COMMUNITY INFRASTRUCTURE LEVY REGULATIONS 2010 (AS AMENDED)

Regulation 19 Submission Statement – Lambeth Modified Draft Charging Schedule (MDCS) 2021

March 2021

Lambeth

Contents

Appendices to Submission Statement

Schedule of Documents – Submission for Independent Examination of Modified Draft Charging Schedule (MDCS) 2021

Lambeth CIL examination library

Core Examination Documents

Reference	Document name
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LCX 02	Statement of Modifications – Lambeth Modified Draft Charging Schedule 2021 (March 2021)
LCX 03	Regulation 19 Submission Statement - Lambeth Modified Draft Charging Schedule 2021 (March 2021)
LCX 04	London Borough of Lambeth: Local Plan and Community Infrastructure Levy Viability Review (December 2019)
LCX 05	BNP Paribas Real Estate Note on Impact of Covid-19 (January 2021)
LCX 06	Infrastructure Delivery Plan (May 2020)
LCX 07	Annual Infrastructure Funding Statement 2019/20 (December 2020)

Other Supporting Documents

Reference	Document name
LCO 01	CIL Charging Schedule 2014
LCO 02	Consultation Report PDCS 2018
LCO 03	Draft Charging Schedule 2020

Representations on the Draft Charging Schedule 2020 under Regulation 17 of the CIL Regulations 2010 (as amended)

Reference	Person/Body Making the Representation
C01	Lambeth Resident
C02	Lambeth Resident
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C04	Port of London Authority
C05	Theatres Trust
C06	Natural England
C07	Historic England
C08	Environment Agency
C09	Transport for London
C10	Lambeth Smith Hampton on behalf of Metropolitan Police Service
C11	Essentia on behalf of Guys and St Thomas NHS Foundation Trust
C12	Berkeley Group
C13	JLL on behalf of Grainger plc
C14	Carney Sweeney on behalf of Coin Street Community Builders
C15	ROK Planning on behalf of Unite Students
C16	Turley on behalf of Olympian Homes
C17	Espalier Ventures & MELT Property
C18	ROK Planning on behalf of Southbank Hotel Management Company Ltd
C19	ROK Planning on behalf of Waterloo Hub Hotel Ltd
C20	Smith Jenkins Town Planning on behalf of Travelodge Hotels Ltd

Reference	Person/Body Making the Representation
C21	Barton Wilmore LLP on behalf of London Hotel Group
C22	CBRE Ltd on behalf of Wolfe Commercial Properties Southbank Limited
C23	Geraldeve on behalf of Stanhope plc c/o
C24	DP9 Ltd on behalf of SIXTYFIVE House S.a.r.I (HB Reavis UK Ltd)
C25	DS2 LLP on behalf of SIXTYFIVE House S.a.r.I (HB Reavis UK Ltd)
C26	DS2 LLP on behalf of MEC London Property 3 Ltd
C27	James R Brown on behalf of Unite Students

1. Introduction

1.1 This Submission Statement addresses the requirements of Section 212 of the Planning Act 2008 and Regulation 19 of the Community Infrastructure Levy Regulations 2010 (as amended). It sets out the process involved in preparing the Modified Draft Charging Schedule prior to submission in accordance with the Regulations, the number of representations made in accordance with Regulation 17, a summary of the main issues raised by the representations and a summary of how these representations have been taken into account.

2. Review of the CIL Charging Schedule

2.1 The current CIL charging schedule[1] *of* the London Borough of Lambeth took effect in October 2014. To update its CIL rates in line with the increase in land values, the Cabinet of the Council decided in October 2018 to undertake a review of the CIL Charging Schedule. The process which the Council has followed is summarised in Table 1 below:

Table 1: CIL Charging Schedule Review Process

Compliance	Key milestone	Dates
Regulation 15 of the CIL Regulations 2010 (as amended).	Consultation on a Preliminary Draft Charging Schedule (PDCS)	22 October - 17 December 2018
Regulations 16 and 17 of the CIL Regulations 2010 (as amended).	Consultation on the Draft Charging Schedule (DCS)	31 January - 13 March 2020
Regulations 16, 17, 19 and 21 of the CIL Regulations 2010 (as amended).	Submission of Modified Draft Charging Schedule (MDCS) and notification of submission and Statement of Modifications	8 March 2021

2.2 Further information about each stage is set out in the remaining sections of this statement.

3. Preliminary Draft Charging Schedule (PDCS) 2018

3.1 On 15 October 2018, the Cabinet of the Council resolved[2] to authorise the holding of a public consultation on the Preliminary Draft Charging Schedule (PDCS). The public consultation on the PDCS was held from 22 October to 17 December 2018 simultaneously with the public consultations on the Draft Revised Lambeth Local Plan (under Regulation 18 of the Town and Country Planning (Local Planning)(England) Regulations 2012) and on the Draft Lambeth Transport Strategy. In compliance with Regulation 15 of the CIL Regulations 2010 (as amended), the public consultation was launched via an email sent to 13,090 statutory and non-statutory consultees.

[1] LCO 01 - CIL Charging Schedule 2014
[2] Cabinet report for PDCS 2018 consultation

3.2 Fifteen consultation responses were received by email from statutory bodies and other stakeholders, including members of the public. A summary of the consultation responses received is included in the Consultation Report for PDCS 2018[3]. From these 15 responses, four issues were identified which were considered by the Council in preparing the Draft Charging Schedule. These were:

(a) CIL instalments. Should Lambeth consider adopting its own CIL instalments policy?

(b) CIL rates for Zone A. Is the viability evidence robust enough to support the proposed CIL rates in Zone A for residential (£500/m^2), hotel (£200/m^2) and office (£225/m^2) types of development?

(c) CIL rates for hotels. Should Lambeth consider a variable rate for hotels (instead of a flat £200/m^2) across the charging zones?

(d) CIL rates for student accommodation. Is the viability evidence robust enough in respect of setting a flat £400/m^2 CIL rate for student accommodation across all charging zones?

3.3 In response to the public consultation on PDCS 2018, the Council decided[4] to issue its own CIL instalments policy which supersedes that issued by the Mayor of London. The proposal for a new instalments policy was considered separately from other issues that were raised during the public consultation for PDCS 2018.

3.4 The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 (the '2019 Regulations') amended the CIL Regulations and took effect on September 2019. A Preliminary Draft Charging Schedule (PDCS) is no longer required as the first step in the process of adopting a revised CIL Charging Schedule. However, Regulation 13 (transitional and saving provisions) of the 2019 Regulations provides that if the Council had already held the first round public consultation, comments received in response to this consultation on the PDCS must be considered.

4. Draft Charging Schedule (DCS) 2020

4.1 On 13 January 2020, Cabinet resolved[5] to proceed with public consultation on a DCS, having considered the consultation responses to the PDCS published in 2018. They decided to make no change to the proposed CIL rates in the DCS 2020 from those proposed in the PDCS 2018 and the DCS 2020.

4.2 Public consultation on the DCS 2020 was held from 31 January to 13 March 2020. This took place alongside and at the same time as pre-submission publication of the Draft Revised Lambeth Local Plan Proposed Submission Version 2020 (DRLLP PSV) (under Regulation 19 of the Town and Country Planning (Local Planning)(England) Regulations 2012). The DCS and DRLLP share the same evidence base on viability[6] and infrastructure[7].

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[3] LCO 02 - Consultation Report PDCS 2018
[4] Cabinet Member Delegated Decision Report on Lambeth CIL Instalments Policy (April 2019)
[5] Cabinet report on DCS consultation (January 2020)
[6] LCX 04 - London Borough of Lambeth: Local Plan and Community Infrastructure Levy Viability Review (December 2019)
[7] LCX 05 - Infrastructure Delivery Plan May 2020

4.3 The following steps were undertaken to notify stakeholders of the DCS consultation:

(a) The Draft Charging Schedule[8] and the evidence base were published on the Lambeth website[9].

(b) A printed copy of the Draft Charging Schedule and the evidence base was made available for inspection at the Town Hall, the Civic Centre and in all of the public libraries in Lambeth.

(c) Emails[10] were sent to approximately 2,100 persons or organisations on the Council's planning policy consultation database, which includes statutory, general and specific consultation bodies such as residents, tenants' and residents' associations, businesses, community and faith groups, developers and landowners, affordable housing providers, infrastructure providers, neighbourhood planning forums, other London boroughs, the Mayor of London (Greater London Authority and Transport for London), Historic England, Environment Agency and Natural England and various representative bodies. The emails included a link to the Draft Charging Schedule and the evidence base as well as the Statement of Representations procedure[11]. The same email was also sent to approximately 7,000 other contacts on wider lists held by the Council, with follow-up reminders sent during the six week period. This was the same set of consultees that was consulted simultaneously on the Draft Revised Lambeth Local Plan Proposed Submission Version (DRLLP PSV).

5. Representations on DCS 2020 made under Regulation 17 of the CIL Regulations 2010 (as amended)

5.1 Twenty-seven representations were received in response to the public consultation on the DCS 2020 between January and March 2020. These representations have been published in full on the CIL examination webpage and are listed (with their individual document reference numbers) on pages 3 and 4 of this statement.

5.2 The representations are summarised in the schedule included in Appendix 1 of this statement, along with a column setting out the Council's consideration of the points raised.

5.3 No representations were received on the proposal for the introduction of four CIL charging zones, with Brixton and Herne Hill having their own charging zone separate from the charging zone for Streatham and West Norwood. A map of the four charging zones is included in MDCS 2021[12].

5.4 Of the 27 representations received, 11 were general comments on issues outside the scope of matters that will be relevant to the setting of CIL rates. These general comments relate to documents C01 to C11.

5.5 Representations that raised concerns about the proposed CIL rates were grouped around four themes: residential (C12 and C13), residential care (C14), residential co-

[8] LCO 03 - Draft Charging Schedule 2020
[9] Appendix 3 - DCS 2020 Consultation Page
[10] Appendix 2 - Email on DCS 2020 Consultation
[11] Statement of Representations Procedure 2020
[12] LCX 01 - Modified Draft Charging Schedule 2021

living (C15 and C16), office (C22 , C23, C24 and C26) and hotels (C17 to C21). There was also one representation about the viability evidence as a whole (C25) and another which indicated that their previous representation on student housing during the PDCS 2018 consultation still stands (C27).

5.6 In most cases, the focus of the concerns was on the rates for residential, office and hotel in CIL charging zones A and B located in the North of the borough. For residential, the main issue raised was the percentage increase in the rates. For office, the main issues concerned obligations to provide affordable workspace in addition to payment of CIL and whether the new rates might discourage further office development. For hotels, the concern was the percentage increase and level of the rates, which were considered to disincentivise hotel investment in the borough. For student housing, the issue raised was the alleged absence of any justification for any increase to the existing CIL rate for student accommodation development.

5.7 In summary, the Council's response to these issues is as follows:

(a) The current Charging Schedule adopted in 2014 was based on viability evidence from August 2012, with much of the data relied upon in that study dating to early 2012. Since that time, the Land Registry House Price Index in Lambeth has increased by 60% (from an average house price of £313,000 to £502,000). Over the same period, the Building Cost Information Service (BCIS) General Building Cost Index has increased by 16%. As a result, typical residual land values in Lambeth have increased by some 97%, which means most developments coming forward in Lambeth are able to make a higher contribution to infrastructure delivery in the borough. Residual land value is the sum of money available for the purchase of land which is calculated from the value of the completed development less the costs of development, including the developer's profit.

(b) The charge to CIL calculated at the higher rates now proposed typically constitutes 3.5% to 5% of overall development costs and so are not a critical determinant in the viability of developments.

(c) The viability evidence supporting the DCS 2020 demonstrates the proposed CIL rates can viably be charged in combination with emerging policies in the Draft Revised Lambeth Local Plan without placing an undue burden on developers. This applies to the proposed CIL rates for residential (all types), student housing, office and retail in all four CIL charging zones and to hotels in Zone A.

(d) The impact of the Covid-19 pandemic on the development industry has been considered alongside the representations received in response to the DCS consultation, which ended just before the first lockdown commenced in March 2020. A note[13] on this has been produced by BNP Paribas Real Estate, who produced the Viability report for the CIL review. In summary, the note concludes that property values in the borough have held up well in spite of the impact of the Covid-19 pandemic on development. As a result, no change is proposed to the CIL rates for residential, student accommodation, retail, and office across all CIL charging zones as well as hotels in Zone A.

(e) However, further consideration has been given to the proposed CIL rates for hotels in Zones B, C and D. It was noted that the nightly rates for hotels across the borough tend to be lower outside Zone A, due to the offer available. Four-star hotels in Lambeth are typically located in Zone A. Elsewhere in the borough, hotels are predominantly budget hotels. It was therefore proposed to modify the Draft Charging Schedule 2020 such that CIL rates for hotels in Zones B, C and D

[13] LCX 05 - BNP Paribas Real Estate Note on Impact of Covid-19 (January 2021)

are now proposed to be charged at a lower rate compared to hotels in Zone A (in the MDCS 2021).

(f) A minor amendment to the definition of 'retail' is proposed to ensure there is clarity about the uses included within the definition without reference to the Use Classes Order, which is subject to change from time to time.

(g) Non-essential explanatory text that was originally included within the DCS 2020 that is no longer required (e.g. the reference to the dates of the consultation period from 31 January to 13 March 2020) has been removed.

6. Modified Draft Charging Schedule (MDCS) 2021

6.1 After considering the Regulation 17 representations on the DCS 2020, the Cabinet Member for Planning, Investment and New Homes authorised[14] the submission of a Modified Draft Charging Schedule 2021 for independent examination and the preparation and publishing of any associated documentation required in connection with that examination.

6.2 As a result of the consideration set out above, the Council made two modifications to the Draft Charging Schedule. These modifications are set out in the Statement of Modifications[15] and are included in the Modified Draft Charging Schedule 2021 that has been submitted for examination.

6.3 The Statement of Modifications in respect of MDCS 2021 was published on the Council's website on 8 March 2021. On the same day, an email[16] was sent to the same set of consultation bodies and persons who were invited to make representations on the Draft Charging Schedule in 2020 under Regulations 16 and 17. These persons were invited to make a request to be heard by the Examiner in relation to these modifications in accordance with Regulation 21 of the CIL Regulations 2010 (as amended). They have up to four weeks until 6 April 2021 to make this request to the CIL Examination Programme Officer.

7. Conclusion

7.1 Based on the evidence included in this statement, the Council considers that Lambeth's Modified Draft Charging Schedule has been prepared and submitted in accordance with the requirements of Section 212 of the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended).

[14] Cabinet Member Delegated Decision Report on Representations on DCS 2020 and MDCS 2021
[15] LCX 02 - Statement of Modifications: Lambeth Modified Draft Charging Schedule 2021
[16] Appendix 4 - Email on Statement of Modifications

Appendix 1

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

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Note: The contents of the Draft Charging Schedule 2020 have been carried forward to the Modified Draft Charging Schedule 2021 apart from those points that will be identified in the Schedule of Modifications. The points made in the 'response' column in respect of the DCS 2020 apply equally to the MDCS 2021 save where indicated otherwise in the 'response' column or in the MDCS itself.

Ref	Name	Theme	Comment	Lambeth Response
C01	Individual	General	I am a Lambeth Resident, living in [redacted]. I read your email about the CIL and could not find any details of the actual charge – will it be to all Lambeth residents? What level and how frequently if so? Our residents group has concern about this. We already pay much higher council tax than our immediate neighbours in Wandsworth. We feel infrastructure costs should be met by the developers building all the new high rises, as they are the ones overwhelmingly causing wear and tear/ blockages to roads etc. [redacted] residents are not even allowed cars (no parking permitted)!!	Individual households are not liable for the Community Infrastructure Levy (CIL) unless they are undertaking development projects that are liable for it. CIL is not a general charge on all households or businesses in the borough. It is separate from Council Tax and business rates. CIL is a financial charge that is levied on the development of land, including the construction of new buildings. It is payable by those carrying out development projects or by the owner of the relevant land. CIL pays for infrastructure to support development. Infrastructure includes schools, parks, transport etc.
C02	Individual	General	I am a Lambeth Resident, living in [redacted]. I read your email about the CIL and could not find any details of the actual charge – will it be to all Lambeth residents? What level and how frequently if so? Our residents group has concern about this. We already pay much higher council tax than our immediate neighbours in Wandsworth. We feel infrastructure costs should be met by the developers building all the new high rises, as they are the ones overwhelmingly causing wear and tear/ blockages to roads etc.	Individual households are not liable for the Community Infrastructure Levy (CIL) unless they are undertaking development projects that are liable for it. CIL is not a general charge on all households or businesses in the borough. It is separate from Council Tax and business rates. CIL is a financial charge that is levied on the development of land, including the construction of new buildings. It is payable by those carrying out development projects or by the owner of the relevant land. CIL pays for infrastructure to support development. Infrastructure includes schools, parks, transport etc.
C03	Individual	General	I was interested to read the CIL proposal. I would be grateful for more clarity. It is really unclear who would be responsible for paying the proposed levy.	Individual households are not liable for the Community Infrastructure Levy (CIL) unless they are undertaking development projects that are liable for it. CIL is not a

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			Is the proposal suggesting that individual households pay this charge in addition to their council tax? If so, how would the payment be charged? And how long is it anticipated that the payment would need to be made, I.e. one year or ten years? Does it apply to all households in Lambeth Borough or to properties/developments built after a certain date?	general charge on all households or businesses in the borough. It is separate from Council Tax and business rates. CIL is a financial charge that is levied on the development of land, including the construction of new buildings. It is payable by those carrying out development projects or by the owner of the relevant land. CIL pays for infrastructure to support development. Infrastructure includes schools, parks, transport etc.
C04	Port of London Authority	General	Thank you for consulting the Port of London Authority (PLA) on the London Borough of Lambeth's Community Infrastructure Levy (CIL) Draft Charging Schedule. I have now had the opportunity to review the consultation documents and can confirm that the PLA has no comments to make.	Noted
C05	Theatres Trust	General	The Trust is supportive of the Draft Charging Schedule, specifically that there is a nil rate for 'other' developments. This will benefit community and cultural uses such as theatres and will boost the viability of new projects. Uses such as these contribute to the social and cultural well-being of local people.	Noted
C06	Natural England	General	Natural England have no comments to make on this consultation.	Noted
C07	Historic England	General	We have no comments to make in terms of heritage.	Noted
C08	Environment Agency	General	We have reviewed the document and as it relates to the CIL rates we have no comments to make. However we request that you consult the Environment Agency of your Infrastructure Delivery Plan when this is being produced as we may have recommendations on infrastructure requirements that could be included within this plan, including scope for requirements of the Thames Estuary 2100 plan.	Noted
C09	Transport for London	General	Public and active transport infrastructure is vital to support 'good growth' across London, and CIL will continue to play an important role in funding	Noted.

