Consultation on the Preliminary Draft Charging Schedule (PDCS) 2018

Consultation Report
April 2019

Contents

1. Introduction

1.1 Background

- The Community Infrastructure Levy (CIL) is a charge on new development that helps to fund infrastructure such as transport, schools, health facilities, and parks, needed to support development. Lambeth's CIL Charging Schedule has been in place since 1 October 2014. It was approved by a resolution of the full Council on 23 July 2014 and followed two rounds of public consultation and submission to an Examination in Public as required by the Community Infrastructure Regulations 2010 as amended ("the CIL Regulations").
- The requirements for setting CIL rates and amending them are set out in Part 3 Regulations 11-30 of The CIL Regulations 2010 (as amended). Regulation 14 states as follows:

  14.- Setting rates

  (1) In setting rates (including differential rates) in a charging schedule, a charging authority 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 required 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.
- The PDCS is the first step in the process of adopting a revised CIL Charging Schedule. Following the first round public consultation, comments received in response to this consultation on the PDCS will be considered and if required, the schedule will be amended as appropriate. Afterwards, a Draft Charging Schedule will be produced which will go through a second round of public consultation. The Draft Charging Schedule will then be finalised, along with the evidence base and comments received to date, and this will be submitted to the Planning Inspectorate for examination in public, possibly alongside the new Local Plan for Lambeth. The Council intends to adopt a revised CIL Charging Schedule in 2020.
- On 15 October 2018, the Cabinet resolved 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 partial review of the Local Plan and on the Transport Strategy.

1.2 Our proposals

- The Preliminary Draft Charging Schedule put forward for the first round public consultation was as follows:

Development Type	Zone A – Waterloo and Vauxhall	Zone B – Kennington, Oval and Clapham	Zone C – Tulse Hill, Brixton and Herne Hill	Zone D – Streatham, West Norwood, Streatham Hill
Residential including co-living schemes or shared accommodation	£500	£350	£250	£200
Self-contained sheltered housing, self-contained extra care schemes and care homes	£250	£175	£100	£100
Hotel	£200	£200	£200	£200
Office	£225	£225	Nil	Nil
Large retail development*	£225	£225	£225	£225
Other retail	Nil	Nil	Nil	Nil
Student accommodation	£400	£400	£400	£400
All other uses not identified above	Nil	Nil	Nil	Nil

*Large retail development is defined as either one of the following:

- Superstores/supermarkets/shopping mall/shopping centre/shopping arcade which are shopping destinations in their own right, with over 280m^2 of retail space, with or without a dedicated car park; or
- Retail warehouses which are large stores over 1000m^2 specialising in the sale of household goods (such as carpets, furniture, and electrical goods), DIY items and other ranges of goods catering for mainly car-borne customers.

- Where previously there were three charging zones, the Preliminary Draft Charging Schedule also proposed four zones with Brixton and Herne Hill having its own charging zone separate from the charging zone for Streatham and West Norwood. A map of the four CIL Charging Zones proposed for PDCS 2018 was provided.
- The recommended CIL rates set out in the Preliminary Draft Charging Schedule were tested for viability. A copy of the viability study was made available during the consultation. The 2018 Viability Study tested a range of development types throughout the London Borough of Lambeth to assess the extent to which the viability of potential development sites allows for changes to the rates of CIL in the context of the cumulative impact of proposed development plan policies and planning obligations. The general principle that was applied by the viability study is that charging authorities should strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across their area. Alternative levels of CIL were tested in combination with the cumulative impact of:
    - Emerging London Plan policies (in the draft new London Plan November 2017)
    - Lambeth’s emerging new Local Plan policies
    - The combined Mayoral and Council requirements for planning obligations
    - Proposed new levels of Mayoral CIL (MCIL2) for Lambeth
- Lambeth's Infrastructure Delivery Plan (IDP) was updated to provide the infrastructure planning evidence as required when setting new CIL rates and to support the partial review of the Local Plan. A copy of the IDP was made available during the consultation. The IDP identifies the infrastructure needed to meet the growth arising from development in at least the first five years of the proposed update to the Local Plan. The IDP also considered whether funding is available to deliver that infrastructure and establishes the funding gap which justifies the proposed new CIL rates. The 2018 IDP

estimates the funding gap to be at least £165 million or 49 per cent of the estimated total cost of infrastructure for the period 2020/21 to 2024/25.

