LONDON BOROUGH OF LAMBETH – LOCAL PLAN EXAMINATION
RESPONSE TO INSPECTOR (ACTIONS 33, 34 AND 37)

This note has been produced by BNP Paribas Real Estate ('BNPPRE') in response to Actions 33, 34 and 37 arising from the examination hearing session on 6 November 2020.

At this session, a number of issues were discussed in relation to the cost of car parking, charging points and electrical bike charging. These issues were prompted by the Inspector's MIQs and the Home Builders Federation representation. During the hearing, the HBF raised some additional points that were not raised in their representation which we address later.

For context, the following table provides a summary of the policy requirements in the Plan for car and cycle parking, club memberships and charging points:

Table 1: Summary of car and cycle parking, club memberships and charging point requirements

	Public Transport Accessibility Level			
	4-6	**3**	**2**	**1**
Car parking provision	**Car free [1]** *As per London Plan ItP policy T6.1 Table 10.3* *(this is unaffected by the Secretary of State's directed changes to the Draft London Plan 13 March 2020, which relate only to Outer London boroughs)*	**Up to 0.25 spaces per dwelling** *As per London Plan ItP policy T6.1 Table 10.3* *(this is unaffected by the Secretary of State's directed changes to the Draft London Plan 13 March 2020, which relate only to Outer London boroughs)*	**Up to 0.25 spaces per unit** *As per Policy T7 (b) of the Local Plan* *(this is a Lambeth-specific standard as set out in Topic Paper 6 (TP06), and supported by TfL in the Statement of Common Ground between Lambeth and the Mayor (SCG01) and TfL's statement on Matter 6)*	**Up to 0.5 spaces per unit** *As per Policy T7 (b) of the Local Plan* *(this is a Lambeth-specific standard as set out in Topic Paper 6 (TP06), and supported by TfL in the Statement of Common Ground between Lambeth and the Mayor (SCG01) TfL's statement on Matter 6)*
Car club membership	3 years free car club membership for all residents *As per Local Plan policy T7 (d) (iv)*			
Electric vehicle charging points	20% parking spaces provided to have active charging facilities, with passive provision for all remaining spaces *As per London Plan Policy T6.1 (C)*			
Cycle hire membership	3 years free membership of the Cycle Hire scheme for all residents *As per Local Plan policy T3 (h)* *(this is a proposed change to the wording of policy T3 (h), to make it consistent with the Car Club membership requirement 'per resident – see PC050 in SD17a)*			
Electric bike charge points	1 electric charge point to be provided for 10% of all cycle parking spaces provided *As per Local Plan policy T3 (g)*			

[1] With the exception of disabled persons parking, see Part G Policy T6.1 Residential Parking

In the following paragraphs, we repeat for convenience the Inspector's questions from the MIQs in **bold text** and HBF's response in blue text. Our response follows each point in *italics*.

HBF representation on car and cycling charging

ii) Are the cycling requirements for new developments in T3 (cycling) justified and realistic?

Part g) – has not been justified in terms of cost. The policy requires that 1 in 10 cycle spaces should provide electrical charging. This will cost £1,070 per charging point.

BNPPRE response: The cost that HBF refer to here is a Turvec Electric Bike Charging Station which is designed for installation on-street where a locking solution is also required. This is very unlikely to be the type of charging point provided in secure cycle storage facilities that are provided in residential developments in the borough. For domestic properties, there are solutions that cost as little as 10% of the cost of the external Turvec model and can be installed alongside normal electrical fit out at little additional cost.

The cost of charging equipment is likely to be de-minimis and if installed at the same time as the other M&E fitout in a development, there is unlikely to be any meaningful difference in overall costs.

On the basis that the requirement is for 1 in 10 spaces to be kitted out for bike charging, even if HBF's claimed cost of £400 per charging point were correct (which we do not consider is the case), the cost per dwelling would be £80 per dwelling (assuming two spaces per dwelling), which equates to 0.019% of construction costs.

Part h) requires that the applicant provides a minimum of three years free membership of a cycle hire scheme for each dwelling. The cost of this has not been assessed. Nor does it meet the tests for planning obligations.

BNPPRE response: Residential developers can provide membership to the TFL cycle hire scheme for £90 per annum (£270 per resident for the three years membership required by Policy T3 (h) which is readily accommodated within the £1,900 per unit allowance in the appraisals for Section 106 obligations.