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			infrastructure to support new development. Generally, TfL supports and welcomes the approach you have set out and I only have the following minor observations to make. Paragraphs 1.7, 2.37, 4.22 and 7.4 in the Viability Review Report refer to the 'parts of the borough within the Central Activities Zone (CAZ)' being subject to the MCIL2 office, retail and hotel charges. Whilst I appreciate that in Lambeth the MCIL2 'Central London' area may well mirror the CAZ boundary, in other parts of London it does not, and this may lead to unnecessary confusion. I suggest that these paragraphs are amended to refer to the 'MCIL2 Central London charging area' for clarity. I would be grateful if you could note our request to be notified when you submit your charging schedule for examination, the publication of the recommendations of the examiner and approval of the charging schedule.	There is no difference between the Lambeth part of the CAZ and the MCIL 2 Central London area. They are the same geographical area. The Council's evidence base is specific to Lambeth and is not relevant to other parts of London where there may be differences between the CAZ and the MCIL Central London area.
C10	Metropolitan Police Service c/o Lambert Smith Hampton	General	We have noticed that the existing Lambeth CIL Regulation 123 list does not include 'policing infrastructure' to fund policing or other community safety facilities. The MPS are having to move towards securing S106/CIL contributions from development due to the impacts on crime and are in the process of working up a formula to calculate these contributions. A breakdown of policing infrastructure sought by the MPS in the future is detailed later in this representation. It is widely accepted and documented that policing infrastructure represents a legitimate item for inclusion within the CIL and S106. A number of policing authorities have sought legal advice on this issue and received confirmation of this. The advice also confirms that CIL/S106 infrastructure is not limited to buildings and could include equipment such as surveillance infrastructure and CCTV, staff set up costs, vehicles, mobile IT and PND. This representation notes that the MPS have to move towards securing S106/CIL from development due to the impacts on crime. The MPS would like to have the ability to receive financial contributions during the Lambeth CIL Charging Schedule period and are in the process of working up a formula linking to development impacts.	Regulation 123 was revoked by amendments to the CIL Regulations in September 2019. The Council acknowledges that CIL/S106 can in principle fund policing infrastructure. However, the spend of CIL in Lambeth is outside the remit of this consultation and is not a matter for the examination of a draft charging schedule.

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			We request that the Lambeth CIL Charging Schedule and/or other related documents include an acknowledgement of this. We are keen to engage with you on how best this is reflected in the CIL documentation.	
C11	Guys and St Thomas NHS Foundation Trust c/o Essentia	General	The Trust has a keen interest in the Council's CIL Charging Schedule in relation to both funding being directed towards the Trusts' projects as a healthcare provider within the Borough and the approach to charges with regards to our own developments. Having reviewed the draft Charging Schedule and the supporting evidence base, the Trust support that healthcare development (D1 Use Class) is not identified as incurring a CIL charge. However, the Trust has concerns regarding the context to which their developments will be liable to CIL and the exclusion of the Trusts' assets as part of the Borough-wide infrastructure schedule which will be used to direct funding from CIL contributions. **Infrastructure Delivery Plan 2020** Thank you for recognising the Trust's campus aspirations as an important regional and sub-regional development, and promoting District Heating Network developments, for which the Trust also has ambitious plans. Despite being essential community infrastructure, the Trust does not receive Community Infrastructure Levy from applicable developments in the Borough to support healthcare service provision, despite businesses, residents and visitors benefiting from the service provided. **The allocation of CIL contributions** The Trust's priority is ensuring that there are no harmful impacts from future development on the clinical operations of the Hospital and its treatment of patients. All new development within the Borough has a direct impact on the capacity, services and operations of St Thomas' Hospital. It is vital that these impacts are appropriately accounted for via planning obligations and CIL so that the Trust can continue to provide sufficient healthcare services to the population of Lambeth.	The role of the IDP is to set out the infrastructure required to meet the needs of the borough over a specified period. It identifies possible projects, or types of project, that may potentially be funded by CIL. It is not concerned with the allocation decisions in relation to different projects or types of project. Paragraph 3.3 of the IDP identifies a number of regional and sub-regional projects that are anticipated to be delivered during the period 2019/20 to 2034/35 and this includes St Thomas' Hospital and the Guy's and St. Thomas' NHS Foundation Trust's plans to reconfigure and renew its estate to meet future needs at subregional and regional level. It is considered that this is appropriately referenced in the IDP. The Draft Charging Schedule 2020 identified particular categories of development that will trigger a charge to CIL. It will be a matter of judgement for individual decision-makers on the facts of particular applications how specific proposed types of floorspace should be treated in CIL terms. It is not considered necessary or desirable to have to add 'sub-categories' to the development types that are currently proposed. CIL charges are applied equally to all development proposals according to the charging schedule, the CIL Regulations and applicable CIL policies at borough level.

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Ref	Name	Theme	Comment	Lambeth Response
			We note that the Infrastructure Delivery Plan (IDP) was reviewed and updated to meet the needs of the Borough between the financial years 2019/20 and 2034/35. Having reviewed the IDP, there are no projects associated with the Trust or their assets included within the 58 borough wide healthcare infrastructure projects identified for the receipt of CIL. The Trust supports the identification given to St Thomas' Hospital as an infrastructure project that will support growth at the sub-regional level and highlights the Trusts plans to reconfigure and renew its estate to meet future needs. However, no appreciation is given to GSTT projects that could benefit from CIL contributions in the Borough. There is a significant level of development already in progress in the Borough and considerable future growth predicted and encouraged in the emerging Local Plan and London Plan. In this context, the Trust needs to be supported by the Council with regards to securing appropriate renumeration for the expanded population that it has a duty to serve. In the majority of cases, and given the Council's approach to funding for other healthcare infrastructure, we propose that the allocation of CIL funding is the primary and best suited way to do this. The Trust has been engaging with major applications coming forward in the Borough with regards to the matter of accounting for the impact of new residential and working populations to its services, which expand outside of the acute services provided at St Thomas' Hospital. Many GP referred clinics are held within the Hospital campus and there are also a variety of community health facilities throughout the Borough. It is important that the Trust is able to utilise the appropriate contribution towards its services from development. During committee on 15 October 2019 in relation to development at Elizabeth House (LPA ref. 19/01477/EIAFUL), the Councillors noted contributions would need to be made to the Trust and should be secured through CIL, with the request specifically noting that CIL monies should be directed towards the Trust. We therefore request that the Trust's projects as a healthcare provider are considered for inclusion within the Borough-wide infrastructure schedule for	The allocation of CIL contributions to individual projects is outside the scope of this consultation and is not a matter for the examination of a draft charging schedule. Lambeth's approach to date has been that if a development can be regarded as supporting a healthcare use, then even if the development taken by itself would fall within a land use type that is normally chargeable for CIL, to treat such a development as entirely being for healthcare use and therefore not liable for CIL. The Modified Draft Charging Schedule does not define uses by reference to the use classes order, enabling the Council where necessary to reach a judgement about the nature of the use for the purposes of applying rates of CIL. CIL charges must be applied equally to all development proposals according to the adopted charging schedule, any relevant Council policies and the Regulations governing exemptions, irrespective of the particular circumstances of an applicant.

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			the receipt of CIL funding to manage the impact of future development within the Borough on health services. We would welcome a meeting with the Council Officers to discuss the best way forward for this and begin a collaborative working practice to ensure the provision of healthcare services in the Borough is protected and appropriately accounted for when dealing with CIL monies. **Development liable to CIL charges** We welcome that healthcare development (D1 Use Class) is not identified as incurring a CIL charge in the Council's draft charging schedule. The Trust support this approach as a healthcare provider within the community to protect the viability of D1 developments. There is however, the question of ancillary and complementary land uses that may need to be provided within existing healthcare developments that may not be classified as entirely D1 use class. This could include offices, training rooms, residential/staff accommodation or research facilities, for example. We note that office development (B1 Use Class) is identified in the Council' draft schedule, with a charge of £225 per sqm for Zone A, within which St Thomas' Hospital is located. Whilst the Trust is supportive of the liability of B1 development for CIL charges generally, there are clearly instances alluded to above whereby a charge would not be appropriate in line with the Council's general approach to CIL charging. The Trust, as a public sector non-for-profit organisation, faces pressure on the viability of developments and the impact of a CIL charge would be substantial. There is also the practicalities of such an approach, with regards to cross-funding of assets. Whilst a future development on the Hospital site, for example, may be classed as B1, this will be inextricably linked to 01 operations and the space would be used by healthcare professionals carrying out research and other operations associated with the Trusts remit, therefore forming part of the wider hospital operation and funded by such.	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			We therefore urge the Council to consider the context within which CIL liability should be applied to applicants. The Community Infrastructure Levy Regulations (2010) (As amended) identifies exemptions from CIL charges, including 'charitable institutions' whereby the land is being used solely for charitable purposes. Whilst the Trust is not classified as a charitable institution, it is not-for-profit and it is tasked with delivering a considerable public service, and therefore benefits, through its operations and developments. The Trust is not a commercial 'developer' in this sense and does not have the same capacity with regards to funding, so CIL charges present a significant risk to implementation of important future schemes The Council has the autonomy to make decisions about how to charge for CIL within the Borough. We would request that as a healthcare provider, and with consideration to the context under which development proposed as part of the Trusts masterplan would be used, regardless of use class, that the Trust's developments should be exempt from CIL liability. We request that this is recognised within the CIL charging schedule in order to be clear of the circumstances and context to which CIL liability should apply, particularly in consideration to the Trust as a healthcare provider who should be a recipient of CIL contributions. **Conclusion** In summary, the Trust support that healthcare development (D1 Use Class) is not identified as incurring a CIL charge. However, the Trust has concerns regarding whether their own developments which are inextricably linked to D1 uses, will be liable to CIL given their status as a not-for-profit organisation. We also request that the Trust's projects as a healthcare provider are considered for inclusion within the Borough-wide infrastructure schedule for the receipt of CIL funding on the basis of the points raised in this letter.	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			We are seeking to work collaboratively with the Council and, in the first instance, we would welcome the opportunity to meet Council Officers to discuss points raised in this letter.	
C12	Berkeley Group	Residential	Berkeley wishes to continue its collaborative relationship with the Council and in particular to ensure that the new Local Plan, when adopted, will be deliverable and that the combined weight of obligations and policy requirements, together with those in the new London Plan can be met without putting delivery at risk. Berkeley recognises that the Council has a difficult balance to strike in securing infrastructure investment whilst facilitating development. It is important to note that there have been a number of consented residential sites in Lambeth that haven't been delivered or are now being delivered as offices. Therefore, caution must be had when setting CIL rates that could discourage residential development. Berkeley are concerned that, at a time of significant uncertainty and, in Central London, falling prices combined with rising costs increasing CIL charges by nearly 100% in Zone A and 160% in Zone B could have very significant impacts on the industry's ability to deliver the new homes, including affordable homes, that the Council and Mayor of London wish to see. Berkeley still believe that their comments within their previous representation are valid and would encourage the Council the take a cautious and considered approach in taking forward the review of CIL charges given the unprecedented uncertainty facing the housing market and the wider economy over the coming year.	Reliance on percentage increases in the rates of CIL as set out in the adopted charging schedule do not take account of the effect of indexation since adoption. As noted in the Viability Review prepared by BNP Paribas (BNPP) Real Estate (page 6), the charge to CIL at the proposed rates would typically constitute 3.5% to 5% of development costs and is therefore not a critical determinant in the viability of developments. CIL rates are proposed to increase as compared with adopted rates for both residential and office development.
C13	Grainger plc c/o JLL	Residential	Grainger objects to the substantial increases in CIL being proposed. It is recognised that the rates in the current Charging Schedule dated October 2014 need to be indexed using the BCIS All Tender Price Index in order to get to the current day rates that would be charged on development, but the proposed increases go well beyond this and represent a major step change, with real term increases ranging from over 35% in Zone A, to increases of 259% in Zone C.	The issue as the Council sees it is whether the rates proposed would not deter development. The adopted Charging Schedule was based on viability evidence from August 2012, with much of the data relied upon in that study dating to early 2012. Since that time, the Land Registry