2. The consultation

2.1 Consultation objectives

- Regulation 15(1) of the CIL Regulations 2010 (as amended) states as follows:
  15.- Consultation on a preliminary draft charging schedule
  (1) A charging authority which proposes to issue or revise a charging schedule must prepare a preliminary draft charging schedule for consultation.
- The objective of the consultation is to elicit feedback from the public and from statutory and non-statutory bodies and any comments received in response to this consultation will be considered and taken into account when preparing the Draft Charging Schedule which will be put forward for a second round public consultation before submission for examination in public.
- It was agreed with the Council's Equalities Officers that a full Equalities Impact Assessment (EIA) was not required for proposals to amend the CIL rates. As a charge on development, CIL does not adversely impact any of the equalities groups. The full Equalities Impact Assessment carried out in 2013 for the adoption of Lambeth's CIL Charging Schedule and other supporting documents continues to be relevant and accurate. That report states: "The infrastructure and services that CIL will provide (for example schools, medical and community facilities, improvements to green open spaces, and transport) will enhance accessibility and liveability of all sectors of society, including all equality groups."

2.2 Who we consulted

The email launching the public consultation on the Preliminary Draft Charging Schedule was sent to 13,090 email addresses from statutory and non-statutory consultees via Gov Delivery software. 13,086 or 99.9% were successfully delivered and 6,021 or 46% were confirmed to have been opened.

2.3 When we consulted

The consultation was held from 22 October until 17 December 2018. It was held simultaneously with the public consultations on a partial review of the Local Plan and also on the Transport Strategy

2.4 How we consulted

The consultation methods were as follows:

- The Preliminary Draft Charging Schedule and the evidence base were published on the Lambeth website and in social media.
- Emails were sent to all statutory and non-statutory consultees with a link to the Preliminary Draft Charging Schedule and the evidence base.
- A printed copy of the Preliminary Draft Charging Schedule and the evidence base was made available for inspection at the Council's offices in Brixton Civic Centre and in all of the libraries in Lambeth.
- A snap survey with 8 questions was included as part of the consultation
- Full consultation responses can be sent by email to cil@lambeth.gov.uk or by writing to the Lambeth CIL team at PO Box 734, Winchester, SO23 5DG. A full response will be

included in the Schedule of Responses to this consultation, which will also include officer comments.

2.4.1 Press activity

- Two articles were published in the Love Lambeth website promoting the public consultation on the Preliminary Draft Charging Schedule. The first article generated 141 unique page views averaging 1.27 minutes on the page. The second article elicited 163 unique page views averaging 1.12 minutes on the page.

2.4.2 Digital activity

- The consultation page on the Lambeth website for the Preliminary Draft Charging Schedule registered 377 unique page views averaging 3.71 seconds on the page. A unique page view aggregates all page views generated by the same user during the same session.
- 28 tweets on Twitter were sent out to promote the public consultation on the Preliminary Draft Charging Schedule Print activity. The tweets were seen by an average 29,733 people for each post with a total 73 people recorded to have engaged with the post. The engagement rate for the tweets is considered very good, being better than average for most tweets.
- There were also 28 posts on Lambeth's Facebook profile about the public consultation on the Preliminary Draft Charging Schedule. The Facebook posts reached an average 137 people for each post, with a total 43 people interacting with the posts.

2.5 The cost of consultation

The consultation cost consisted mainly in staff time from preparing and undertaking the consultation.

3. Responses from members of the public

3.1 Summary of results – snap survey

(1) To what extent do you agree that Lambeth's CIL Charging Schedule should be amended?

Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
9	3	5

(2) To what extent do you agree that the proposed CIL rates in Lambeth will secure sufficient funding for infrastructure to support growth in the Borough without discouraging development to come forward:

	Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
(a) Residential including co-living schemes set at £500 per square metre in Zone A (Waterloo, Vauxhall and Nine Elms)?	8	4	5
(b) Residential including co-living schemes set at £350 per square metre in Zone B (Kennington, Oval and Clapham)?	7	4	6

	Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
(c) Residential including co-living schemes set at £250 per square metre in Zone C (Brixton,Tulse Hill and Herne Hill)?	7	4	6
(d) Residential including co-living schemes set at £200 per square metre in Zone D (Streatham and West Norwood)?	7	3	7
(e) Self-contained sheltered housing, self-contained extra care schemes and care homes set at £250 per square metre in Zone A?	7	3	7
(f) Self-contained sheltered housing, self-contained extra care schemes and care homes set at £175 per square metre in Zone B?	8	3	6
(g) Self-contained sheltered housing, self-contained extra care schemes and care homes set at £100 per square metre in Zones C and D?	9	3	5
(h) Office developments to be charged £225 per square metre in Zones A and B?	10	3	4
(i) Hotel developments to be charged £200 per square metre across the whole borough?	10	2	5
(j) Student accommodation developments to be charged £400 per square metre across the whole borough?	9	4	4
(k) Large retail developments to be charged £225 per square metre across the whole borough?	10	2	5
(l) Small retail developments will not be charged any CIL at all?	12	1	4
(m) Developments with other uses not mentioned in the CIL Charging Schedule will not be charged any CIL at all?	8	2	7

(3) To what extent do you agree that Brixton, Tulse Hill and Herne Hill are proposed to form a separate CIL charging zone separate from the Charging Zone for Streatham and Norwood?

Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
10	2	6

(4) To what extent do you agree that the Council does not need to have its own CIL instalment policy other than that offered by the Mayor of London?

Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
8	6	3

(5) To what extent do you agree that there will be no further changes to Lambeth's Regulation 123 List?

Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
4	2	9

(6) To what extent do you agree that Lambeth should continue to allow for the payment of CIL Liability, in part or full, through either the provision of land, or infrastructure provision directly by developers, at the discretion of the Council?

Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
10	3	4

(7) To what extent do you agree that Lambeth should continue to offer:

	Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
(a) discretionary relief for social housing?	13	1	3
(b) discretionary charitable relief?	13	2	2
(c) discretionary relief for exceptional circumstances?	12	3	2

(8) To what extent do you agree that Lambeth should continue to set aside 25 per cent of local CIL receipts for Neighbourhood CIL via Co-operative Local Investment Plans (CLIPs) which will be implemented in the Neighbourhood CIL areas of Waterloo, North Lambeth, Stockwell, Clapham, Brixton, Streatham and Norwood?

Agree/ Strongly agree	Disagree/ Strongly disagree	Neither agree nor disagree
10	3	4

3.2 Summary of post code analysis and demographics

Of the snap survey respondents:

- 14 described themselves as members of the public, 1 was a developer, landowner or planning consultant, 1 indicated other (unspecified).
- 6 were aged 45-54, 5 were aged 35-44 and 2 each from the 25-34, 55-64, and 65-74 age groups
- 12 do not have a disability, 3 have a disability, 2 no answer
- 12 described themselves as White British, 2 as White Irish, 1 other White background, and 2 preferred not to say
- 8 were male, 7 were female, 2 preferred not to say
- 8 were married, 6 were never married or in same sex civil partnership, 1 was formerly in a same sex civil partnership which is now dissolved, 1 was widowed and 1 had no answer
- 7 were employed in a full-time job, 3 were employed in a part-time job, and 1 each described themselves as self-employed full-time, self-employed part time, a charity volunteer, wholly retired, wholly retired, looking after the home, and unemployed
- 7 refused to provide their postcode, 3 were from SW9, 2 each were from SE11 and SW8, 1 each from SE1, SE27 and SW16.

3.3 Additional comments

11 did not provide additional comments. 6 provided the following comments:

- “Business development should be charged at same or higher rate than residential. We have a lot of similar shops in small areas which limits options for less mobile residents. Also infrastructure concerns should be listened to. North Lambeth is overly dense in new build with mostly private sales instead of social housing.”
- “I think planning policy in Lambeth is based on obsolete communist policy of ‘the state knows best’, for example KIBA land allocation policy that prohibits house building on

commercial land. How many homes could be built on KIBA land if not for your "totalitarian state" ideology of "build no houses here"?”

- “Make it very difficult for these developers to negotiate down these payments and try to get more transparency on where the money goes - e.g. developers should tell the local areas.”
- “The increase is applied retrospectively as well as in future.”
- “This is a poorly constructed survey. Way too technical for the average resident. We just need affordable and plentiful housing. No more hotels. No more luxury developments for overseas investors.”
- “While I appreciate the exceptional fall in funding Lambeth, like most other councils, has endured in the last 10 years, and thus the need to find alternative funding sources for community and infrastructure development, I do not think this should be at the expense of providing social housing (not so called affordable housing, which is frequently not affordable) for the majority of people in housing need in the borough who cannot afford to buy or pay high rents. So there must be genuine encouragement to build social housing, and penalties for any developer who does not include sufficient low cost housing in their new schemes. I would also like the system to be far more transparent so there is publicly available information for each new development setting out the amount of CIL obtained and what it paid for, and additionally for all housing developments the amount of low cost housing required and how much was actually provided.”

