly car-borne customers.

2.0 REPRESENTATIONS ON THE CIL DCS

2.1 Within the CIL DCS, the Sites are located within Zone 2 and the CIL rate per sqm for hotel use is set to increase substantially from nil to £200 per sqm. This is not supported by LHG for the reasons set out below.

2.2 Strategic level viability studies are by their very nature strategic, and unable to reflect the economics of site-specific assessments. That said, they are required to follow key valuation principles whilst at the same time being guided by policy requirements.

2.3 The Viability Study prepared by BNP Paribas notes that the increased rate of £200 per sqm has been tested across the Borough and that this does not have a significant impact on the residual land values generated. The Report also states that the CIL rates, due to indexation, are *'now circa 32% higher'* than when they were adopted which results in a charge of £140 per sqm in Zone 1 specifically. However, it is not clear what analysis has been undertaken to support such a high and significant increase for the remaining Zones 2, 3 and 4, which under the adopted charging schedule had a nil CIL rate. Whilst it is acknowledged that there is an increase in capacity for developments to absorb increased CIL rates since the 2014 Charging Schedule was adopted, the increase from nil to £200 per sqm for Zone 2, 3 and 4 is a significant increase beyond the 32% increase noted through indexation alone. This significant increase in the CIL rate for zones 2, 3 and 4 will have a significant impact upon the viability of development schemes coming forward which are already in the pipeline. It is considered that these rates are unrealistic and overly optimistic given the effect that CIL has on a developer's profit.

2.4 It is also important to note that LHG have submitted representations to the Regulation 19 consultation of the Draft Revised Lambeth Local Plan (DRLLP). Lambeth are seeking to restrict hotel development to within major and district centres only through the emerging policies set out in the DRLLP. Notwithstanding the objections that have been raised by LHG in their representations to the DRLLP, it would appear that the increased rates seek to further suppress hotel development outside of these centres by rendering any future extensions to existing hotels or new hotels as unviable.

2.5 On this basis, LHG does not support the substantial increase in CIL rate for hotel use from nil to £200 per sqm in zones 2, 3 and 4 of the Borough. It is considered that this is not proportionate with the increase in charge that has been proposed for Zone 1 and that the rate will render hotel schemes (new-build and extensions to existing premises) unviable across zones 2, 3 and 4. It is therefore considered that the charging authority has not sufficiently tested the proposed levy rates against the market conditions. It is therefore requested that the CIL rate for hotels within zones 2, 3 and 4 is reduced to better match the overall increase to the CIL rate for zone 1.