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<tr><td></td><td></td><td></td><td>
The current residential CIL rates within the Borough, their indexation to current day rates and the proposed increase in the 2020 Draft Charging Schedule are set out in the table below.
Comparison of Lambeth CIL Rates
<table>
<tr><th>Residential Zone</th><th>2014 Charging Schedule</th><th>2014 Rates Indexed</th><th>Proposed 2020 CIL Rates</th><th>Percentage Increase in Real Terms</th></tr>
<tr><td>A</td><td>265</td><td>369</td><td>500</td><td>35</td></tr>
<tr><td>B</td><td>150</td><td>209</td><td>350</td><td>67</td></tr>
<tr><td>C</td><td>50</td><td>70</td><td>250</td><td>259</td></tr>
</table>
The origin of these proposed increases stems from a review in 2018 that Lambeth Borough Council commissioned BNP Paribas to undertake. A range of proposals with differing assumptions were used to explore viability. It is not appropriate within the scope of this representation to discuss the appraisals in detail, but a key factor for BNP Paribas in respect of residential CIL rates, which is set out in its summary on page 5, is that:
“CIL values have increased at a faster rate than build costs since the adopted CIL rates were tested and as a consequence, residential schemes can absorb higher levels of CIL.”
The conclusions in section 7 repeat the point in paragraph 7.6, which states that:
“increases in sales values since the last Charging Schedule was formulated have outstripped increases in costs, which has resulted in improvements in viability and enhanced capacity for absorbing CIL requirements.”
This conclusion did not mirror Grainger’s understanding of either the residential market or the increases that there have been in build costs. JLL has therefore sought to explore this further.
</td><td>
House Price Index has increased from an average price of £313,000 to £502,000 (60%). Over the same period, the BCIS General Building Cost Index has increased from 308.5 (Jan 2012) to 357.8 (April 2019), an increase of 16%. When applied to a residual value, these changes increase typical residual land values by 97%.
With regard to Build to Rent, the BNPP Real Estate Viability Review (December 2019) acknowledges (paragraph 1.7, page 4) that this type of development is more difficult in terms of viability. However, the appraisals in the Viability Review do not factor in the significant benefits available to Build to Rent schemes of forward funding in reducing finance costs. The Viability Review tested the viability of Build to Rent schemes using a standard approach (i.e. construction of units followed by sale after Practical Completion). In practice, this is not how the Build to Rent market operates, with the developer typically agreeing a contract for sale prior to commencement of construction, with the agreed contract sum paid over the construction period. This results in a significant reduction in finance costs, which in turn improves the residual land value.
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<tr><td></td><td></td><td></td><td> The current Charging Schedule was adopted in October 2014 and in view of the fact that it was based on data already gathered, the CIL legislation requires indexation to be start from the preceding November, ie November 2013. For the same reason, schemes permitted now would be indexed up to the proceeding November, i.e. November 2019. The BCIS All Tender Price Index (which the legislation required be used for CIL prior to 2020) shows that build costs have increased by 39% over this period. In order to be consistent in looking at increases in residential values, the same period November 2013 to November 2019 has been examined. Data from the Land Registry for the Borough of Lambeth during this period shows average residential prices have gone up by 32%. Therefore build cost inflation has actually outstripped increase in residential values by some 7%. Using the argument put forward by BNP Paribas, the new CIL rates being brought forward should actually be lower than those in the current Charging Schedule, but as can be seen from the table above, are very substantially higher. Other CIL costs have also gone up, with the Mayoral CIL going from £35 per sq m to £60 per sqm under MCIL2. It also needs to be recognised that the “easier” redevelopment sites have gone and that in an urban area such as Lambeth, it is the more challenging sites that will now have to be redeveloped to meet housing needs and these invariably have higher existing use values and/or other costs and these need to be recognised in setting a new CIL going forward, but have not been. Furthermore, the particular characteristics of build to rent schemes need to be giver greater consideration. It is widely recognised that build to rent housing has different economic characteristics, with there being no capital sale at the end of the construction period, only an annual rental income. The appraisals by BNP Paribas undertaken in 2018 recognise this and indeed its summary states that “appraisals indicated that the viability of </td><td></td></tr>
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Ref	Name	Theme	Comment	Lambeth Response
			build to rent schemes is challenging on sites with high existing use values, regardless of the rent level applied to the affordable housing element". Any new CIL rates for the Borough need to ensure that they do not inhibit all forms of residential development coming forward, including build to rent, which has been recognised as playing an important role in meeting housing needs. The substantial increase in CIL rates being proposed would jeopardise the viability of build to rent schemes in particular within the Borough and are therefore contrary to the Government's key objective of significantly boosting the supply of homes, as set out in paragraph 59 of the NPPF. In the light of the above, it is considered that there should be no real term increase in the Borough CIL rates applied to residential development.	
C14	Coin Street Community Builders c/o Carney Sweeney	Residential care	CSCB wishes to emphasise the importance of providing accommodation enabling older people in north Lambeth and north Southwark to remain near their friends and community when they need longer-term nursing care. Care is paid for by individual savings or by the state. Given land values in the area and the proposed CIL charge, the costs to an individual will be extremely high and affordable provision will be unlikely to be provided. It is acknowledged that the proposed CIL rate for self-contained extra care homes is half of the CIL residential rate for each charging zone but this does not focus on the issue. From this basis, CSCB continues to object to the proposal to introduce a CIL charge on nursing homes in this area.	The proposed CIL rates for residential care homes were tested in the Viability Review as indicated in paragraph 6.43 (page 70). Tables 4.1.1 (page 24), 6.10.2 (page 38) and 6.10.3 (page 42) set out the typologies tested which included a self-contained sheltered scheme, a self-contained extra care scheme, a residential care home in a tall building and a residential care home in a low-rise building. Results of the appraisal indicate that extra care, sheltered housing and care homes are unlikely to come forward on sites with a high existing use value. In other sites though, these types of development are able to achieve significantly improved viability. Where a nursing care home being developed is owned by a charity and will be run for a charitable purpose or to support the charity, the development may apply for charitable relief, either mandatory or discretionary.
C15	Unite Students c/o ROK Planning	Residential co-living	In respect of the proposed rates for purpose-built student accommodation and co-living accommodation, Unite wish to make further representations at this current consultation stage in order to reinforce their previous objections to the proposed rates. As detailed previously, a detailed representation was	The proposed CIL rates for co-living schemes were tested in the Viability Review. The CIL rate is set well below the buffer with maximum rates of well over £1,000 per sqm on most sites. The review noted in paragraph 6.24 and Table

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<tr><td></td><td></td><td></td><td>submitted to the Preliminary Draft CIL Charging Schedule in respect of the proposed rates for purpose-built student accommodation. As the proposed rates for student accommodation have not changed from the Preliminary Draft CIL Charging Schedule, this representation has been included again at Appendix A.

It should be noted that the representations at Appendix A does not take into account the proposed rates for co-living developments. In both the Preliminary and Draft charging schedules, the following rates are proposed per square metre:

<table><tr><th>Development Type</th><th>Zone A – Waterloo and Vauxhall</th><th>Zone B – Kennington, Oval and Clapham</th><th>Zone C – Tulse Hill, Brixton and Herne Hill</th><th>Zone D – Streatham, West Norwood, Streatham Hill</th></tr><tr><td>Residential including co-living schemes or shared accommodation</td><td>£500</td><td>£350</td><td>£250</td><td>£200</td></tr></table>
In Zone A, the Waterloo and Vauxhall Area, Unite, object to the rates for such development being in line with those proposed for residential uses. As co-living accommodation is more similar in typology to purpose-built student accommodation and is a ‘Sui Generis’ as opposed to ‘C3 Use Class’, we would recommend that the rates are revised and reduced down to align to the rates proposed for student developments in this area.

Evidence Base

Both the Preliminary and Draft Charging Schedules have been accompanied by an evidence base, which includes a Local Plan and Community Infrastructure Levy Viability Review carried out by BNPP, dated July 2018 for the Preliminary Charging Schedule and dated December 2019 for the Draft Charging Schedule.

In both versions of the document, the build cost assumptions for student housing and co-living are £2,014 per square metre. Unite would like to highlight that as per the representations in Appendix A, the build costs of</td><td>6.24.1 that co-living schemes or similar forms of shared housing should generally be viable, generating residual land values that exceed existing use values in most cases, even with the London Plan policy H18B requirement to provide 35% affordable housing with rent levels at 50% of market rent. The typologies were informed by actual developments. Schemes will not be viable outside the highest value parts of the borough when built on sites with the highest existing use values. In these cases, applicants will need to submit viability evidence under the sub-35% route in the new London Plan.</td></tr>
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			several large student schemes in London in the two years preceding these appended representations have significantly exceeded the amount assumed by BNPP and have in fact, been at a median average cost of £2,251 per square metre (i.e. 12% higher than BNPP's cost assumption). This amounts to a base build cost difference of £1.5m and £3m difference on costs which erodes the student CIL increase being proposed and is therefore highly significant. This needs to be reviewed further through the evidence base and the CIL charging schedules reviewed and reduced accordingly to ensure that these levys do not prohibit this type of development coming forward. The importance of these types of development coming forward has been recognised at national and strategic level through their contribution towards the delivery of housing. Overall, Unite argue that there is insufficient justification to increase the existing CIL charging levy for student accommodation from £215 per square metre to £400 per square metre and recommend that the rates should be retained at the amount as per the adopted CIL Charging Schedule. In addition, Co-living should not be combined with the conventional residential CIL charging levy. I reserve the position to participate in the Examination in Public as necessary.	
C16	Olympian Homes c/o Turley	Residential co-living	1.12 LBL has neither prepared nor published viability evidence that either: (i) demonstrates that the proposed CIL DCS rates will positively contribute to implementation of the relevant Plan; or (ii) tests the financial viability of major sites critical to the delivery of the relevant Plan. 1.13 PPG requires that, "*charging schedules should be consistent with, and support the implementation of, up-to-date relevant Plans*". 1.14 PPG requires that development costs, including "*any policies on planning obligations in the relevant Plan, such as policies on affordable housing and identified site-specific requirements for strategic sites*", should be taken into account when setting CIL rates – particularly those on	In the view of the Council, the viability evidence which supported the Draft Charging Schedule 2020 is fully consistent with the latest requirements of the PPG and demonstrated the proposed CIL rates can viably be charged in combination with emerging development plan policies without placing an undue burden on developers. The methodology and assumptions used to test a range of development typologies in the BNPPRE Viability Review are considered valid. The Council does not agree with the suggestion that CIL rates should only be set where schemes can meet all policy requirements (based on Brighton & Hove CIL examination). This is not how policy

Ref	Name	Theme	Comment	Lambeth Response
			strategic sites or brownfield land. It is the responsibility of authorities to create realistic and viable charging schedules. 1.15 PPG on CIL also confirms that CIL evidence should be prepared in accordance with PPG on viability, and specifically that the policy requirements for developer contributions are deliverable. PPG for Viability ('PPGV') requires that viability assessment at the plan making stage should ensure policies are realistic and the total cumulative cost will not undermine deliverability of the relevant Plan. Moreover, policy requirements (including CIL) should be clear for the industry so that they can be accurately accounted for in the price paid for land. 1.16 Finally, PPG is clear that cumulative policy costs (including CIL rates) should not be set on the basis that they necessitate a site-specific financial viability case to be made to demonstrate divergence from adopted policy within the relevant plan. 1.17 However, the results of the viability testing set out within Table 6.24.1 of the LPCVR in respect of Co-Living development (but also in respect of results relating to Build-to-Rent and general residential development) demonstrate that development is unable to comply with the policy requirement for provision of 35% affordable housing in many cases, as well as meeting the proposed CIL charging rates in the CIL DCS. 1.18 Moreover, it does not appear that an appropriate or justified buffer 'back from the margin of viability' is applied in accordance with PPG CIL, at CIL rates that will enable the scale, typologies and volume of development to be viably delivered without placing the adopted relevant Plan at risk. 1.19 On the basis of LBL's own evidence LBL's supply of land required to meet housing growth (and accelerate delivery) will be unable to meet the proposed residential CIL DCS rates alongside provision of 35% affordable housing.	operates in London. Charging authorities are not required to demonstrate that every scheme is viable with all policies in place. This is acknowledged through the option for applicants under the viability-tested route if a scheme is unable to comply with the requirement to provide 35% affordable housing.

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			1.20 LBL should note that this is an issue that was recently considered in detail during the Brighton & Hove CIL Examination over the spring-autumn 2019 period. 1.21 During the Examination Hearing the Examiner was clear that the CIL viability evidence must be prepared and CIL rates set on a 'policy on' basis, inclusive of a 'buffer'. 1.22 Thereby CIL liability should only be applied (via appropriate rates) where site typologies (and most importantly strategic site allocations or other sites critical to the delivery of the relevant Plan) are demonstrated to be viable and have sufficient 'headroom' to accommodate a CIL charge after meeting all the applicable policies in the relevant Plan. 1.23 This culminated in the Examiner specifically requesting the preparation of further viability evidence by the charging authority to reflect this, and the charging authority subsequently proposing modification of the CIL DCS to adjust the proposed CIL rates commensurately. The latter modifications were publicly consulted upon from 17 July to 11 September 2019, with the Examiner's Report published in February 2020. 1.24 In summary, the cumulative expectation of PPG is that CIL viability evidence must be prepared, and proposed CIL charging rates must be set on a 'policy on' basis. Rates must not be set at a level that risks undermining the policies within, and deliverability of, the relevant Plan. There is a high risk that this will be a necessity if the current proposed CIL rates set out within the CIL DCS are adopted. 1.25 For the reasons stated above, it is OH's opinion that LBL is repeating the same errors in respect of the proposed residential rates within the CIL DCS. The CIL DCS is therefore deemed fundamentally unsound. 1.26 The LPCVR does not provide an appropriate evidence base upon which to find the charging rates in the CIL DCS sound.	

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			1.27 In particular, OH considers that housing Policy H13 (Large Scale Purpose-Built shared living) Part B of the DRLLP PSV has not been effectively assessed in accordance with the NPPF and the PPGV. Neither the draft DRLLP PSV policies nor the CIL DCS can therefore be considered justified or sound. This poses a risk to the deliverability of the DRLLP PSV. 1.28 Other technical matters of representation are set out under the following subheadings. **Other Technical Inputs & Matters** **Up-to-date Market Evidence** 1.29 BNPPRE's previous LPCVR dated July 2018 contains much of the supporting information to underwrite appraisal input assumptions, which is subsequently referred to in the December 2019 LPCVR. 1.30 OH considers that the 2019 LPCVR is lacking in appropriate and up-to-date evidence to underpin current market assumptions for use in viability testing. 1.31 OH advocates that the 2019 LPCVR should be a standalone document for ease of use and should include all the appropriate information and up-to-date market evidence, which informs the appraisal outputs/results. **Residential Development Scenarios** 1.32 Paragraph 4.1 of the LPCVR states that 29 development typologies on sites across the Borough have been appraised. These are said to represent the sites that LBL expects to see come forward over the lifetime of the new Local Plan. These uses are tabled at 4.1.1. However, there is only one Co-Living typology tested, which is on a small site of 0.13ha for 300 units. There are two types of Student Accommodation by comparison. OH consider this is not representative of thorough testing and requests that the Co-Living typology is tested more thoroughly by applying a range of	

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			different site areas and densities representative of comparable schemes brought forward across London. **Site Typology Details & Gross to Net Measurements** 1.33 In the 2018 LPCVR at Appendix 2 - Sites Details, Gross to Net measurements are included referencing Site 18 which is the Co-Living typology, and we assume this has been taken forward and adopted for the 2019 LPCVR. This is set at a Gross to Net ratio of 80% which is an inappropriate basis for Co-Living schemes which incorporate higher provision of communal and amenity facilities, which require greater floorspace than typical 'market sale' residential developments. OH contends that Gross to Net efficiency for Co-Living developments is more typically at 70%-75%. 1.34 The LPCVR should re-test the Co-Living site typologies at efficiencies of both 70% and 75%. **Co-Living Typology Appraisal Inputs** 1.35 BNPPRE has not provided any evidence to underwrite the following: • Room size of 25m2 • Rental level of £452/m2 applied borough-wide • 5% investment yield • 12 month rent free period 1.36 It is also unstated in the LPCVR as to whether operating cost deductions have been applied to gross rents as would be deemed appropriate and necessary under a Co-Living model. 1.37 On the basis that CIL rate setting must be underpinned by appropriate available evidence, OH considers the absence of such evidence from the LPCVR as rendering it, and the CIL DCS, as unsound. 1.38 BNPPRE and LBL must transparently set out the underpinning evidence to support the input assumptions utilised for this typology.	

Ref	Name	Theme	Comment	Lambeth Response
			Benchmark Land Values (BLVs) 1.39 PPGV states explicitly that BLVs should, *"…be informed by market evidence including current uses, costs and values wherever possible*". 1.40 PPGV subsequently requires plan makers to: *"…establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment data sources to inform the establishment the landowner premium should include market evidence…*" 1.41 Crucially, PPGV confirms that the BLVs set must reflect the *"…reasonable expectations of local landowners*". 1.42 There is no evidence within the LPCVR of local market analysis to inform the BLVs applied within viability testing. On the above basis, the LPCVR is flawed and fails to provide a sound evidence base for justifying the relevant draft policies within the DRLLP PSV. 1.43 BNPPRE state at paragraph 4.37 *"We have arrived at a broad judgement on the likely range of benchmark land values. On previously developed sites the calculations assume that the landowner has made a judgement that the current use does not yield an optimum use of the site…".* 1.44 BNPPRE go on to include a table of BLVs, stating at paragraph 4.39 that: *"Sites will be in various existing uses and for the purposes of the study, we have adopted a range of benchmark land values from £2.5 million to £75 million per gross hectare, inclusive of any premium deemed to be required to incentivise release of land for development. This range is informed by our analysis of benchmark land values in submitted viability appraisals over the last two years."*	

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			1.45 This approach has no basis in appropriately analysed evidence. There is no further analysis of "*premium deemed to be required*". 1.46 Unless BNPPRE produce local evidence of transaction prices (re-weighted as necessary) in accordance with PPGV, then OH is of the strong opinion that BLVs for development sites must be increased within the LPCVR in order to avoid landowners from being dis-incentivised to dispose of land for development. 1.47 This is inconsistent with the judgement handed down by Holgate J in *Parkhurst Road Ltd v Secretary of State for Communities and Local Government and Anor* (2018) in which Holgate J confirms that application of an arbitrary premium in excess of the EUV is unsatisfactory in reflecting the workings of the market, and which has been subsequently reflected in PPGV. 1.48 It is unclear from the LPCVR whether the process of setting the premium in excess of the EUV has reflected the iterative process required within PPGV. No market evidence is presented within the LPCVR in order to demonstrate that the BLVs are reasonable and realistic. It is requested that such evidence is provided in order to demonstrate that the methodology for setting the BLVs within the LPCVR is sound and based upon appropriate available evidence for stakeholder review. **Abnormal/Exceptional Costs** 1.49 The LPCVR has not allowed for abnormal costs within viability testing of residential site typologies. Paragraph 4.35 states the following: *"…Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for abnormal ground conditions and some other 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample."*	

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			1.50 For generic typology testing, the exclusion of an abnormal cost allowance can be regarded as appropriate. 1.51 However, if doing so it is essential that: (a) The viability testing (and application of policy costs thereafter) includes a sufficient buffer back from the margins (i.e. maximum limits) of viability. This will ensure that viability testing results and conclusions/recommendations are not presented at levels that risk rendering development sites unviable when subject to the introduction of abnormal works costs. (b) The BLVs are increased to represent the serviced land values (i.e. assuming that abnormal costs have already been met through works undertaken by the landowner prior to disposal for development). 1.52 Such costs cannot be accommodated by the landowner if adopting BLVs that reflect a "raw material view" operating on a 'EUV plus' basis as doing so would risk reducing land values to remove a suitable incentive for disposal. 1.53 The exclusion of abnormal costs from the viability appraisals will markedly overstate the appraisal results – given that abnormal works can be costly and will frequently be incurred early in a sites development (hence having a more pronounced cashflow impact). 1.54 If the LPCVR is to exclude abnormal costs, then suitable flexibility must be introduced within the wording of policies within the DRLLP PSV to provide recourse to site-specific viability assessment at the application stage such that where sites are impacted by abnormal costs, this constitutes a valid justification for reductions in the level of affordable housing (or tenures/unit mix) in order for schemes to be delivered on a viable basis. **Construction Costs** 1.55 The LPCVR summarises the construction cost inputs applied to site typologies within appraisals at paragraph 4.13 on p.29.	