4. Responses from statutory bodies and other stakeholders

4.1 Lambeth response

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
1 Citygrove Securities Plc c/o DP9	CIL rates for hotels	The Viability Report is clear that land values differ throughout the Borough, and the CIL charging zones themselves have been identified based upon this evidence. While the majority of rates reflect this difference in land values (with the rate varying between zones), the rate for hotels is proposed to be set at £200 across the Borough. This does not reflect the difference in either land value or rents, both of which are identified within the Viability Report as varying across the Borough. In addition, the proposed rate of £200 is a 100% increase from the current rate of £100 within Zone A. There is no evidence presented to demonstrate that land values have increased by the same proportion or that costs have reduced significantly to justify a 100% increase in CIL The current CIL rate for hotels is set at £100 within Zone A, and nil rate within Zones B and C. The evidence base for the current CIL charging schedule includes a topic paper on hotel rates, which acknowledges that it is the Council's preference to adopt a lower rate for hotel developments outside Zone A as they are likely to achieve lower capital values than those inside the CAZ. The Council considered that the proposed hotel rate of £100 per sqm within Zone A was consistent with other Boroughs. It is unclear why the Council has adopted a completely different approach with the CIL rates within the proposed charging schedule, and has suggested a blanket rate of £200 across the Borough with no consideration of values. This approach has not been taken with the rates for other land uses, which vary across the Zones, and there is no evidence to suggest why a different approach has been taken with the rate for hotels… We would therefore request that the Council reconsider the proposed CIL rate for hotels, and revises this so that the different values across the identifies zones within the Borough are reflected, in accordance with the Council's previous position reflected in the evidence base for the current CIL charging schedule.	The Council has instructed its viability consultant BNPP to review the viability evidence in respect of setting a flat £200 CIL rate for hotels across all charging zones or whether a variable rate for hotels across the charging zones should be considered instead.
2 Port of London Authority (PLA)	General	PLA has no in principle objection. It is noted that within the draft Infrastructure Delivery Plan there are a number of references to schemes which could have an impact on the riverside and riverside environment. This includes riverside walkways under the public realm heading and improvements to Albert Embankment and riverbus piers under the transport heading. The PLA would broadly be in support of any project which seeks to enhance access to the River Thames and riverside areas and should be consulted on any proposals as they come forward.	Noted

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
3 Brixton Society Brixton Society continued	General	Recalling that the current CIL Charging Schedule has been in place since October 2014, we do not understand why the proposed revision is described as a "Preliminary Draft". This implies that there will be at least one more draft version before the new charges finally take effect. It is not clear if this will be subject to another round of consultation before adoption. No objection is seen to the proposed Zone C boundary, which will embrace all of Brixton Town Centre and adjacent areas. We welcome that sheltered housing and care homes will pay a lower CIL rate than general residential development. We note that the bands for hotels and student accommodation will be consistent across all 4 zones. We welcome the nil rate for office development in Zone C. We suspect that, as a result of ongoing structural changes within retail business, the likelihood of this type of development in the borough is diminishing.	The Council confirms that following the Preliminary Draft Charging Schedule, there will be a Draft Charging Schedule that will be subject to another round of consultation prior to public examination and adoption. Other comments noted.
4 Vauxhall Cross Island Ltd c/o DP9	Lambeth CIL instalment policy / CIL rates in Zone A	We consider that there is a good reason for Lambeth to adopt its own instalments policy to recognize the scale of development being brought forward in the north of the borough and the viability challenges that are being faced by development in the current climate. The estimated CIL liability for the proposed development at the Vauxhall Island Site is £30,706,243.15, comprising £24,686,484.23 of Lambeth CIL and £6,019,758.92 of Mayoral CIL (on the assumption that planning permission is granted before 1st April 2019). This total sum will be required to be paid in two instalments: £15,353,121.575 within 60 days from commencement and the remainder within 240 days, i.e. the whole sum in the first 8 months of the project. The CIL liability is just one element of the overall package of contributions that are expected to be required in relation to this planning application. Other major financial contributions include: • £30,093,907 affordable housing contribution; • £962,664 to achieve Zero Carbon; • £779,470 towards employment and skills; and • £220,000 to provide cycle hire stands.	The Council is now considering to adopt its own CIL instalments policy. The Council has instructed its viability consultant BNPP to review the viability evidence and ensure that this is sufficiently robust to support the proposed CIL rates in Zone A for residential, hotel and office types of development.