*There were various claims made during the hearing regarding Section 106 assumptions in Liverpool. Mr Stevens suggested that their study incorporated an allowance of £4,000 per unit for Section 106. The relevance of Liverpool to Lambeth is unclear, but in any event, Mr Steven's suggestion in factually incorrect. Liverpool's 'Local Plan Viability Assessment' (October 2018) which supported their recent Local Plan EIP (in October 2020) adopted an allowance of £1,000 per unit across most of the City, with £2,000 per unit applied in a small part of the City Centre. However, a critical difference between Liverpool and Lambeth (which Mr Stevens did not acknowledge) is that Liverpool has **not** adopted CIL and collects all its contributions towards community infrastructure through Section 106. In contrast, the bulk of Lambeth's community infrastructure is collected through CIL. The Section 106 allowances in the appraisal are designed to deal with residual matters (which can include local public realm improvements, including local walking and cycling improvements; travel plans; contributions to public transport improvements; car clubs, EV charging; cycle club membership and electric bike charging; contributions to parks/play including maintenance and management contribution; maintenance and management of urban greening factor provision; and public art), whereas Liverpool's situation is quite different. It is also important to note that this allowance EXCLUDES affordable housing (paragraphs 4.5 to 4.11 of the viability report EB97), affordable workspace, employment and skills contributions (paragraph 4.27), zero carbon and BREEAM (paragraphs 4.15 and 4.16), all of which are factored into the appraisals through separate allowances. Paragraph 4.25 of the viability report EB97 outlines how the £1,900 per unit contribution was determined (i.e. based on median figures from a range of Section 106 agreements identified by the Council). It is important to note that the viability report EB97 incorporates a <u>separate</u> allowance for employment and training (as noted at paragraph 4.27), whereas it is one of the contributing amounts to the £1,900 per unit average in historic Section 106 agreements. Average amounts included in eleven section 106 agreements provided in the period up to completion of the research for the viability study show median contributions for the following items not addressed elsewhere in the appraisals:*

Table 2: Amounts sought through Section 106 agreements

Obligation	Cost per unit	No of schemes in which contribution sought
Car club	£0	8
Travel plan	£11	7
Streetscape	£18	3
Public transport	£321	3
Public art	£167	3
Parks	£81	1
Parking restrictions	-	11
Local labour	£560	11
Employment and training	£162	3
Total	£1,320	

The emerging Plan also requires contributions towards maintenance of parks and green infrastructure which will be calculated on a case by case basis.

It is unclear why Mr Stevens has chosen to refer to Liverpool when there is ample evidence of Section 106 requirements in London-based viability studies underpinning the London Plan and local plans:

- *London Plan Viability Study (December 2017): £1,500 per unit*
- *LB Islington (December 2018): £1,500 per unit*
- *LB Lewisham (November 2019): £1,500 per unit*
- *City of London (March 2020): £1,500 per unit*

Furthermore, the allowance of £1,900 per unit in Liverpool's study addressed both Section 106 and 278 costs, whereas Lambeth's study incorporates an additional £1,000 per unit for Section 278 (see paragraph 4.26 of the viability report EB97).

Mr Steven's suggestion that there is insufficient "fat" in the appraisals (as he suggested during the hearing) is without foundation. We understand that he referred to the possibility of exceptional costs arising, but this is dealt with at paragraph 4.35 of the viability report EB97. The appraisals incorporate a 5% contingency in line with standard market practice. Furthermore, these costs would never be accounted for with the Section 106 allowance in any event.

6.4 Parking: Is policy T7 (parking) justified and realistic, and is the requirement for electric vehicle charging points effective?

Car club membership
We refer to our representations. In summary, the provisions in part iv) relating to providing car club membership for all residents in new residential developments has not been costed and fails the tests for planning obligations (NPPF, paragraph 56).

BNPPRE response: Basic membership of car clubs can be provided ***at zero cost to the developer****. For example, Zip Car basic membership in London has a zero subscription cost and allows users to hire cars for an hourly charge of £8 per hour. Other packages with monthly subscriptions of £6 per month reduce the hourly charge to £6 per hour, but this is only likely to be required by regular car users who can chose to upgrade their membership at their own cost.*

The intention of Intend to Publish London Plan Policy T6.1 is that the provision of car parking within developments be minimised. This will result in significant cost savings with removal (or reductions in scale) of basements, the costs of which far outweigh the revenue from the sale of parking spaces.

If developers chose to opt for the higher cost option of providing on-site car parking, part F of Intend to Publish London Plan policy T6.1 indicates that "the provision of car parking should not be a reason for reducing the level of affordable housing in a proposed development".

Electrical vehicle charging points

Part v) of the policy requires compliance with the Draft London Plan policy T6.1 on residential parking.