Ref	Name	Theme	Comment	Lambeth Response
			1.56 It is noted that BNPPRE places reliance on RICS BCIS to provide base construction costs for development typologies. There are several issues arising in respect of this reliance: • There is no copy of the RICS BCIS data (even in summary) to provide proof of the accuracy of the figures reported. • The base date for the costs utilised are not stated within reporting. It is therefore impossible to establish whether the costs and revenues are determined over a consistent timescale. For example, it appears that the same costs were adopted in BNPPRE's previous 2018 assessment, which suggests a failure to update the costs in line with inflation to represent the current market. • It is unclear how the data has been interpreted, and utilised, in order to be applied to taller / higher density buildings. **Accessibility Standards** 1.57 The costs of meeting accessibility standards utilised in the LPCVR, and set out in paragraph 4.17 on p.30, are predicated on a 2014 publication. The costs require indexing using RICS BCIS All-in TPI to present day, or these will be under-represented in viability testing. **Electric Vehicle Charging Points** 1.58 In the Adopted Local Plan, Policy T7 clearly states the Council will require electric vehicle charging points to be provided on all new major developments. Policy T6 of the London Plan also sets out this requirement. Recent published Government research has placed this cost at an average of £976 per charging point. It is not stated in the LPCVR whether this cost is incorporated. It should be incorporated in accordance with Plan policy requirements. **Section 106 (S106) Planning Obligations** 1.59 Paragraph 4.25 of the LPCVA confirms that the site typology viability appraisals (for generic sites) incorporates a notional sum of £1,900 per	

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			residential unit towards S106 planning obligations alongside CIL liability. The LPCVR states that *"This assumption is based on median figures from a range of S106 agreements identified by the Council. The actual amounts will of course be subject to site-specific negotiations when schemes are brought forward through the development management process."* 1.60 Paragraph 4.26 goes on to state *"In addition to the allowances above, our appraisals include an allowance for Section 278 works of £1,000 per residential unit and £15 per square metre for commercial developments."* 1.61 PPG is clear that development costs, including "*any policies on planning obligations in the relevant Plan, such as policies on affordable housing and identified site specific requirements for strategic sites"*, should be taken into account when setting CIL rates – particularly those on strategic sites or brownfield land. 1.62 PPG also confirms that: *"Local authorities should ensure that the combined total impact of such requests does not undermine the deliverability of the plan (see paragraph 34 of the National Planning Policy Framework for details)."* 1.63 LBL is required to record and report on planning obligations secured and should therefore have accurate records of sums paid on major developments across the borough. This data should be presented comprehensively, with a calculated rate per residential unit for each development, and published transparently for stakeholder review and in order to underpin the rates applied in the LPCVA. **Finance Costs** 1.64 OH note that BNPPRE have included finance at 6%, which is based on an assumption of 100% debt finance. OH consider this to be low. Within the current lending market traditional lenders are funding senior debt up to a maximum of 65% loan to cost at typical base rate of circa 4 – 4.5%, plus	

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			entry (arrangement) fees, exit fees and bank management/monitoring costs throughout the loan period (2% - 3% of loan sum). 1.65 Developers are therefore required to source equity investment, mezzanine or bridging finance to secure the remaining development funding necessary to deliver the scheme. Typical rates of return in the current market range from 8% - 20%, which is significantly more expensive than senior debt and reflects the higher risk posed to lenders (due to representing only a second or third charge on the project). 1.66 OH therefore considers, on this basis, that a blended debit rate of 6.5% should be applied across 100% of land and construction costs. **Developer Profit** 1.67 Whilst it is not specifically stated in the LPCVR, it is assumed that a developer profit of 18% of gross development value (GDV) on open market units is applied to the Co-Living typology, with a reduced profit of 6% of GDV for affordable units. 1.68 Given Co-Living operates on a rental model, which does not result in a transaction to an Registered Provider at a lower risk, it is unclear as to why BNPPRE has proceeded to apply the approach utilised to this typology. 1.69 Further clarification and supporting evidence should be provided by BNPPRE and LBL in this respect. **Development Programme & Cashflow** 1.70 Paragraph 57 of the NPPF confirms that transparency in the preparation of all viability assessments is essential. It states: *“All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”*	

Ref	Name	Theme	Comment	Lambeth Response
			1.71 PPGV elaborates on the NPPF by confirming the importance of transparency for improving data availability and accountability: *"Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available. Improving transparency of data associated with viability assessment will, over time, improve the data available for future assessment as well as provide more accountability regarding how viability informs decision making."* 1.72 The 2019 LPCVR is inconsistent with both the NPPF and PPGV in this respect for it is extremely difficult for stakeholders to determine with certainty which appraisals in Appendix 5 of the LPCVR relate to each typology under the various scenarios assessed. **Growth Scenario** 1.73 Chapter 4 of the LPCVR makes reference to a 'growth scenario', with the assumptions set out in Table 4.4.1 on p.17. 1.74 Given the present uncertainty over the UK economy, and housing market, it is considered misleading to present such a scenario – particularly where this simply projects an annualised level of growth in perpetuity. The property market, and wider economy, is inherently cyclical. Hence, a projection of ongoing growth will be misrepresentative and risks setting unrealistic expectations. 1.75 Equally, it is unclear as to the justification for the rates of revenue and cost growth adopted. For example, RICS BCIS All-in TPI forecasts 25% growth in construction costs over the next five years (to the end of 2024), equating to 5% per annum, yet BNPPRE proposes to only apply 2.5% per annum, which will understate the costs of development applied in testing.	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			1.76 It is recognised that BNPPRE caveat the growth scenario analysis as 'indicative', yet it is considered that no weight should be applied to this analysis given its significant limitations. **Conclusions** 1.77 This representation has set out OH's objections to LBL's CIL charges set out in the CIL DCS. The objections relate to a series of technical deficiencies and matters of non-compliance with relevant Government guidance and the CIL Regulations 2010 (as amended). 1.78 OH is of the view that the CIL DCS will fail to demonstrate that it has met the essential requirements of CIL Regulation 14. Specifically, it is of major concern that the proposed residential CIL rates within the CIL DCS will prevent or delay development and will pose a threat to the delivery of the relevant Plan. Resultantly, the CIL DCS will not "strike an appropriate balance" between funding infrastructure and economic viability across the charging area. 1.79 If the CIL charging rates (adopted or proposed) are a contributing factor precluding residential development being delivered in accordance with the adopted policies within the relevant Plan (e.g. in respect of affordable housing provision), then the adopted CIL charging rates should actually be reduced via this review process, rather than increased based on LBL's own viability evidence base. 1.80 OH requests that LBL revisit the issues identified, update the underpinning viability evidence base to resolve the existing deficiencies, and move to reduce the proposed CIL rates for residential development typologies by utilising the flexibility accorded within PPG in setting rates (e.g. spatially, by relevance to strategically important sites, by scale, or by typology) prior to submitting the CIL DCS to PINS for independent examination. At present the CIL DCS is unsound and should not be adopted.	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
C17	Espalier Ventures & MELT Property	Hotels	We object to the proposed CIL rate for hotel development in Zone B, as we believe it will threaten the viability and vitality of centres within this Zone. The proposed CIL rate for hotels within Zone B has risen from £0 to £200 per sq m, which is an unjustifiably large increase. Topic Paper 5 ('Hotels and Visitor Accommodation') which forms part of the evidence base for the Draft Revised Lambeth Local Plan, states that Lambeth is projected to require a net increase of 3,051 rooms between 2015 and 2041, which equates to 5.2% of all serviced accommodation growth across London. This highlights the huge demand for serviced accommodation within London and the vital role Lambeth has to play. The introduction of a levy on new hotel development in Zone B will prevent development and investment being driven towards those locations in the borough where main town centre uses could make a valuable contribution to the vitality of centres, such as the Oval (Clapham Road) centre, in accordance with the aim of national policy. Topic Paper 5 states that: *"In accordance with the strategic approach in the Draft London Plan, the policy seeks to ensure these benefits are distributed across the borough and seeks to avoid the intensification of the provision of serviced accommodation by focussing new visitor accommodation in major and district centres."* Topic Paper 5 notes that the distribution of serviced visitor accommodation is not evenly distributed across the Borough, with the biggest concentration of visitor accommodation currently found within Waterloo Central Activities Zone and Vauxhall Opportunity Area, which fall within CIL charging Zone A. Keeping the levy at a £0 rate for areas outside of Zone A, will achieve the Council's aim of encouraging new hotel development and investment outside of these overconcentrated areas. This will also result in a spread of economic benefits from tourism to local businesses and services in the wider borough. **2019 Viability Study** The Council has published a 2019 Viability Study, which does not provide adequate justification for introducing a levy on hotels in charging Zone B	The approach to CIL charges for hotels is supported by evidence of viability and is consistent with the Local Plan policy approach. The CIL rates for hotel developments as consulted on were set at levels consistent with the values in different parts of the borough and at levels that should not deter development coming forward. They have not been set to restrict hotel development. They have been tested in combination with emerging development plan policy (ED14 of Lambeth's Draft Revised Local Plan) which is in accordance with London Plan policy E10. The appraisal results in Appendix 3 of the Viability Review demonstrated that the various typologies of hotel schemes tested (budget hotels 28m2 and 35m2 GIA per room and luxury hotels 4 stars) can accommodate CIL rates of from as low as £405 per m2 in Zone C to as high as £1,351 per m2 in Zone B. The CIL rates for hotels of £200 per m2 across all charging zones which were proposed in the Draft Charging Schedule 2020 were way below these levels. Nevertheless, following the public consultation on DCS 2020 and after looking at the impact of the Covid-19 pandemic on development in Lambeth, the Council asked BNPP Real Estate to look at the viability evidence again, particularly on hotel rates, to modify the Draft Charging Schedule such that the CIL rates for hotels in Zone A may continue at £200 per m2 as originally proposed but the CIL rates for hotels in Zones B, C and D will be charged at a lower rate at £75 per m2. It was noted that the nightly rates for hotels across the borough tend to be lower outside Zone A, due to the offer available. Four-star hotels

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Ref	Name	Theme	Comment	Lambeth Response
			when one hasn't been imposed previously, and as such, this is an untested and unjustified approach. The adopted CIL Charging Schedule presently imposes a £100 per sq m levy on hotel development in Zone A and a £0 rate on all other Zones, which is reflective of the fact that land values will be higher here than elsewhere. The introduction of a levy on hotel development in Zone B will also impact upon the ability of the Council to secure planning obligations through Section 106 Agreements for contributions towards essential infrastructure, for example, affordable workspace. The ability of new hotel developments in Lambeth to deliver contributions from 1 April 2019 is also likely to be affected by the increase in the Mayoral CIL from £35 to £60 per sq m. In light of this, the Council would be better served by not adopting a CIL charge for hotel development in Zone B and continuing to use S106 payments to deliver infrastructure required to support development. **Conclusion** Paragraph 80 of the NPPF 2019 states that planning policies should help create conditions in which businesses can invest, expand and adapt. The introduction of a levy on hotel development in Zone B is inconsistent with the NPPF and with the need identified within the Council's emerging evidence base (Topic Paper 5). In light of this, we request that the Council amend the Draft Charging Schedule to carry forward the £0 per sq m rate for new hotel development in Zone B. As a regeneration site, which is within a Conservation Area, the redevelopment of 68-86 Clapham Road should be the Council's priority and, therefore, development coming forward on the site should not be burdened by the levy. We wish to be kept informed of any further consultations on the Local Plan and when the emerging Local Plan will be submitted to the Inspector.	in Lambeth are located in Zone A and elsewhere, hotels are predominantly budget hotels. Land values in Lambeth have increased in the last several years such that they can accommodate an increase in the CIL rates without being a disincentive to future development. This increase is required in order to deliver the essential infrastructure needed to support growth in the borough, as set out in the IDP.

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Ref	Name	Theme	Comment	Lambeth Response
C18	Southbank Hotel Management Company Ltd c/o ROK Planning	Hotels	Our client would like to object to the proposed increase in the charging rate from £100/sqm to £200/sqm as stated in the draft charging schedule for new hotel development. We consider such a policy approach should be applied taking account of viability considerations at the site specific level. The increase in CIL charge will reduce incentivisation in hotel investment, which is at odds with the Mayor's strategic objective which seeks to manage/balance the competing functions of the Central Activities Zone (CAZ) as a retail and leisure destination, visitor attraction, global office centre, and home to residential neighbourhoods. This does not consider the wealth of economic benefits hotel development can bring to the CAZ which the Council themselves state to be integral to the economic growth of CAZ.	The response to C17 applies equally to this representation. For the purposes of plan-making and bringing forward (or reviewing) a CIL charging schedule, it is not reasonable to require testing of every potential development site in the borough; nor is this required by the guidance. CIL is a fixed charge and cannot take account of site-specific viability considerations. Prevailing CIL rates are significantly higher than when adopted as a result of indexation, so the difference between prevailing and proposed rates is not as great as suggested.
C19	Waterloo Hub Hotel Ltd c/o ROK Planning	Hotels	Our client would like to object to the proposed increase in the charging rate from £100/sqm to £200/sqm as stated in the draft charging schedule for new hotel development. We consider such a policy approach should be applied taking account of viability considerations at the site specific level. The increase in CIL charge will reduce incentivisation in hotel investment, which is at odds with the Mayor's strategic objective which seeks to manage/balance the competing functions of the Central Activities Zone (CAZ) as a retail and leisure destination, visitor attraction, global office centre, and home to residential neighbourhoods. This does not consider the wealth of economic benefits hotel development can bring to the CAZ which the Council themselves state to be integral to the economic growth of CAZ.	The response to C17 and the further point made in response to C18 apply equally to this representation.
C20	Travelodge Hotels Ltd c/o Smith Jenkins Town Planning	Hotels	We write to provide representations on the Draft Charging Schedule 2020 in respect of the rate for hotels within Lambeth. At present the CIL charge in Lambeth for hotel development is £100 p/sqm (or approximately £139 p/sqm index linked) for Zone A and a zero rate for Zones B and Zone C. These rates came into force in 2014.	The response to C17 applies equally to this representation.

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Ref	Name	Theme	Comment	Lambeth Response
			Travelodge submitted representations to the proposed hotel rates originally proposed in 2013 and appeared at the Examination in 2014. These rates were originally £250 p/sqm for Zone A and £125 p/sqm for Zones B and C. The Examiner in his report dated May 2014 concluded in respect of hotel rates that *"The proposed rates for student accommodation and hotel developments rely on assessments which have been shown not to be sound, but with modifications which will not put developments at risk, can be recommended for approval". (Non Technical Summary)* The required modification was to "*Reduce the CIL Rate for hotel development in Zone A from £250 to £100 per square metre, and for Zones B and C to Nil". (Non Technical Summary)* The CIL rate now proposed for hotel development is £200 p/sqm brough wide. This rate is therefore in excess of the current rate for Zone A and obviously significantly in excess of the zero rate for Zones B and C. The revised proposed rates are based on updated viability work undertaken by BNP Paribas Real Estate, with the latest Viability Review report dated December 2019. For hotel development this represents new viability work as opposed to updating the work first undertaken in 2013 that undertook a single hotel appraisal of Travelodge Vauxhall that we raised issues with at the time. As a point of clarification, the Viability Review refers in tables 1.7.1 and 7.5.1 to the existing hotel rate being £100 borough wide. This is not correct as is more accurately reported in table 4.23.1. The viability work appraises 29 development typologies on sites across the Borough, two of which are budget hotel schemes (sites 27 and 29). Site 27 is a 150 bed budget hotel with a floorspace of 4,200 sqm across 6 floors. Site 28 is a 150 bed budget hotel with a floorspace of 5,250 sqm across 10 floors.	

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			Site 29 is then a 4* luxury hotel with a floorspace of 12,500 sqm across 20 floors. Site 27 is closely aligned with a Travelodge hotel as we would expect the floorspace per room to be approximately 28 sqm as quoted. Whilst some key details for each site are provided, it's not possible to review all details of the site appraisals including their geographical location, meaning they cannot be fully interrogated. In this letter we don't seek to comment on the overall appraisal methodology adopted or the hotel appraisals, including because not all details are provided. Instead we focus on a few of the key inputs for hotel development, as if these are materially incorrect any appraisal prepared using them is of reduced accuracy. We focus on the key hotel inputs of rent, investment yield and build cost. The Viability Review (Dec 2019) sets these assumptions out in paragraphs 4.12 and 4.13. The draft charging scheme divides the Borough into four Zones, so this in itself is slightly at odds with the appraisal methodology of dividing the Borough into three areas (that aren't defined on a map). We refer to Zones below and work on the basis that Zone A and B is North, Zone C is Mid-brough and Zone D is South. **Rent** The assumed rent per sqm is North: £450, Mid-borough: £400, South: £350. For Site 27 this would equate to a rent of between £1.47m and £1.89m, depending on location. On a per room basis this would equate to between £9,800 and £12,600. For Site 28 this would equate to a rent of between £1.83m and £2.36m, depending on location. On a per room basis this would equate to between £12,200 and £15,750.	