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<tr><th>Organisation</th><th>Theme</th><th>Comment</th><th>Lambeth Response</th></tr>
<tr><td>Vauxhall Cross Island continued</td><td></td><td>
Whilst the payment in lieu for affordable housing is exceptional, the combination of these costs places a significant financial burden on the project – in particular at the early stage of construction before revenue is received from pre-sales of the residential element. The cost of finance to provide a payment of this scale is prohibitive, even more so in the current economic climate.
As such, we would like to request, in tandem with consideration of the PDCS, that Lambeth consider introducing its own Instalments Policy with an additional instalments plan for very substantial CIL liabilities. In order to minimize the impact on the current collection regime and provide some assistance for just the largest development schemes, we would propose the following instalment categories:
<table>
<tr><th>Amount of CIL Liability</th><th>Number of instalments</th><th>Amount or proportion of CIL payable in each instalment, and when payments are due</th></tr>
<tr><td>£100,000 or less</td><td>1</td><td>Total amount payable within 60 days of commencement of development.</td></tr>
<tr><td>£100,001 to £10,000,000</td><td>2</td><td>The greater of £100,000 or half the value of the total amount, payable within 60 days of the commencement of development. The remainder within 240 days of commencement of development.</td></tr>
<tr><td>£10,000,001 or over</td><td>4</td><td>Payable in four instalments of equal amount within 60, 240, 420 and 600 days of commencement of development.</td></tr>
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We wish to object to the proposed rates within Zone A – Waterloo and Vauxhall, in particular those relating to residential, hotel and office uses...
We do not consider that values have risen sufficiently in this area to accommodate these rate increases and for other key planning requirements to still be met...
The BNPP study states (at 1.7) that one of its key findings is the current Lambeth CIL rates (introduced in Oct 2014) have had no adverse impact on the supply of housing or the viability of developments. This statement is incorrect. The GLA's annual monitoring report confirms that over the last 3 years the average level of housing delivery has been just 83% of Lambeth's minimum target and average level of affordable housing delivery has been just 30% of the minimum target (18% of completions);
</td><td></td></tr>
</table>

Organisation	Theme	Comment	Lambeth Response
Vauxhall Cross Island continued		• Whilst it is acknowledged that the overall quantum of housing may have been constrained by other factors including land availability, the level of affordable housing achieved on the sites which have been delivered (18%) is due to site-specific viability assessments which have been independently verified by BNPP (the Council's advisor for assessing the viability of individual planning applications); • There have been very few planning applications, excluding those delivered using surplus public subsidy, which have viably delivered the scale of affordable housing set out in the Local Plan (40%) due to viability constraints; • It therefore follows that a 43% increase in Lambeth's residential CIL rate in Zone A will have a significant adverse impact on the delivery of affordable housing; • The BNPP financial models, which underpin the study, indicate that the cost of delivering affordable housing in medium density development in Zone A is c.£532k per unit. On this basis, a hypothetical medium density 250 unit scheme providing the average level of affordable housing (18%) would have an extra CIL liability of c.£2.6m (calculation below). This would reduce the viable level of affordable housing by a further c.2%. Over a 15 year plan period, a 2% reduction in affordable housing measured against the Council's overall housing target would equate to 467 fewer affordable homes. (A x B x C) X E A - 70 (Average Unit NIA SQM) B - 205 (Private Units) (250 – 45 AH Units) C – 1.2 (NIA to GIA Ratio) E – £150 (Extra CIL Per SQM)	
5 Transport for London (TfL)	Infrastructure Delivery Plan	**Infrastructure Delivery Plan (IDP)** – TfL has just published an updated Business Plan4 for the period to 2023/24. The IDP will therefore need to be reviewed in light of this. For example, the IDP states that the Northern line Upgrade Part 2 (page 8) 'will involve 17 additional trains being purchased to increase capacity throughout the network, anticipated to take place from 2023'. An indicative date for this is no longer possible. The Business Plan does include a frequency uplift on the Northern line to 31 trains per hour on the Morden branch in the peak from 2020, though this does not involve more trains being purchased. The IDP also states (page 8) that the 'TfL Business Plan identifies that from 2023, works to upgrade the Bakerloo line will be undertaken to increase capacity'. Similar to above, no date is now available for this to occur, although the Mayor remains committed to extending the Bakerloo line and TfL are actively developing this project. The Vauxhall gyratory and Waterloo City Hub scheme are included in the Business Plan, but the other TfL-involved projects need to be reviewed with the TfL Surface Sponsorship team to ascertain a) if TfL funding is still	Noted. The IDP will be updated in line with the comments on the Northern Line Upgrade, Bakerloo Line Extension, Vauxhall Gyratory and Waterloo City Hub.