Draft London Plan policy T6.1 Residential Parking requires at part c) that all residential car parking spaces must provide infrastructure for electric or Ultra-Low Emission vehicles. At least 20 per cent of spaces should provide active charging facilities, with passive provision for remaining spaces.

The cost of this has not been assessed within the Lambeth viability assessment. The Department of Transport consultation on Electric Vehicle Charging in Residential & Non-Residential Buildings (ended on 7 October 2019) has assessed that the cost of this is £976 EVCP per charging point. Persimmon Homes has assessed the cost to be £500 per house plus £10k for cabling for 16amp charging (3.6kw). This is a slow overnight charge.

Nor have we been able to detect any engagement with the main energy suppliers to determine whether there is capacity in the network to enable this. New sub-station infrastructure may be necessary, and the cost of this is considerable.

Furthermore, as we have discussed in our representations, there are considerable practical difficulties in providing charging points in apartment schemes. This is because if residents do not run cars, let alone electric cars, they would be forced to pay for the electricity consumed by electric car owners as this cannot be apportioned to the electric car owner. It would be patently unfair on residents who do not run cars to pay for the electricity of those that do.

For these reasons, the policy requirement for electrical vehicle charging points fails the fair and reasonable test for planning obligations.

BNPPRE response: The HBF comments are somewhat out of step with market demand, with purchasers of new homes increasingly requiring access to car charging points as these vehicles become more popular with residents. In the central London parts of the borough, electric vehicles are exempt from the Congestion Charge which provides a significant incentive to residents to exchange petrol and diesel cars to electric cars.

This change is reflected in numerous schemes in Lambeth and elsewhere where developers have recognised the need to provide car charging points, including Keybridge House which we understand exceeds the current London Plan target.

Provision of car charging points is therefore increasingly becoming part of standard costs of development in London.

In line with Policy T7 (and Intend to Publish London Plan Policy T6), car free development is the starting point for new development in the borough. Given that this is increasingly the norm, the Council did not consider it necessary to include additional costs for car charging points, given that (a) in almost all cases, the number of spaces will be very low and (b) developers have already recognised the need to include charging points as purchasers will expect this (in the same way they expect broadband and other similar facilities to be provided).

It is clear that HBF's representation that they expect every single dwelling to have a parking space, which would clearly throw up issues for power supply. This is far from the situation in Lambeth – parking space provision would be minimal and active charging points only 20% of those spaces provided. Power demand issues are more likely to arise from owners of existing properties converting to electric cars and this is a matter that the statutory providers will need to deal with.

With regards to the comments regarding the cost of charging points in apartment schemes, these issues have been resolved in developments that have already been brought forward and systems are *capable of apportioning costs to users, rather than this being distributed among residents who do not have cars.*

Mr Steven's claimed during the hearing that the cost of electric vehicle charging, electric bike charging, cycle scheme membership and car club membership would collectively exceed £1,000 per unit. This is claim does not withstand even the most cursory scrutiny, as follows:

- *Car club membership: as noted above,* ***nil cost;***
- *Cycle scheme membership: £540 per dwelling for three years, assuming two residents per dwelling;*
- *Electric bike charging points: £80 per dwelling;*
- *EV charging (at Mr Stevens' inflated cost of £1,000 per charging point, assuming 10% of dwellings have a parking space, reflecting the disabled car parking requirement: £100 per dwelling*
- *Total cost: £720 per unit*

These costs equate to 0.34% of build costs for a typical unit in Lambeth. Even if the costs cannot be accommodated within the Section 106 allowance (which for the avoidance of doubt the Council considers that they can), there is absolutely no evidence that schemes would be adversely affected by a 0.34% change in build costs.

Even if the existing allowances for Section 106 were not able to absorb the additional costs associated with EV points and the like, Mr Stevens' comments during the hearing also appear to claim that schemes cannot absorb additional costs, beyond those allowed for in the appraisal. This is completely incorrect – the results tables in section 6 of the report show that schemes generate significant surplus value above benchmark land values in many cases. Given that developers are routinely able to absorb general cost increases of 2% to 3% in many years, it is inconceivable and illogical that an additional cost of 0.34% could not be absorbed.

Furthermore, these additional costs would deliver infrastructure in developments that would improve their marketability in comparison to second hand schemes; Mr Stevens' central case appears to be that purchasers of new flats do not currently want access to electric charge points for cars or bikes, nor will they in the future. Given that the UK government announced in September 2020 that it intends to bring forward the date banning petrol and diesel cars to 2030, Mr Stevens' approach to charging points appears to be significantly out of step with patterns of consumer behaviour over the plan period. Retro-fitting developments in the future will always be more expensive than dealing with these matters during construction.

BNP Paribas Real Estate
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