Ref	Name	Theme	Comment	Lambeth Response
			Whilst such rents may be achievable in Zone A, and to some extent Zone B, they certainly wouldn't be realistic in Zones C and D. Travelodge advise that rents between £9,000 and £12,000 are realistic for Zones A and B. This equates to a rent of between £321 p/sqm and £428 p/sqm for Site 27 and between £257 p/sqm and £343 p/sqm for Site 28. These levels of rent therefore lag behind the quoted assumed rent of between £400 and £450 for mid Borough and North. Travelodge advise that for Zones C and D rents would be more like £8000 to £9000. This equates to a rent of between £286 p/sqm and £321 p/sqm for Site 27 and between £229 p/sqm and £257 p/sqm for Site 28. In these zones a similar pattern emerges in that the rents are less than the assumed level of between £350 and £450 for South and mid Borough. In light of the above, the assumed rent per sqm for each of the three areas is considered to be too high. Having regard to Site 27, the closest comparable to a Travelodge the rent is up to 25% too high. **Yield** An investment yield of 5% is assumed for every location. This not realistic as yields will be lower in Zones A and B than Zones B and C for example. In Zone A Travelodge advise that a yield of 5% would be achievable 5%, but it would then tend to rise to 5.5% in Zone B and then within Zones C and D would start to approach 6%. It is therefore considered that on a conservative basis that a yield of 5% is appropriate for Zone A, but that the yields should be higher for Zones B, C and D.	

Ref	Name	Theme	Comment	Lambeth Response
			More conservative yields should be adopted, as opposed to a blanket very best case. A small change in yield can have a dramatic change in the capital value of a scheme. **Construction Costs** The construction cost quoted is £1982 p/sqm is considered to be far too low. For Site 27 on a per bedroom basis this works out to be about £55,500 Information held by Travelodge and current tender information within London suggests that hotel construction costs in Greater London should be upwards of £90,000, which breaks back to £3,214 p/sqm. Construction costs are therefore far too low. Paragraph 4.13 of the Viability Review sets out the build cost assumptions and states: *"We have sourced build costs from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes. Base costs (adjusted for local circumstances by reference to BICS multiplier) are as follows …"* However, we are advised that the costs in BCIS are being skewed with non-London sites and not reflecting the complexity's associated with working in London. Further, none of the schemes detailed in the BCIS analyses are Travelodge projects so are not representative of the construction cost. Taking such average and low figures is not a robust construction cost input for the appraisal work. In summary, the rent, yield and construction cost inputs used casts some doubt on the robustness of the hotel appraisals, and particularly in Zones C and D where rents will be lower and yields higher, combined with similar construction costs. Given this, Travelodge are of the view that the hotel CIL rate should be reduced to a lower rate in Zone A and B and significantly reduced for Zones	

Ref	Name	Theme	Comment	Lambeth Response
			C and D, to assist in the future viability of hotel development in the Borough. Furthermore, a single hotel CIL rate across the whole Borough doesn't appear to be a sensible or justified approach. Travelodge request to appear at the Examination.	
C21	London Hotel Group c/o Barton Wilmore LLP	Hotels	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.	The response to C17 applies equally to this representation.

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			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.	
C22	Wolfe Commercial Properties Southbank Limited c/o CBRE Ltd	Office	These representations have been submitted in respect of our client's landholding at 76-78 Upper Ground, which is currently the subject of a planning application for refurbishment, part demolition and extension, to upgrade the building and provide c.35,000 sqm of additional office space. For Zone A, where the site is located, the proposed CIL rate for office development is forecast to increase from £125 (plus indexation) to £225 per sqm. This is a significant increase which has not been fully assessed in the BNP report alongside the impact of affordable workspace. We do not consider that this strikes an appropriate balance between ensuring development remains viable and contributing to infrastructure, particularly when taking into account the requirement for affordable workspace and other significant S106 contributions. The 2019 BNP report notes at paragraph 7.7. that the need to deliver affordable housing needs to be balanced with the need to secure contributions to fund community	The policy requirement for affordable workspace has been fully considered in the Viability Review and informs the testing of viability for relevant development typologies. This was clearly noted under paragraph 7.2 (page 72) of the Viability Review. Refurbishment schemes such as the one proposed for 76-78 Upper Ground will result in increased rents, otherwise such schemes would not proceed. Where policy requirements cannot be viably achieved in a given development proposal as a result of site-specific circumstances, viability can be tested for that proposal during the planning application process, as set out in Draft Revised Lambeth Local Plan Policy ED2(f).

Ref	Name	Theme	Comment	Lambeth Response
			infrastructure that will support development and growth. There is no such flexibility noted for affordable workspace; however, the increase of CIL rates on both types of development is noted to have a less than 5% impact on viability. Should the increased CIL rate be imposed, there should be some flexibility on the approach to affordable workspace, as described above.	
C23	Stanhope plc c/o Geraldeve	Office/ affordable workspace	In terms of the proposed CIL charging schedule there is a sum set out for all office class B1 uses. There is no exemption however for affordable workspace in the way that affordable housing provision benefits. We would like to highlight a potential issue in terms of existing offices that are to be demolished and replaced with a new office building. For example, where an existing office is demolished and rebuilt, a developer is required to provide affordable workspace on gross floorspace and not uplift, pay CIL on all the office floorspace and be zero carbon. These elements have significant costs, and when weighed against retaining and refurbishing the office building, the costs versus value gained may not weigh in favour of the new build route. There will then be a situation where there will be lots of older office buildings being retained that are not as sustainable, efficient, not as high quality and where site density has not necessarily been optimised. Furthermore, the benefits derived from CIL and delivery of affordable workspace will be lost. Given that there are significant benefits associated with the provision of affordable workspace in terms of supporting start-up businesses within London and also upskilling, it is considered that affordable workspace should have a NIL CIL rate and this should be clarified in the draft CIL charging schedule or alternatively, affordable workspace should be sought on uplift only and this point is made in Stanhope's representations to the Draft Local Plan also.	The Council does not agree with the suggestion for a nil CIL rate for affordable workspace. As noted in paragraph 7.2 (page 72) of the Viability Review, the proposed CIL rate for offices have been tested for viability alongside the policy requirement for affordable workspace. The question of whether affordable workspace should be secured on gross or net office floorspace in office redevelopment schemes was considered during the examination of the Draft Revised Lambeth Local Plan and is outside the scope of the CIL examination. The proposed CIL rates for offices already take into account the cost of delivering affordable workspace so there is no need to nil rate it. Where policy requirements cannot be viably achieved in a given development proposal as a result of site-specific circumstances, viability can be tested for that proposal during the planning application process, as set out in DRLLP Policy ED2(f).

Ref	Name	Theme	Comment	Lambeth Response
			We would be grateful if these comments can be taken into account as part of the consultation process and look forward to being kept informed of the next steps in terms of the emerging Local Plan.	
C24	SIXTYFIVE House S.a.r.l (HB Reavis UK Ltd) c/o DP9 Ltd	Office	**The Infrastructure Delivery Plan** We wish to make the following comments on the draft Infrastructure Delivery Plan ('IDP'): • At page 27 of the document, under Waterloo Public Realm Projects, 'Victory Arch Square' is listed. It is not clear what element of the total cost of £30m is attributed to this space, however a funding gap of £29.6m is indicated suggesting that only £0.4m has been allocated for all of the projects. The Elizabeth House planning application includes works to deliver Victory Arch Square which are being committed to through the section 106 agreement. These works are estimated to cost approx. £3.8m, and so this should be reflected in the IDP; and • At page 31 of the document, step free access to the Northern Line at Waterloo Station is identified. HB Reavis have increased the level of funding being provided to this project through the section 106 agreement for Elizabeth House from £1.7m to £2.2m, as well as facilitating and delivering the works on their site. The element to be provided as an Infrastructure Payment through Lambeth CIL (if approved by the Council) will in turn reduce to £2.3m and so this should also be reflected in the IDP. We consequently request that the IDP is updated to reflect these minor changes. **The DCS** We wish to maintain our objection to the proposed increase in office rates within Zone A – Waterloo and Vauxhall. We do not consider that they strike an appropriate balance between the desirability of funding infrastructure and the potential impact upon the economic viability of development in this area. Specifically, we consider that in combination with other factors they will make	SixtyFive House's comments on the Draft Infrastructure Delivery Plan are noted. The Council does not agree that proposed CIL rates for office development in the Zone A CIL Charging Zone will discourage future office developments in the area. In respect of the development at Elizabeth House, SixtyFive House has identified a 48% increase in cost per sq m over a previous planning permission for office and residential use which was granted planning permission only 4 years previously in 2015. The increase is due to the combined effect of the increase in Mayor's CIL (MCIL2) which came into effect in April 2019, the new requirement for affordable workspace, and further site-specific works and mitigation required on the site. However, the representation by SixtyFive House fails to mention that the gross development value of the scheme has increased significantly due to rent increases and yield compression since permission was granted. In Zone A, the Viability Review appraisals indicate that the maximum CIL rates exceed £2,000 psm, which is almost ten times the proposed rate, so there is a significant margin to deal with higher costs. The appraisals that were undertaken already takes into account the combined impact of MCIL2 and emerging requirements from Lambeth's Draft Revised Local Plan and the Draft London Plan.

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			the delivery of the necessary office floorspace required by policy in Waterloo unviable. We continue to have significant concerns in relation to the proposed rates, principally on the grounds of the cumulative impact that would result from Lambeth's proposed higher CIL rates in combination with three other key demands on office development in Waterloo and at the Elizabeth House site in particular: • The Mayor's CIL which came into effect on 1st April 2019; • The policies contained within the Draft London Plan and Draft Lambeth Local Plan which seek the provision of an element of affordable workspace in office developments; and • The critical need for strategic public realm and transport improvements that can only be provided through site-specific works and mitigation on the Elizabeth House site. The Council resolved to grant planning permission for the redevelopment of the Elizabeth House site in October 2019. The proposals include a very significant package of CIL and S106 contributions towards the delivery of infrastructure and other planning benefits in Lambeth, including inter alia: • Est. £23,571,739.91 of Lambeth CIL • Approx. £17.7m of public realm works to the Waterloo Station environs • Affordable workspace totalling £33.27m • Contribution towards step free access for the Northern Line at Waterloo Station of £2.2m • Further financial contributions totalling approx. £4m These contributions amount to approx. £106m, which equates to £590 per sq m of office GIA floorspace. This amounts to a 48% increase in cost per sq m over a previous planning permission for office and residential use which was granted planning permission only 4 years previously, in 2015, representing a significant additional burden. A further increase would present increased risk, either if planning permission is not secured prior to the new charging schedule taking effect, or if an amended or new application became	

Ref	Name	Theme	Comment	Lambeth Response
			necessary in order to deliver this incredibly challenging and complicated project. Our concern extends to other future office development in Waterloo. We support the creation of a thriving office district at Waterloo, with South Bank Place and Elizabeth House at its heart, and are concerned that setting CIL rates too high will discourage further growth which will in turn restrict further improvements to the public realm and transport infrastructure. We continue to have significant concerns about the ability of office development in Waterloo to absorb such a massive increase in CIL rates and overall planning gain, and meet all the other strategic and local requirements that are placed upon it. **Viability Study** Comments on the Viability Study are provided by DS2 in their enclosed statement. In summary they consider that the relevant evidence in the form of the Evidence Base does not yet support the increase of the CIL liability for offices in Zone A. It is DS2's opinion that increasing the rates over and above the existing CIL liabilities from the 2014 Charging Schedule (as indexed), as is proposed, places significant additional financial burden on development projects. These projects, such as Elizabeth House, are already contributing to planning gain in a significant manner and the acceleration of the development of this part of the Southbank which has been left behind in respect of submarkets to the south and east. The increase in financial liabilities puts the delivery of office space, and the strategic objectives of the Development Plan, at risk. **Conclusion** In setting its revised CIL rates, Lambeth will determine whether office development in Waterloo does or does not come forward, and also whether it does or does not deliver the wider local and strategic benefits that the Council and its residents require. The Council submitted strong representations to the Mayoral CIL2 consultation process, seeking justification for the significant increase in CIL	

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			rates in Vauxhall and Waterloo. It raised particular concern about "the impact that MCIL2 will have on development coming forward in the borough at a time of growing economic uncertainty", and in particular "the impact on development coming forward to drive London's economic future in Waterloo and Vauxhall". The representations further state that "The Council does not agree with these assumptions as whilst the Council has granted planning permission for major development in Waterloo and Vauxhall, for the most part, these permissions have yet to be implemented and there is every indication that they may not be implemented in their current form. Adding a further charge is going to exacerbate this difficulty and prevent the Council from bringing forward much needed jobs and affordable homes." In their own representations, Lambeth conclude that "Substantial investment in public transport in Waterloo continues to be necessary to facilitate the intensification of commercial, residential and cultural facilities associated with a major transport hub, a major office location and a Strategic Cultural Area." We consequently question why the Council is still proposing to add its own additional charge on top of the Mayor's 'further charge' to which it had previously objected. HB Reavis agreed with Lambeth in its opposition to the higher Mayoral CIL 2 charge for Waterloo, and that further charge has resulted in the planning permission for Elizabeth House being unable to deliver the full range of strategic improvements to Waterloo Station that it could have delivered had the charge been kept at the lower rate (for example by having to request an Infrastructure Payment of £2.3m from the Council to secure step free access to the Northern Line). Increasing the Lambeth CIL rate will draw further funds away from necessary improvements to Waterloo, and potentially threaten the delivery of more offices in Waterloo entirely. **Further representations and appearance at the Examination in Public** We reserve our right to supplement these representations in due course, and respectfully request that they be taken into account. We wish to be informed	

Ref	Name	Theme	Comment	Lambeth Response
			of the next stages of the Charging Schedule review, including the Examination in Public.	
C25	SIXTYFIVE House S.a.r.l (HB Reavis UK Ltd) c/o DS2 LLP	Viability evidence	**Lambeth draft Charging Schedule (January 2020)** Lambeth's existing Charging Schedule is dated October 2014 and includes office development in Zone A (comprising Waterloo and Vauxhall) at £125 per sq m Indexed to today's date this equates to £174.69 per sq m according to the Charging Authority's Annual CIL rate summary. Lambeth have published an updated draft Charging Schedule dated January 2020. The draft Charging Schedule incorporates a proposed CIL rate for offices for Zone One of £225 per sqm, an increase of c.30 per cent. The draft Charging Schedule is supported by an evidence base as required by the Community Infrastructure Levy Regulations 2010 (as amended) collated by BNP Paribas. The evidence base assesses the ability of a range of development typologies to absorb an increased CIL cost. In setting rates, Regulation 14 of the 2010 CIL Regulations state that Charging Authorities must strike an appropriate balance between: a) The desirability of funding from CIL (in whole or in part), the actual and expected estimated total cost of infrastructure to support the development of its area, taking into account other actual and expected sources of funding; and b) The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area. Government guidance on the interpretation of the Regulations published in June 2014, states at paragraph 14 that *'A charging authority should take development costs into account when setting its levy rate or rates, particularly those likely to be incurred on strategic sites'* (paragraph 20). Further, guidance states that viability should consider the specific circumstances of strategic sites and this includes the potential to undertake specific viability assessments of sites that are critical to delivering the strategic priorities of the plan.	The Council disagrees that the Viability Review in support of the Draft Revised Lambeth Local Plan and Draft Charging Schedule 2020 is flawed and therefore cannot support increasing CIL rates over and above the 2014 CIL Charging Schedule. In the view of the Council, the viability evidence supporting the Draft Charging Schedule 2020 is fully consistent with the latest requirements of the PPG and demonstrates the proposed CIL rates can viably be charged in combination with emerging development plan policies without placing an undue burden on developers. The methodology and assumptions used to test a range of development typologies in the Viability Review are considered valid. As stated in the Viability Review, the current 2014 Charging Schedule is based on viability evidence from August 2012, with much of the data relied upon in that study dating to early 2012. Since that time, the Land Registry House Price Index has increased from an average price of £313,000 to £502,000 (60%). Over the same period, the BCIS General Building Cost Index has increased from 308.5 (Jan 2012) to 357.8 (April 2019), an increase of 16%. When applied to a residual value, these changes increase typical residual land values by 97%. The net to gross ratio applied to major offices schemes in the Viability Review is 78%, not 85% as suggested by the representation at C24b. There is also the suggestion that the £75m per hectare Benchmark Land Value for existing

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			The Lambeth Local Plan (2015) and the Waterloo Area SPD (2013) identify the Site as a development of strategic importance. Clearly, the Site in consideration constitutes strategic development under the definitions contained within the Regulations and the Guidance. Given the scale of the extant consent and resolution to grant recently obtained, it is fundamental to the setting of the CIL rates in the draft Charging Schedule that the evidence base that supports the proposed rates, in this case the office rate, is not detrimental to the delivery of the proposed development. The delivery of the Site will play a major role in contributing to the objectives of the Development Plan and the ongoing regeneration of this part of the capital. The subject Site is the single largest office development in the Charging Authority area, and amongst the biggest in the capital. Its delivery is of fundamental importance to the delivery of the Development Plan and the regeneration of the immediate Waterloo station area, and indeed has broader implications. **BNP Paribas Evidence Base** The BNP Paribas viability report ('the Evidence Base'), dated December 2019, tests the ability of developments in the Charging Authority area, to accommodate the emerging polies in the draft revised Lambeth Local Plan and revised rates contained in the draft Charging Schedule. There is a fine balance between securing the delivery of much needed infrastructure in the Charging Authority area, as identified in the Regulation 123 list, and ensuring that additional financial liabilities are not overly onerous which could have a detrimental impact on the prospects of delivery. In seeking to assess the viability or a range of development types and uses, the Evidence Base adopts a recognised approach, supported by national planning policy and guidance, comparing the Residual Land Values (RLV) of development scenarios with a range of Benchmark Land Values (BLVs). The	offices in Zone A was too low, citing the purchase of the Elizabeth House site for £120m per hectare. However, it should be pointed out that this particular site had extant permission for an office scheme, and this will have underpinned the price paid, not the value of the existing building. For office developments in Zone A, the Viability Review appraisals indicate that the maximum CIL rates exceed £2,000 psm, which is almost ten times the proposed rate, so there is a significant margin to enable schemes to come forward.