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
TfL continued		available and b) if the amount identified in the IDP schedule is still adequate for delivery. An example of this is the Tulse Hill gyratory. **Community Infrastructure Levy Preliminary Draft Charging Schedule (October 2018)** – We are pleased to note that the proposed MCIL2 has been taken into account by BNP Paribas Real Estate in their Viability Review Report, and subsequently, in the rates proposed in your preliminary draft charging schedule. I have noted that your Regulation 123 List was updated in July this year and that no further changes have been proposed in the current consultation. Comments on the Draft Infrastructure Delivery Plan have been picked up above in response to the Local Plan consultation.	
6 Canary Wharf Group plc	Proposed CIL rates in Zone A for residential, hotel and office uses	We wish to object to the proposed rates within Zone A – Waterloo and Vauxhall, in particular those relating to residential, hotel and office uses all of which have increased significantly. 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. We do not consider that values have risen sufficiently in this area to accommodate these rate increases and for other key planning requirements to still be met. On this basis, CWG request that the Council supplements and expands its viability evidence base to include a cumulative assessment, so that the PDCS can be considered alongside all other possible policy costs at both the Mayoral and Borough level. In view of the above it is clear that the proposed increase in CIL rates will threaten the ability to develop viably the sites and scale of development identified in the Lambeth Local Plan. The proposed charging schedule therefore fails to strike a balance between the desirability of funding infrastructure and the potential effects on the economic viability of development contrary to Regulation 14 of the CIL Regulations.	The Council has instructed its viability consultant BNPP to review the viability evidence and ensure that this is sufficiently robust to support the proposed CIL rates in Zone A for residential, hotel and office types of development.
7 ITV plc c/o DP9		1. The PDCS sets out proposed rates. The rates for each category of use to which a levy is to be applied have significantly increased from those in the current Charging Schedule that has been in place since October 2014. The residential increasing almost two-fold to £500 in Zone A (and over 40% uplift on the indexed rate), with the office similarly rising to £225 in Zone A (and circa 35% uplift on the indexed rate). As per the advice in the NPPF and PPG the rates should be further considered bearing in mind the conclusion by BNPP, on behalf of the Council, that rates if applied at the level currently proposed will result in cases where development is not viable. See para 6.32 and 7.6 BNPP. 2. The PPG (para 19) states that rates should be reasonable and based on available evidence. There is no requirement for the rate to mirror the evidence. Setting a charge at the margins of viability might not be	The Council has instructed its viability consultant BNPP to review the viability evidence and ensure that this is sufficiently robust to support the proposed CIL rates in Zone A for residential, hotel and office types of development.

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
ITV continued		appropriate. BNPP acknowledge that the adoption of the new rates will make schemes non-viable and unable to deliver on core planning policies e.g. affordable housing. The advice of the PPG should be followed and a buffer or margin included. On p5 of the BNPP document, reference is made to tme of the alternative rates for residential (£400) being applied. This though appears a typographical error and £500 is recommended elsewhere and in the PDCS. It would be appropriate for the £400 figure to be appli~d to respond to the advice in the PPG and more generally in the NPPF. 3. The BNPP document concludes (para 7.11) that the level of CIL will have less than 5% impact on viability. It says the CIL will not therefore be a "critical factor in determining whether or not a scheme will come forward". It also acknowledges (para 7.6) that the increased CIL rates will have a relatively modest impact on residual land values "in most cases". The need to deliver affordable housing needs to be balanced with the need to secure contributions to fund community infrastructure that will support development and growth (para 7.7). 4. The likely impact of the proposed revised CIL levy whilst a relatively small proportion of the overall costs of development will be an increasing cost. Particularly when assessed in the context of scheme proposals already approved and which may not be brought forward in their current form. The proposed increase in levy for all categories of development has the potential to significantly impact and hamper the delivery of schemes, and particularly housing, across the borough. BNPP also acknowledge this. 5. It is important to understand the type of infrastructure that the proposed CIL is intended to fund. The Regulation 123 list was revised in July 2018. Are further changes anticipated associated with the PDCS? This should be clarified in order that the assumptions contained in the BNPP document (para 4.25) regarding allowance made for Sl06 costs are confirmed as reasonable and adequately reflected in the viability exercise that has been carried out. The BNPP document says that an average of £1,900 per unit and £30 per sq m has been allowed for Sl06 costs. From recent experience this seems very low and not realistic bearing in mind the significant costs associated with, for example, employment and training obligations and energy measures such as carbon offset payments. Equally of course, and the BNPP report is not explicit in this, does the S106 figure take any account of the non-financial obligations? It is anticipated that the appraisal results will not present an accurate assessment in this respect.	