Ref	Name	Theme	Comment	Lambeth Response
			BLVs are predicated on a series of Existing Use Values (EUVs) to which a premium is added in order to incentivise a landowner to release a site for development. For a scheme to remain viable, the RLV must be higher that the BLV. Clearly, if the range of obligations and CIL liabilities are too high then this places the delivery of the development at risk. We note that the Mayoral CIL rate is at £185 per sqm in this location and Lambeth, through draft policy ED2, are also seeking 10 per cent of employment workspace to be delivered at 50 per cent of market rents for a period of 15 years. The Evidence Base recommendation for the office rate in Zone A is: *'Office rents have increased significantly in Zone A and to a lesser extent in Zone B. As a consequence, capacity to absorb CIL contributions has been enhanced in new developments and we therefore suggest an increased rate of £225 per square metre. This rate could be extended from Zone A only in the adopted Charging Schedule to cover Zone B'.* The Evidence Base incorporates three office scenarios, namely a small, medium and large office scheme, the latter being on a 0.6 hectare plot. Rental levels for the Zone A scenarios are set at £700 per sqm (£65 per sqft), with a 5.25 per cent investment yield and a 12 month rent free period. Build costs are incorporated at £2,082 per sqm and inflated by an additional 15 per cent to allow for external works, 6 per cent to meet the cost of increased energy requirements, and an additional 1.4 per cent to reflect zero carbon & BREEAM. We would note that the build costs allowed for in the office scenarios are significantly below those envisaged for the subject Site and information provided by Landowner provided by their cost advisors Gardiner & Theobald, illustrate present day construction costs of £4,628 per sqm on the project GIA over double the Evidence Base figure. Exceptional costs are not allowed for given the nature of the study, i.e. borough-wide assessment rather than a site-specific assessment, the latter	

Ref	Name	Theme	Comment	Lambeth Response
			of which may benefit from site investigations. It is not clear from the Evidence Base whether capital costs have been made for basement works and clearly a significant allowance would be required for such works at the subject Site. The Evidence Base proposes a gross to net efficiency of 85 per cent and this is reasonable for a large office above ground, however if the basement has been included in the Evidence Base, then the efficiency is overstated. If the basement area is excluded, then it would appear that costs are understated. Clarification is therefore sought on both matters. The exclusion of exceptional costs across all typologies leads us to question why the Site has not been fully tested as part of the Evidence Base. We note that the Evidence Base allows for £50 per sqm for demolition costs. DS2 are advised by the Landowner that the costs of demolition on the subject Site are four fold, in the region of £193 to £236 per sqm. As such, particularly given the size of the existing building, the demolition costs for the Site are significantly underestimated. In respect of BLVs, Zone A offices are valued at £75m per hectare for existing offices. We note that the landowner acquired the subject Site in May 2017 for £250m equating to c.£120m per hectare, albeit this would have included an element of hope value over and above the EUV, reflecting the existence of the extant consent. However, the Evidence Base states at paragraph 4.39 that the BLVs reflect EUV plus some hope value in order to incentivise the landowner to release the Site for development. The Evidence Base tests a range of scenarios: the adopted rate, the indexed rate and three alternative higher rates (up to £225 per sqm). The Evidence Base also includes the provision of affordable workspace, similarly, adopting a range of scenarios, however given the emerging policy on this matter we have analysed the 10 per cent of floorspace for a 15-year period with a 50 per cent discount, as this reflects said policy. The impact of the imposition of affordable workspace on the residual outputs, on all three office scenarios in	

Ref	Name	Theme	Comment	Lambeth Response
			Zone A (10,000, 40,000 & 100,000 sqm GIA), is a c. 5 per cent reduction in value. Section 6.46 of the evidence base states that office rents in Zone A have increased significantly since the 2014 Charging Schedule was adopted. This evidence is presented in Table One on the following page. Research has been undertaken to assess the validity of this statement. The table below illustrates lettings of 50,000 sq ft or greater in Zone A from 2014 to 2020. Only two are new build lettings in excess of 50,000 sqft and these are as follows: - One Southbank, the redevelopment of the former Shell Centre by Canary Wharf Group and Qatari Diar where Shell have leased c. 270,000 sqft and WeWork, the serviced office provider, have leased c. 300,000 sqft. The office provision is delivered as part of a larger mixed use residential led development and the effective rental levels (once rent frees are factored in) are respectively equal to, and lower, than the rents adopted in the Evidence Base. Cushman & Wakefield who are advising the Landowner, report that there has been office rental growth in the broader Southbank office marketplace since the date of the WeWork deal in 2007 however this is more applicable to the mature office markets of More London and Bankside (around Southwark Street and Blackfriars Road). - Embassy Gardens – office phase of Ballymore's multi phased, residential-led redevelopment of the Nine Elms site. The office component is located next door to the US embassy and the space will be occupied by Penguin albeit the rental levels have not been made public. Please note that whilst this building is in Zone A it is in the Nine Elms market where there is a critical mass of new development, a new station and so on. DS2 understands from Cushman that the original Penguin deal was agreed at £52.50 psf however the landlord is now seeking high rents on the remaining space in return for the investment that has been accrued on the delivery of infrastructure and improved amenity in the area.	

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In addition to this there have been a couple of new build lettings which are sub 50,000 sq ft:

- Sky Gardens, Wandsworth Road – office space delivered as part of a residential led mixed-use development to be occupied by Chinese developer R&F who are delivering several major development projects of their own in the vicinity. Rents are lower than those reported in the Evidence Base;
- One Pear Place – small office development arranged over five floors with retail ground (c. 10,370 sq ft) close to Waterloo Station constructed in 2017 and occupied by Cyberark. Reported effective rents at £59.50 per sqft are less than those in the Evidence Base.

In summary, office development in Zone A has been as a result of residential led mixed-use development where residential is the primary value driver. One Pear Place is the exception as a standalone office building. The rents are all below those assessed in the Evidence Base and as such, those adopted in the Evidence Base appear aspirational.

Table One: Office Lettings in Excess of 50,000 sqft, Zone A (Waterloo / Vauxhall), 2014-2020

Address		Total SF	Rent	Rent Type	Lease Type	Term	Tenant
Nine Elms Ln (Embassy Gdns)	Penguin deal	86,983			Direct		Penguin Random House
York Rd	Southbank Place	296,838	65.00	Effective	Direct	20 yrs	WeWork
Westminster Bridge Rd		53,604			Sublease		County Hall Arts
74-78 Upper Ground	IBM datacentre	218,973	27.53	Effective	Direct	13 yrs	IBM
1 Citadel Pl		94,824			Direct	10 yrs 8 mos	National Crime Agency
York Rd	Southbank Place	272,938	55.00	Effective	Direct	20 yrs	Shell UK Ltd
133-155 Waterloo Rd		120,099					Public Health England
1 Citadel Pl		52,090	27.92	Effective	Assignment	1 yr 2 mos	National Crime Agency
60-72 Upper Ground	ITV	153,032	34.96	Effective	Direct	24 yrs	ITV

The Evidence Base incorporates no voids (i.e. the office scenarios are deemed to be fully leased at practical completion) and only a 12 month rent free period. As the reference to 22 Bishopsgate on page one illustrated (being 41 per cent let at practical completion), there are likely to be significant costly void periods on the subject Site which will erode the real viability position.

Cushman advise the following rent free periods depending on the lease length being considered - 24 months for 10 years, 30-35 months for 15 years & 40-48 months for 20 years. Further, in respect of voids, their expectation is

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			30 per cent of the floorspace to be let during construction and this reflects their experience on new build office accommodation across the capital. As a final comment, DS2 have reviewed the office appraisals which are provided in an excel format rather than Argus. It would appear that letting fees and disposal costs have been excluded albeit this may be an oversight on our part. **Summary** In summary, there are a series of flaws, identified above, in the generic modelling that require updating in order to more accurately appraise the office typologies. In accordance with Regulation 16, a Charging Authority must make available the relevant evidence in support of a draft Charging Schedule. Relevant evidence in this context, as defined by the Regulations, means *'evidence which is readily available and which, in the opinion of the charging authority, has informed its preparation of the draft charging schedule'.* In DS2's opinion, the relevant evidence in the form of the Evidence Base does not yet support the increase of the CIL liability for offices in Zone A. It is our opinion that increasing the rates over and above the existing CIL liabilities from the 2014 Charging Schedule (as indexed), as is proposed, places significant additional financial burden on development projects. These projects, such as the subject Site are already contributing to planning gain in a significant manner and the acceleration of the development of this part of the Southbank which has been left behind in respect of submarkets to the south and east. The increase in financial liabilities puts the delivery of office space, and the strategic objectives of the Development Plan, at risk.	
C26	MEC London Property 3 Ltd c/o DS2 LLP	Office	**Lambeth draft Charging Schedule (January 2020)** Lambeth's existing Charging Schedule is dated October 2014 and includes office development in Zone A (comprising Waterloo and Vauxhall) at £125 per sq m Indexed to today's date this equates to £174.69 per sq m according to the Charging Authority's Annual CIL rate summary. Lambeth	The Council disagrees with the suggestion from this representation made at C25 that the Viability Review in support of Lambeth's Draft Revised Local Plan and Draft Charging Schedule 2020 is flawed and therefore cannot

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			have published an updated draft Charging Schedule dated January 2020. The draft Charging Schedule incorporates a proposed CIL rate for offices for Zone One of £225 per sqm, an increase of c.30 per cent. The draft Charging Schedule is supported by an evidence base as required by the Community Infrastructure Levy Regulations 2010 (as amended) collated by BNP Paribas. The evidence base assesses the ability of a range of development typologies to absorb an increased CIL cost. In setting rates, Regulation 14 of the 2010 CIL Regulations state that Charging Authorities must strike an appropriate balance between: c) The desirability of funding from CIL (in whole or in part), the actual and expected estimated total cost of infrastructure to support the development of its area, taking into account other actual and expected sources of funding; and d) The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area. Government guidance on the interpretation of the Regulations published in June 2014, states at paragraph 14 that: *'A charging authority should take development costs into account when setting its levy rate or rates, particularly those likely to be incurred on strategic sites'* Further, guidance in the Planning Practice Guidance ("PPG") states that viability should consider the specific circumstances of strategic sites and this includes the potential to undertake specific viability assessments of sites that are critical to delivering the strategic priorities of the plan. The Lambeth Local Plan (2015), the Waterloo Area SPD (2013) and the Draft Revised Lambeth Local Plan (2020), Proposed Submission Version (see "Site 9"), all identify the Site as a development of strategic importance. Clearly, the Site in consideration constitutes strategic development under the definitions contained within the Regulations and the accompanying Guidance, and the PPG.	support increasing CIL rates over and above the 2014 CIL Charging Schedule. In the view of the Council, the viability evidence supporting Lambeth's Draft Charging Schedule 2020 is fully consistent with the latest requirements of the PPG and demonstrates the proposed CIL rates can viably be charged in combination with emerging development plan policies without placing an undue burden on developers. The methodology and assumptions used to test a range of development typologies in the Viability report produced by BNP Paribas Real Estate are considered valid. As stated in the Viability Review, the current 2014 Charging Schedule is based on viability evidence from August 2012, with much of the data relied upon in that study dating to early 2012. Since that time, the Land Registry House Price Index has increased from an average price of £313,000 to £502,000 (60%). Over the same period, the BCIS General Building Cost Index has increased from 308.5 (Jan 2012) to 357.8 (April 2019), an increase of 16%. When applied to a residual value, these changes increase typical residual land values by 97%. The net to gross ratio applied to major offices schemes in the Viability Review is 78%, not 85% as suggested by the representation at C25. There is also the suggestion that the £75m per hectare Benchmark Land Value for existing offices in Zone A was too low, citing the purchase of the ITV studios site for £144m per hectare. However, it should be pointed out that this particular site had extant permission for an office scheme, and this will have

Ref	Name	Theme	Comment	Lambeth Response
			Given the scale of the extant consent it is fundamental to the setting of the CIL rates in the draft Charging Schedule that the evidence base that supports the proposed rates, in this case the office rate, is not detrimental to the delivery of the proposed development. The subject Site is the single largest office development in the Charging Authority area after Elizabeth House (also in Waterloo). Its delivery is of fundamental importance to the delivery of the Development Plan and the regeneration of the Waterloo area. **BNP Paribas Evidence Base** The BNP Paribas viability report ('the Evidence Base'), dated December 2019, tests the ability of developments in the Charging Authority area, to accommodate the emerging polies in the draft revised Lambeth Local Plan and revised rates contained in the draft Charging Schedule. There is a fine balance between securing the delivery of much needed infrastructure in the Charging Authority area, as identified in the Regulation 123 list, and ensuring that additional financial liabilities are not overly onerous which could have a detrimental impact on the prospects of delivery. In seeking to assess the viability or a range of development types and uses, the Evidence Base adopts a recognised approach, supported by national planning policy and guidance, comparing the Residual Land Values (RLV) of development scenarios with a range of Benchmark Land Values (BLVs). The BLVs are predicated on a series of Existing Use Values (EUVs) to which a premium is added in order to incentivise a landowner to release a site for development. For a scheme to remain viable, the RLV must be higher that the BLV. Clearly, if the range of obligations and CIL liabilities are too high then this places the delivery of the development at risk. We note that the Mayoral CIL rate is at £185 per sqm in this location and Lambeth, through draft policy ED2, are also seeking 10 per cent of	underpinned the price paid, not the value of the existing building. For office developments in Zone A, the Viability Review appraisals indicate that the maximum CIL rates exceed £2,000 psm, which is almost ten times the proposed rate, so there is a significant margin to enable schemes to come forward..

Ref	Name	Theme	Comment	Lambeth Response
			employment workspace to be delivered at 50 per cent of market rents for a period of 15 years. The Evidence Base recommendation for the office rate in Zone A is: *'Office rents have increased significantly in Zone A and to a lesser extent in Zone B. As a consequence, capacity to absorb CIL contributions has been enhanced in new developments and we therefore suggest an increased rate of £225 per square metre. This rate could be extended from Zone A only in the adopted Charging Schedule to cover Zone B'.* The Evidence Base incorporates three office scenarios, namely a small (10,000 sq m GIA of B1 office), medium (40,000 sq m) and large (100,000 sq m) office scheme. A wholly commercial development at the subject site would put the potential provision of office floorpace between the medium and large office scenarios. We have commented on the Evidence Base below. **Revenue assumptions** Rental levels for the Zone A scenarios are set at £700 per sqm (c. £65 per sq ft), with a 5.25% investment yield and a 12-month rent free period. The client is currently being advised by Union Street Partners in respect of their short-term letting strategy. Union Street Partners are the foremost office agents operating in the 'SE1' sub-market, which includes Waterloo. They advise that the yield assumption is reasonable however have concerns in relation to the rent, rent-free periods and the letting void. *<u>Rental values</u>* Section 6.46 of the Evidence Base states that office rents in Zone A have increased significantly since the 2014 Charging Schedule was adopted. Research has been undertaken to assess the validity of this statement. In reality, there is actually very little relevant evidence from within the Zone A	

Ref	Name	Theme	Comment	Lambeth Response
			charging area. We understand from Union Street Partners that only 9% of letting transactions in the SE1 area, which includes Waterloo, Bankside, Borough, London Bridge and Bermondsey, were in the Waterloo area. Attached at **Appendix 1** of this letter is a table of major office lettings within the Zone A (Waterloo / Vauxhall) charging area, between 2014 and 2020. We have noted the following below which are for new build projects providing Grade A space (shaded blue within the Table at Appendix 1): • Southbank Place, York Road, Waterloo - the redevelopment of the former Shell Centre by Canary Wharf Group and Qatari Diar where Shell leased c. 270,000 sq ft in March 2015 and WeWork, the serviced office provider, leased c. 300,000 sq ft in June 2017. Despite the historic nature of both transactions, the headline rent at the WeWork letting is aligned with the Evidence Base at £65.00 per sq ft, however the rent-free periods are not disclosed and which we understand to be considerable. The Shell letting is at £55.00 per sq ft, below the rates adopted in the Evidence Base.; • Sky Gardens, Wandsworth Road, Vauxhall – c. 10,250 sq ft of office space delivered as part of a residential led mixed-use development to be occupied by Chinese developer R&F. Achieved rent is £52.50 per sq ft plus rent free, which is lower than those reported in the Evidence Base; • Embassy Gardens, Nine Elms – office phase of Ballymore's multi phased, residential-led redevelopment of the Nine Elms site. The office component is located next door to the US embassy and comprises c. 87,000 sq ft which has been pre-let to Penguin, albeit the rental levels have not been made public; • One Pear Place, Waterloo – small office development arranged over five floors with retail at ground floor (c. 10,370 sq ft) close to Waterloo Station constructed in 2017 and leased to Cyberark in January 2018. Reported rents at £59.50 per sq ft are less than those in the Evidence Base.	