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
8 South Bank Employers Group (SBEG) and South Bank Business Improvement District (BID)		Given our position on MCIL2 and the inclusion of Waterloo and South Bank within the CLCA, we are concerned that LB Lambeth's proposed office rates within Zone A - Waterloo and Vauxhall will have an additional negative impact on the economic viability of development in the South Bank area, which threatens the delivery of much needed infrastructure. Our concern is that the proposed office rates will combine with other issues that could make the delivery of future office developments unviable. SBEG commented on Lambeth's draft Infrastructure Delivery Plan (IDP) in October 2018. We highlighted two issues: Hostile Vehicle Mitigation (HVM) measures, and specifically the Phase 2 works that were anticipated in the 2015 IDP Schedule; and the proposed funding for the "Spine Route" project, which covers stretches of Belvedere Road and Upper Ground. In our correspondence with Lambeth officers in October 2018, we expressed surprised that there was no mention of HVM in the South Bank and Waterloo area in the 2018 IDP. We stated that "Given the acknowledged and accepted need for Phase 2 HVM (as stated in the South Bank Manifesto and elsewhere) and the work that has been done in recent months by LB Lambeth officers, SBEG and various landowners, (we) would have thought that it be referenced in the IDP." We pointed out that, in the 2015 update, under HVM Phase 2, the report reads "Phase 2 is currently in planning but there are not currently timescales set for its delivery." We noted that this didn't accord with our understanding in that we had an indicative plan to deliver HVM Phase 2 in 2019, notwithstanding that the funding needs to be resolved. We stated our belief that there was enough certainly - and indeed a priority - to lock the project into the five-year scope of the IDP. On the Spine Route project, we said that we were pleased to see relevant sections identified in the groups of projects that have been identified and referenced through the work being done on LB Lambeth's Public Realm Delivery Plan. However, we expressed our concern to see CIL not referenced in the end column of "How Funding Gap Could Be Met", against a funding gap of £14.72m. We noted that the quote in the IDP: "Section 106. Matched funding by South Bank BID for Spine Road". We outlined that, in terms of South Bank BID, we do anticipate that the BID's second term would include the prioritisation of key public realm projects, including relevant sections of the Spine Route. But we reiterated our concern at the absence of any reference to CIL being a source of funding. In response to our comments, on the 8 October 2018 Sandra Roebuck replied to say:	The Council has instructed its viability consultant BNPP to review the viability evidence and ensure that this is sufficiently robust to support the proposed CIL rates in Zone A for office development. The Council will consider whether the Hostile Vehicle Mitigation (HVM), Spine Route, Waterloo City Hub and Waterloo Road projects are included in the IDP.

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SBEG continued		"Happy for you to write in your consultation regarding HVM. We will take some legal advice around its inclusion, but as it is a borough wide issue, this is how it would be dealt with. You will see also the extent of the funding gap for the first (five) years so every project will most likely require match from the private sector. Re the spine road, again happy to take a submission that argues the case for CIL. The IDP is a broad programme of activity, the actual capital allocations process is not part of the land use planning process, so if we have not secured sufficient section 106 funds we can look at alternatives." As such, we are disappointed to see that the draft IDP of October 2018 has not been amended to address either of these projects. On HVM, this has been discussed at length with LB Lambeth officers and it is a stated priority of the 2018 South Bank Manifesto. We ask again that the IDP be amended to provide a clear and unambiguous commitment to the delivery of the HVM Phase 2 project, and that the IDP indicates the likely funding sources, including CIL. In respect of the Spine Route project, we understand that at the time of going out to consultation on the PDCS, LB Lambeth has not concluded its work on the Public Realm Delivery Plan (PRDP), being undertaken by Publica. Nevertheless, we understand that the PRDR will be published by February 2019, and that it identifies the Spine Route as a key project to be delivered. This is in accordance with LB Lambeth's draft Local Plan, which specifically references the Spine Route as a strategic project. We expect that the final version of the IDP will give a clear commitment to the Spine Route project, including how it will be funded. We would also like to highlight the inclusion of the Waterloo City Hub and Waterloo Road project in the draft IDP. Given the current ambiguity as to TfL's commitment to this project, following the recent publication of TfL's business plan and the absence of a clear commitment to it, we ask that this project's inclusion in the IDP be reviewed. In our response to TfL's consultation on the scheme, we questioned why £5m of CIL funding has been allocated to this project, given other demands on CIL funding. We maintain our view that CIL funding is better directed at the Spine Route project, to deliver a range of economic and place-making benefits that are now articulated in LB Lambeth's draft Local Plan.	
9 HB Reavis UK Ltd (owners of Elizabeth House) c/o DP9	Lambeth CIL instalment policy	We consider that there is a good reason for Lambeth to adopt its own instalments policy to recognize the scale of development being brought forward in the north of the borough and the viability challenges that are being faced by development in the current climate.	The Council is now considering to adopt its own CIL instalments policy.