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			• Vox Studios, Durham Street, Vauxhall – new build development located close to Vauxhall station. In 2019 Bloom & Wild leased 6,600 sq ft at a headline rent of £58.00 per sq ft, below the rates adopted in the Evidence Base. • Holmes House, 10 Holmes Terrace SE1 was leased to Broadway Malyan at £51.50 psf on a ten year lease with 12 months rent free for 12,300 sq. ft on March 2018 for possession in February 2019. This was a pre-let of a building from the frame. The building is immediately behind Waterloo Station. On balance, office rents would appear to be overstated for the Waterloo area, demonstrated, paradoxically, by a lack of relevant evidence in the Waterloo area when compared to more active SE1 submarkets such as Bankside and London Bridge. This is certainly not a robust, and demonstrable evidence base to support a 30% increase in rents from 2014. Additionally, the proposed rents do not appear to consider the impact of a 'pre-let' on the overall, average rent. A pre-let is a letting which is transacted before a building is practically complete. Typically, they are for large amounts of floorspace, let on longer than standard leases, helping to de-risk an office development so that development funding can then be secured, in the same way as an 'anchor' tenant in a shopping centre. In return for making an early, but long term commitment to a development, pre-let transactions are typically leased at a discount to the prevailing market rent as well as including significantly higher levels of rent-free periods. However, the relevant pre-let evidence noted above (Southbank Place, Embassy Gardens) is generally held confidentially by the respective developers of this buildings, however the discount is expected to be substantial, especially in the case of of embassy gardens as this was a 'true' pre-let, i.e. letting was agreed before construction commenced For a major office development, it is not unreasonable to assume that a significant proportion of the floorspace would be pre-let. Given the size of	

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Ref	Name	Theme	Comment	Lambeth Response
			the office building being tested by BNPP under the 'medium' and 'large' office scheme scenario, it should, in turn, be expected that there would be a significant pre-let component factored into the assessment of rental value, as well as rent free periods and letting void (see more detail below). On balance therefore it is considered that the headline rent adopted within the Evidence Base is overstated. *Rent free periods* Rent free periods are provided to occupiers of commercial floorspace as part of their lease as an incentive. BNPP adopt a rent-free allowance of 12 months in the Evidence Base. We are advised by Union Street Partners that rent-free periods typically work on 2-2.5 months per year of the lease. The current working assumptions for the Site are 24 months' rent free for a 10-year lease, 30-35 months for 15 years and 40-48 months for a 20-year lease. Further evidence can be provided if required. As we have noted, it is a reasonable to assume that a proportion of any major office scheme would be pre-let. Furthermore, pre-lets are typically let on longer leases, as shown by the evidence set out below (sourced London-wide)	

Ref	Name	Theme	Comment	Lambeth Response
			(table below)	

Scheme	Office floorspace (NIA)	Sign Date	Rent commencement Date	Term (years)
55 North Wharf Road, W2 1LA	68,400	2nd April 2018	1st June 2019	15
80 Charlotte Street, W1T 4QS	123,500	11th September 2017	1st October 2019	15
100 Liverpool Street, EC2M 2RH	160,998	13th February 2018	1st January 2020	20
Building 1, Curtain Road, EC2A 3ND	137,404	8th November 2017	15th January 2020	25
18-19 Hanover Square, W1S 1HY	57,200	23rd April 2018	1st October 2020	15
18-19 Hanover Square, W1S 1HY	53,916	5th March 2019	1st November 2020	20
17 Charterhouse, EC1N 6RA	158,284	6th June 2018	11th December 2020	25
Plot 2, 11 Canal Reach, N1 0AZ	230,509	23rd July 2018	1st December 2021	16
Plot 3, 11 Canal Reach, N1 0AZ	165,961	23rd July 2018	1st December 2021	16
Plot 2, York Way, N1 0AZ	196,002	23rd July 2018	1st December 2021	14
Soho Place - 1 Oxford Street, W1D 1AN	102,600	30th April 2019	30th June 2022	15
Building One - M7 Site, E20 1HZ	217,680	1st November 2017	1st December 2022	20

As such, the presence of a single (or multiple) pre-lets would need to be reflected in the overall levels of rent free adopted within the Evidence Base.

Letting void

A letting void is the time period it takes following practical completion of the building to fully let the building, at which point standard viability methodology assumes a theoretical sale of the fully let investment, so the time it takes to let the building is a material consideration to scheme viability.

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Ref	Name	Theme	Comment	Lambeth Response
			Within the Evidence Base BNPP do not assume any letting void, in effect suggesting that the entire office building is fully let at the point the building is practically complete. We are advised that this is a wholly unrealistic assumption for any major office building. For example, the Shard took four years to reach 100% occupancy. Another example is 22 Bishopsgate which comprises 1.2m sq ft of office floorspace and is due to complete next quarter and is only 41% let, located in the City in what is a more mature office market, where arguably there will be greater demand. Further evidence can be provided upon request. We are advised that market sentinment suggests an appropriate letting void for a large office typology in Zone A would be between 12 and 24 months. A knock impact of a longer letting void is that there are likely to be significant costly void periods that the developer will be liable for which will further erode the viability position. **Cost assumptions** Build costs within the Evidence Base are adopted at a rate £2,082 per sqm (£193 per sq ft) and inflated by an additional 15 per cent to allow for external works, 6 per cent to meet the cost of increased energy requirements, and an additional 1.4 per cent to reflect zero carbon & BREEAM, arriving at a total build cost figure of £239 per sq ft. We are advised by the Client's cost consultant Alinea,that the build costs allowed for currently for the Site are significantly higher than those adopted within the Evidence Base. Whilst Alinea cannot disclose the current cost estimates for the subject Site, they have, however, acted on a large number of major office developments across Central London, and have provided details of a number of major schemes which are set out below (exact site details omitted for confidentiality reasons). These are showing a range of £300 to £400 per sq ft GIA to shell & core and CAT A, and which are all significantly higher than the £239 per sq ft adopted within the Evidence Base. Further information on the example projects is included at **Appendix 2**.	

Ref	Name	Theme	Comment	Lambeth Response
			(table below)	

Project	£ per sq ft (on GIA) (assumes shell & core plus Category A fit out	Project details
Project A	£297	103,000 sqft GIA, 8 Storeys above ground, 1 basement level
Project B	£312	130,000 sqft GIA, 9 Storeys above ground, 1 basement level
Project C	£318	204,000 sqft GIA, 21 Storeys above ground, 1 basement level
Project D	£318	180,000 sqft GIA, 11 Storeys above ground, 1 basement level
Project E	£345	210,000 sqft GIA, 12 Storeys above ground, 1 basement level
Project F	£353	480,000 sqft GIA, 22 Storeys above ground, 2 basement level
Project G	£376	560,000 sqft GIA, 37 Storeys above ground, 2 basement level
Project H	£386	685,000 sqft GIA, 35 Storeys above ground, 2 basement level

Exceptional costs/ efficiencies

Exceptional costs are not allowed for given the nature of the study, i.e. borough-wide assessment rather than a site-specific assessment, the latter of which may benefit from site investigations. It is not clear from the Evidence Base whether capital costs have been made for basement works other ancillary areas and clearly a significant allowance would be required for such works at the subject Site.

The Evidence Base proposes a gross to net efficiency of 85 per cent and which reasonable for a typical office floor above ground. However, if the basement and other ancillary plant room and amenity space, e.g. bicycle store and shower rooms etc, has been included in the Evidence Base, then the efficiency is significantly overstated. Typically the overall net to gross area efficiency of a building of this size is in the region of 65% to 70%. The Client's cost consultant Alinea have provided information on net to gross efficiencies for the same benchmark projets A-H, summarised below and included at **Appendix 3.**

Ref	Name	Theme	Comment	Lambeth Response
			<table><tr><th>Project</th><th>Net to gross efficiencey</th></tr><tr><td>Project A</td><td>66%</td></tr><tr><td>Project B</td><td>70%</td></tr><tr><td>Project C</td><td>69%</td></tr><tr><td>Project D</td><td>69%</td></tr><tr><td>Project E</td><td>67%</td></tr><tr><td>Project F</td><td>67%</td></tr><tr><td>Project G</td><td>63%</td></tr><tr><td>Project H</td><td>64%</td></tr></table> If the basement area and ancillary space is excluded, then it would appear that costs are understated. Clarification is therefore sought on both matters. We note that the Evidence Base allows for £50 per sqm for demolition costs. DS2 are advised by the Client that ITV had previously sought tenders to demolish the existing building, which suggested costs which are 500% higher than those in the Evidence Base, in the region of £250 per sq m. As such, the demolition costs for the medium and large office typologies are significantly understated. *Other costs* It is not clear whether the costs of letting and disposing of the offices are included within the Evidence Base. This would include marketing costs, agent letting and disposal fees and the costs of legal advice in respect of letting and disposing. Clarification is sought on this matter. **Benchmark Land Value ("BLV")** In respect of BLVs, Zone A offices are valued at £75m per hectare for existing offices. There is no evidence for this figure contained within the Evidence Base. We note that the landowner acquired the subject Site in November 2019 for £145,600,000 equating to c.£144m per hectare, almost	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			double the adopted figure. Whilst reliance on land acquisition prices must be treated with some caution and would have included an element of hope value over and above the Existing Use Value ("EUV"), the presence of the extant permission is a material consideration when considering BLV. The Evidence Base states at paragraph 4.39 that the BLVs reflect EUV plus some hope value in order to incentivise the landowner to release the Site for development. PPG defines land value as the follows (the underlining is our own) *"To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements."* In the case of the subject Site, one of the options available to the landowner is to implement the existing, extant permission. This value of the extant permission would therefore need to be factored into the premium over and above the EUV. **Summary** In accordance with Regulation 16, a Charging Authority must make available the relevant evidence in support of a draft Charging Schedule. Relevant evidence in this context, as defined by the Regulations, means "*evidence which is readily available and which, in the opinion of the charging authority, has informed its preparation of the draft charging schedule."* In summary, there are a series of flaws, identified within these representations, in the modelling assumptions adopted within the BNPP	

Ref	Name	Theme	Comment	Lambeth Response
			Evidence Base that require updating in order to more accurately appraise the office typologies. Given the similarities between the subject Site and the medium and large office typologies, information proviced by the client and professional team should be taken into account as relevant evidence. Clarification is therefore sought in respect of the following area: • Lack of demonstrable evidence within the Zone A evidence to support a 30% increase in value • Rents in Zone appear overstated due to omission of pre-let economics • Rent free periods are understated, in part due to the omission of pre-let economics • Omission of a letting void does not reflect the current market and the time required to let up an office building of scale in this location • Build and demolition costs not reflective of central London major office development • Efficiencies not clear until clarification as to how basements and ancillary areas have been treated • Clarification as to inclusion of letting and disposal costs	
C27	Unite Students c/o James R Brown	Student housing	Further to the representation made by Unite Students c/o ROK Planning at C15, Unite Students also indicated that the representation they made on Lambeth's proposed student accommodation rates during the consultation on PDCS 2018 still stands. Below is a summary of that representation prepared by Mr James Brown with references to the BNPP Viability Review dated July 2018. My concerns about BNPP's report and the effects on the integrity of the proposed CIL increase for student accommodation development (using BNPP's report numbering) are:- Table 1.7.1 In this table, BNP suggest that a reasonable indexation of the 2015 CIL charge for student accommodation development moves the charge from £215 psm to £284 p.s.m. This is over a period within which, recently, the	The response to the representation made by the maker of the representation at C26 during the PDCS 2018 consultation still stands. The Council disagrees with the suggestion from this representation that there is no justification for any increase to the existing CIL charge for student accommodation development and that in fact it should be reduced. In the Viability Review, Table 4.1.1 (page 24) set out the typologies tested which included a scheme comprising 9 storeys and another comprising 18 storeys. Potential CIL rates were reasonably tested against the types of student housing that have actually been built or have secured

Ref	Name	Theme	Comment	Lambeth Response
			GLA's London Plan policy H17A4 has emerged and which BNPP have accounted for. Therefore, BNPP are suggesting that it is reasonable to index the previous student CIL charge by 32.1% (approx 7.25% compound p.a. over 4 years) at a time when 35% of the bed spaces within student scheme will have been diminished in value (leaving aside market value growth) by around 30% (i.e. as a consequence of London Plan policy H17A4). This must be equivalent to an overall GDV diminution of around 13% and, if London Plan policy H17A4 had not emerged, it must follow that BNPP would be suggesting a substantially higher indexation percentage on the £215 psm (as at 2014) – i.e. 55.1% instead of 45.1%. This begs the question as to what stratospheric index BNPP are using in this regard as, for example, we do not think student accommodation values (and/or their associated residual land values) have generally increased by 45.1% between 2014 and 2018? This is an enormous increase without any clear and/or clarity on what index BNPP have used. Whatever index BNPP have used, it is not realistic or reasonable. 3.7- 3.20 We comment as follows with respect to clarifying what represents a reasonable approach to Benchmark Land Values:- If interpreted and assessed appropriately/reasonably, one should arrive at the same BLV sum using either a EUV Plus, AUV and/or Market Value (as per the definition in the RICS's GN 94/2012 as opposed to their 'Red Book') approach. With respect to EUV Plus, the key question is what the 'Plus' addition should be? There is no standard or typical 'percentage' (as some might claim) as this would be arbitrary. Furthermore, there is no logical reason why the Plus element should be considered in percentage terms.	planning permission in Lambeth. The impact of the London Plan policy requirement for 35% affordable student housing is factored into the viability assessment and the proposed CIL rates take this into account. The appraisals indicate that there is scope for increasing the CIL rate for student accommodation even after allowing for on-site affordable student accommodation using the benchmark rent set by the GLA (£155 per week for a 38-week tenancy). The appraisals also indicate that a CIL rate of £400 could be applied without adversely impacting on viability of such developments. Additional testing would simply generate the same results from schemes at different scales. The Council does not consider that any changes are required. Neither is there any evidence supporting a reduction in the prevailing CIL rates, given that student housing schemes have come forward in Lambeth without any difficulties.

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			The Mayor's Affordable Housing SPG says that "premiums above EUV should be justified, reflecting the circumstances of the site" but it does not clarify how one could ever do this without reference to the expectations of land-owners who are, in turn, influenced by development land transaction prices. It also says the 'Plus' element "could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary". Equally therefore, the Plus bit might not be in the range of 10% - 30% and might be significantly higher. A recent planning appeal in London known as 'Parkhurst' (APP/V5570/W/16/315698) is thought to be influential with regard to clarifying how reasonable BLVs should be arrived at and its outcome (and a more recent High Court challenge result) indicates that reasonable BLVs can sometimes be substantially more than EUV. The most recent Parkhurst decision (following a High Court challenge) has upheld the former appeal decision to refuse planning consent. However, the decision reinforced the appeal Inspector's acceptance of the authority's approach to the BLV which was to start with the site's established use value (EUV) and to then apply a land-owner's premium. It is important to note that the land-owner's premium over EUV that the Inspector considered reasonable was equivalent to 864% (Eight Hundred and Sixty Four %) as the EUV was thought to be negligible or, at best, £700,000 and the Inspector considered a BLV of £6.75m to be reasonable. This observation is important because some viability consultants acting for Councils keep using 10% - 30% for the 'Plus' element without any meaningful justification except to claim that this is in some way standard (which it is not and should not be) There appears to be no legitimate or logical way of determining what the Plus element of EUV Plus should be without 'some' reference to development land transaction evidence and/or AUV potential. Other ways are to consider whether the property is capable of generating income and	

Ref	Name	Theme	Comment	Lambeth Response
			assessing its worth (as an investment hold) to an owner at an assumed secured finance cost. Parkhurst shows that there is currently a willingness by Inspectors to take policy and guidance at its word and treat land value as genuinely residual to policy requirements (even where they are expressed to be 'subject to viability' which ultimately necessitates reference to the actual market). However, it does not discredit the comparable approach, nor does it undermine the use of either a substantial premium to Existing Use Value (EUV Plus) or the use of AUV where appropriate to reflect the need for an incentive to release land. It is just a reminder of the need to critically examine evidence of comparable land values and to weed out those which failed to comply with policy in the first place (i.e. are not truly comparable). Table 4.1.1 The site/student development typologies assumed by BNPP are not realistic. For example, Site 16 could not realistically deliver 300 student bed-spaces as, even if one optimistically assumes an 80% site footprint coverage, each floor would typically have communal parts of at least 15% plus a further 20% within each student cluster flat (i.e. kitchen/diner/lounge). Therefore, each floor-plate would not therefore facilitate the delivery of 33.33 bed-spaces per floor (i.e. 9 x 33.3 = 300) as suggested by BNPP because 33.33 x 21 sq.m. = 700 sq.m. whereas:- • Total site area = 1,000 sq.m. • 'Optimistic' building footprint and building floorplate size = 800 sq.m. • Net space available per floor for actual student rooms = 800 x 65% = 520 sq.m. whereas BNPP are assuming 700 sq.m. BNPP have assumed a development density equivalent to 3,000 per hectare for Sites 16 & 17 which is excessive as supposedly 'typical'. This level of density is not impossible but is not typical and/or appropriate for Borough wide CIL charge derivation.	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

<table>
<tr><th>Ref</th><th>Name</th><th>Theme</th><th>Comment</th><th>Lambeth Response</th></tr>
<tr><td></td><td></td><td></td><td>
This immediately indicates that BNPP has assumed inappropriately small (and commensurately cheap) sites can be purchased to deliver unrealistically excessive numbers of student units which will has sent their viability appraisals down an overly optimistic and un-realistic path.
4.13
Whilst I am not a Quantity Surveyor (‘QS’), I have been provided with scheme specific build cost estimates on several large student schemes in London over the last 2 years in the course of my viability work and all of these have indicated build costs substantially in excess of the £2,104 per sq.m. assumed by BNPP.
BCIS data is only generic but, even if I refer to current data in this regard (see below), the median average cost is £2,251 p.s.m. (i.e. 12% higher than BNPP’s cost assumption). On BNPP’s assumed scheme/site typologies (Site 16 and 17) even a 12% difference amounts to a base build cost difference of £1.5m and £3m difference on costs which, in itself, more than erodes the student CIL increase being proposed and is therefore highly significant.
Results
Rebased to London Borough of Lambeth (124; sample 33) Edit
£/m2 study
Description: Rate per m2 gross internal floor area for the building Cost including prelims.
Last updated: 01-Sep-2018 02:05
Maximum age of results: Default period
<table>
<tr><th>Building function (Maximum age of projects)</th><th colspan="6">£/m² gross internal floor area</th><th>Sample</th></tr>
<tr><th></th><th>Mean</th><th>Lowest</th><th>Lower quartiles</th><th>Median</th><th>Upper quartiles</th><th>Highest</th><th></th></tr>
<tr><td colspan="8">New build</td></tr>
<tr><td>856.2 Students' residences, halls of residence, etc (15)</td><td>2,276</td><td>1,462</td><td>2,045</td><td>2,251</td><td>2,517</td><td>3,552</td><td>49</td></tr>
</table>
</td><td></td></tr>
</table>

Ref	Name	Theme	Comment	Lambeth Response
			Again, site/scheme specific QS cost assessment usually come in at substantially more than suggested by BCIS data in any event and so increasing BNP's build cost assumption by 12% would not really be enough either. 4.19 I have seen a number of recent viability review reports by BNPP (local plan and/or site specific and which are publically discoverable on the internet) and in the vast majority of these, they have used a finance cost of 7% all-in. Here they have used 6%. There is no justification for reducing finance costs in current and/or foreseeable market conditions. An all-in rate of 7% was/is reasonable. 4.34 We note in this Borough BNPP are using 18% on private GDV as a reasonable profit target (and 6% on affordable housing) whereas, for example, they used 20% on private space in a similar viability report prepared for LB. Tower Hamlets in December 2017. There is no reasonable justification for BNPP to be reducing the profit targets they have used for local plan testing bearing in mind market/economic uncertainty has significantly increased over the course of the last year. BNPP's typical rates (for this purpose and notwithstanding BNPP indicate that targets may vary site/scheme specifically) should be increasing not decreasing. Meanwhile, we consider a profit of 22.5% on total costs to be a more appropriate way of targeting profit as this is akin to how profit is actually targeted by developers. The notion that developers split their profit targets between private and affordable accommodation and other uses is false. 4.38 BNPP state that they have "arrived at a broad judgement on the likely range of benchmark land values"	

Ref	Name	Theme	Comment	Lambeth Response
			Bearing in mind BLVs are a critical driver of what is or is not viable, we are concerned with BNPP's statement as it does not constitute sound evidence. Furthermore, we do not think BNP's structuring of assumed BLVs within their Zones A, B & C reconcile with reality or are logical as, if BLVs were as per BNPP's suggestion, one would have no incentive but to pursue office planning consents on all sites in all zones. <u>Actual Site 16 & 17 Appraisals:-</u> 6.8 –6.10 We would ask for live copies of BNPP's student accommodation development appraisals so that we can reasonably and professional check the inputs, mathematical spreadsheet workings and outputs. As their report stands, it is completely unclear as to how BNPP conclude (as per their Section 6.46) that a new student CIL rate of £400 p.s.m. across the Borough is justified and/or how £400 p.s.m. has been arrived at and/or by whom. In Appendix 5, BNPP present appraisals for Sites 16 & 17 that indicate following residual land values ('RLVs'):- • Site 16 with 35% affordable student accommodation and no CIL cost = £7.51m. • Site 17 with 35% affordable student accommodation and no CIL cost = £15.03m *(albeit BNPP's narrative in their Section 6.9m says the RLV is £10.05m which we assume is a typographical error but which nonetheless causes us some wider concern about the overall accuracy and reliability of this key evidential document).* BNPP claim that both of these RLVs are above BLVs without stating what BLVs or BLV they have assumed. However, surely the extent to which any surplus exists over reasonable BLVs depends upon what zone the hypothetical sites are in and what the existing use is (i.e. in accordance with	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			BNPP's Table 4.40.1 – page 35). If the subject sites were in Zone A and the existing use is office, the relevant BLVs would surely be:- • Site 16 at 0.1 ha x £75m = £7.5m, and • Site 17 A 0.2 ha x £75m = £15m. If this were the case, no significant surpluses would be available to sustain any significant CIL payment as the RLVs are similar to the BLVs (prior to accounting for any CIL cost). BNPP must have used an 'average' assumed BLV across the Borough to conclude that £400 p.s.m. is viable Borough wide but they do not indicate what that average BLV is. We are therefore unreasonably deprived of being able to consider whether it is reasonable or not. BNPP should be asked to explain the exact sequential linkage between their appraisals for Sites 16 & 17 in their Appendix 5 and their conclusion that an appropriate CIL rate for the whole Borough is £400 p.s.m. as we cannot see any logical linkage. Furthermore, we consider it clear that BNPP's appraisals for Site 16 & 17 are extremely over-optimistic for at least some of the reasons highlighted above. For example, if BNPP:- • reduce the number of student beds spaces that they have assumed to be deliverable on 0.1 and 0.2 hectares (respectively) down to reasonable levels, and; • increase their base build cost by **at least** 12% (as necessary according to up to date BCIS data and bearing in mind site/scheme specific QS cost assessments are usually substantially higher than BCIS data might suggest), and; • change their profit target to 22.5% on cost, and; • increase their finance cost from 6% to 7%, and;	

Ref	Name	Theme	Comment	Lambeth Response
			• account for Mayoral CIL which, seemingly, has been incorrectly excluded from BNPP's appraisals....... …………….. these necessary revisions would reduce the RLVs indicated above to approximately:- • Site 16 with 35% affordable student accommodation and no CIL cost (see appraisal in **Appendix 1** attached to this letter) = £4.15m • Site 17 with 35% affordable student accommodation and no CIL cost (see appraisal in **Appendix 2**) = £7.63m. These reduced RLVs would be less than many of the BLVs identified by BNPP in their Table 4.40.1 although it remains unclear as to what average BLV BNPP have used to arrive at a Borough wide sustainable CIL conclusion of £400 psm. If BNPP had used the mid-point of their BLV matrix in Table 4.40.1, the surpluses driven by the BLVs above and which would be available for CIL would be:- • Site 16 at £4.15m minus (£40.25m per ha x 0.1) = £125,000 (equivalent to 20.16 psm excluding any relief on existing buildings). • Site 17 at £7.63m minus (£40.25 per ha x 0.2) = nil/negative. As such, surely this points to there being no reasonable scope whatsoever to increase the existing CIL charge (i.e. from £215 psm) for student accommodation development? Indeed, reasonable evidence indicates that this should be reduced and it should be no surprise that, if the economy gets weaker (highly likely), CIL charges should be reduced if reason prevails. **Appraisal Sample Size:-** To base a proposed increase in the Borough-wide CIL charge applicable to student accommodation development by 32.1% based upon only 2 appraisals and scheme/site typologies is not sufficient, especially when those typologies are overly optimistic and where the results in Appendix 5 do not match the narrative in the main body of the report.	

Summary of Representations – Lambeth Community Infrastructure Levy (CIL) Draft Charging Schedule 2020

Ref	Name	Theme	Comment	Lambeth Response
			BNPP evidence is not sound for this reason alone and therefore nor is the proposed CIL charge increase. **Conclusion:-** Reasonably and correctly assessed evidence indicates that there is no justification for any increase to the existing CIL charge for student accommodation development. Indeed, the evidence indicates that it should be reduced. **Potential Inbound Affordable Housing Requirement on Top of London Plan Affordable Student Requirement:-** My observations herein indicate that there is no viable scope for any additional affordable housing policy on top of the London Plan requirement for 35% affordable student bed-spaces. In my opinion, this would substantially terminate student accommodation development in Lambeth.	

Appendix 2

Email on DCS Consultation

Consultation: Lambeth CIL Draft Charging Schedule

Click to view in your browser

Lambeth

Hello,

Lambeth Council consulted on a Preliminary Draft Charging Schedule (PDCS) in October 2018. Since then, the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 (the '2019 Regulations') amended the CIL Regulations and took effect on September 2019. A Preliminary Draft Charging Schedule is no longer required as the first step in the process of adopting a revised CIL Charging Schedule. However, Regulation 13 (transitional and saving provisions) of the 2019 Regulations provides that if the Council had already held the first round public consultation, comments received in response to this consultation on the PDCS must be considered.

The Council has considered the representations made during the consultation on the Preliminary Draft Charging Schedule in 2018. The Infrastructure Delivery Plan was reviewed and updated to meet the needs of the borough between the financial years 2019/20 and 2034/35. The Viability Study was also reviewed and updated in support of both the proposed amendments to the Lambeth CIL Charging Schedule and the Draft Revised Lambeth Local Plan Proposed Submission Version (DRLLP PSV). The Viability Review dated December 2019 recommends no changes to proposed revisions to Lambeth's CIL rates. Following approval by the Cabinet, the Council will now proceed to the next stage of reviewing its CIL rates by publishing a Draft Charging Schedule in accordance with the CIL Regulations 2010 (as amended).

The second round public consultation on the Draft Charging Schedule will run for six weeks from 31 January to 13 March 2020. Please visit Lambeth's Draft Charging Schedule 2020 consultation page.

This will run alongside the publication of the Draft Revised Lambeth Local Plan Proposed Submission Version (DRLLP PSV) prior to submission for independent examination. You will receive a separate email on this inviting representations on the DRLLP PSV.

The Council is inviting representations on the Draft Charging Schedule in accordance with the Statement of the Representations Procedure. Representations on the Draft Charging Schedule can be made by direct email to: cil@lambeth.gov.uk with "DCS 2020" as the email subject header.

Or in writing to:

Lambeth CIL team
PO Box 734
Winchester
SO23 5DG

Representations must be received by **11pm on Friday 13 March 2020**.

The Draft Charging Schedule and the evidence base in support of it will be available to view or download from the Lambeth website. The evidence base for the Draft Charging Schedule will include:

- Infrastructure Delivery Plan - January 2020
- Lambeth Local Plan and CIL Viability Review - December 2019

Copies of the above documents will be available for public inspection at the Lambeth Town Hall, the Civic Centre and all public libraries during normal opening hours. The documents can also be made available by contacting the Lambeth CIL team on cil@lambeth.gov.uk.

Information about the previous consultation on the Preliminary Draft Charging Schedule 2018, including the consultation report that was produced after it, will remain available on the Lambeth website.

At the end of the consultation period, the representations received will be taken into account before the Draft Charging Schedule is submitted for examination. The Council intends to adopt a revised CIL Charging Schedule in 2020.

If you have any questions on CIL or about this email, and/or you no longer wish to receive communications of this nature, please email cil@lambeth.gov.uk.

Appendix 3

DCS 2020 Consultation Page

Public Consultation on the Draft Charging Schedule 2020

This consultation ended on Friday 13 March 2020.

We want your views on our Lambeth CIL draft charging schedule that will support growth in the borough. Have your say now by emailing or writing to us. The consultation runs from 31 January to 13 March 2020.

i

Thank you to all those who submitted representations. Comments received from this consultation are now being considered. Further information about submission of the Draft Charging Schedule for examination will be provided on this page in due course.

We are amending our CIL rates in order to ensure that the council can secure sufficient funding for infrastructure to support growth in the Borough.

Lambeth Council consulted on a Preliminary Draft Charging Schedule (PDCS) in October 2018. The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 (the '2019 Regulations') amended the CIL Regulations and took effect in September 2019.

A Preliminary Draft Charging Schedule is no longer required as the first step in the process of adopting a revised CIL Charging Schedule. However, Regulation 13 (transitional and saving provisions) of the 2019 Regulations states that if the Council had already held the first round public consultation, comments received in response to this consultation on the PDCS must be considered.

The Council has considered the representations made during the consultation on the Preliminary Draft Charging Schedule in 2018.

The Infrastructure Delivery Plan was reviewed and updated to meet the needs of the borough between the financial years 2019/20 and 2034/35.

The Viability Study was also reviewed and updated in support of both the proposed amendments to the Lambeth CIL Charging Schedule and the Draft Revised Lambeth Local Plan Proposed Submission Version (DRLLP PSV).

The Viability Review dated December 2019 recommends no changes to proposed revisions to Lambeth's CIL rates. Following approval by the Cabinet, the Council will now proceed to the next stage of reviewing its CIL rates by publishing a Draft Charging Schedule in accordance with the CIL Regulations 2010 (as amended).

We're now consulting on a second round public consultation on the Draft Charging Schedule that will run for six weeks from 31 January to 13 March 2020.

This will run alongside the publication of the Draft Revised Lambeth Local Plan Proposed Submission Version (DRLLP PSV) prior to submission for independent examination.

Find out more about the following:

- Draft Charging Schedule 2020
- Infrastructure Delivery Plan
- Viability Study 2019

How to respond

This consultation ended on Friday 13 March 2020 and is now closed for responses.

Appendix 4

Email on Statement of Modifications

From: Lambeth Council
To: Jake MorganStead; Benny Clutario; Robert May
Subject: Lambeth Community Infrastructure Levy – notification of submission of Modified Draft Charging Schedule and invitation to be heard in relation to the Statement of Modifications.: TEST
Date: 02 March 2021 14:42:42

Click to view in your browser

Hello

Lambeth Council submitted a Modified Draft Community Infrastructure Levy Charging Schedule (MDCS) for independent examination on 8 March 2021. The submission includes a Statement of Modifications to the Draft Charging Schedule. You will find both documents published online in the CIL Examination Library 2021.

Any person may request to be heard by the CIL Examiner in relation to the modifications set out in the Statement of Modifications. The Council has already received requests with regard to the Draft Charging Schedule in 2020 (DCS 2020) through the Regulation 16 public consultation. There is no need to repeat those requests to be heard at this stage. It is only if you wish to exercise your right to be heard in relation to the modifications set out in the Statement of Modifications that you need to make this request to be heard.

A request to be heard by the Examiner in relation to these modifications must be made no later than 6 April 2021 in writing by email to the CIL Examination Programme Officer Carmel Edwards programmeofficer@carmeledwards.com with “MDCS 2021” as the email subject header.

Requests should:

- Include details of the modifications (by reference to this Statement of Modifications) on which the person wishes to be heard; and
- Indicate whether they support or oppose the modifications and explain why.

Information about the previous consultations DCS 2020 and on the Preliminary Draft Charging Schedule (PDCS) 2018 remain available on the Lambeth website.

If you have any questions on CIL or about this email, and/or you no longer wish to receive communications of this nature, please email cil@lambeth.gov.uk

Find us on social media

lambeth