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<tr><th>Organisation</th><th>Theme</th><th>Comment</th><th>Lambeth Response</th></tr>
<tr><td>HB Reavis continued</td><td></td><td>
Following the publication of the Examiner’s Report on MCIL2, we estimate that the CIL liability for our proposed scheme could amount to circa £46m on the basis of the current Lambeth CIL rates, with c.£21m of Lambeth CIL and c.£25m of Mayoral CIL. This total sum will currently be required to be paid in two instalments: £23m within 60 days from commencement and a further £23m within 240 days, i.e. the whole sum in the first 8 months of the project.
The requirement to pay this huge sum of money in such a small space of time places significant financial constraints on the project. The overall project programme is in the region of 60 months, and for other large scale projects where the CIL liability is likely to be substantial, project programmes of more than 24 months are common. In order to finance the project, it is essential that the cashflow is spread across the duration of the project in a manner commensurate with the extent of works that have taken place on site. In addition, making significant large payments upfront will affect the internal rate of return for the project, which further compounds the impact of the increased CIL payments on viability, hence reducing the extent of potential benefits the scheme can deliver.
As such, we would like to request, in tandem with consideration of the PDCS, that Lambeth consider introducing its own Instalments Policy with an additional instalments plan for very substantial CIL liabilities. In order to minimize the impact on the current collection regime and provide some assistance for just the largest development schemes, we would propose the following instalment categories:
<table>
<tr><th>Amount of CIL Liability</th><th>Number of instalments</th><th>Amount or proportion of CIL payable in each instalment, and when payments are due</th></tr>
<tr><td>£100,000 or less</td><td>1</td><td>Total amount payable within 60 days of commencement of development.</td></tr>
<tr><td>£100,001 to £10,000,000</td><td>2</td><td>The greater of £100,000 or half the value of the total amount, payable within 60 days of the commencement of development. The remainder within 240 days of commencement of development.</td></tr>
<tr><td>£10,000,001 or over</td><td>5</td><td>Payable in five instalments of equal amount within 60, 240, 420, 600 and 780 days of commencement of development.</td></tr>
</table>
We wish to object to the proposed 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
</td><td>The Council has instructed its viability consultant BNPP to review the viability evidence and ensure that this is sufficiently robust to support the proposed CIL rates in Zone A for residential, hotel and office types of development.</td></tr>
</table>

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Organisation	Theme	Comment	Lambeth Response
HB Reavis continued		with other factors they will make the delivery of the necessary office floorspace required by policy in Waterloo unviable. Of particular relevance to the development of the Elizabeth House site are the considerations relating to offices. We have significant concerns in relation to the proposed rates, principally on the grounds of the cumulative impact that results from Lambeth's CIL in combination with three other key demands on office development at the Elizabeth House site: • The Mayor's revised Charging Schedule which is set to come 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 or low-cost 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. Whilst we recognize that a CIL Viability Study is necessarily high level, the proposals for Elizabeth House seek to deliver approximately half of Lambeth's projected office floorspace capacity to 2041, with the accompanying employment and economic benefits that this will bring. As such, they are a key strategic consideration in their own right and the Local Plan relies upon the site to meet its objectives. A detrimental impact on the viability of the scheme is an impact on the viability of the Local Plan. We have significant concerns about the ability of office development in Waterloo to absorb an increase in CIL rates of 86%, and meet all the other strategic and local requirements that are placed upon it. We note that the Viability Study recognises the higher MCIL2 rates which have now been confirmed following the publication of the Examiner's Report, however it is not clear whether the appraisals for office schemes in the north of the borough accommodate the higher rates from the Central London Charging Zone. The Study states at p5 that "We have incorporated the proposed £60 per square metre Mayoral CIL in our appraisals as a development cost". Elsewhere in the Study, references suggest that the Central London rates have been included. We request clarity on this point. The Study goes on to state at p5 that "Clearly higher Mayoral CIL rates in the north of the borough will restrict the Council's ability of fund [sic] essential local infrastructure, in an environment in which there are already severe constraints on public sector funding". Despite this statement, the PDCS still proposes an increase in CIL rates for offices of £55 per sq m in real terms, which in combination with the higher MCIL2 rates represents an increase of £189.69 per sq m, equivalent to 86%. This compares to an increase of just 36% for residential use.	

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Organisation	Theme	Comment	Lambeth Response
HB Reavis continued		We have the following concerns regarding the Study: • The construction cost assumptions are unrealistic at £2,082 per sq m plus 15% for externals, 6% for energy related costs and 2% for BREEAM. We consider that a realistic figure would be closer to an overall rate of circa £5,000 per sq m for a complex site like Elizabeth House, with extremely challenging below ground constraints that require an expensive engineering solution; • Whilst 15% profit on GDV might be appropriate for a standard office building, Elizabeth House is a particularly high risk project which justifies a higher profit expectation, which is particularly relevant given that it will account for a significant proportion of office development in Zone 1. However we consider a more appropriate metric to measure the profitability at a large office development such as Elizabeth House would be Internal Rate of Return (IRR) which has not been considered in the study. It should be noted that achieving even the minimum appropriate level of IRR for a development with the complexity, duration and risk profile of Elizabeth House is very challenging. • The professional fee assumption of 10% and net:gross efficiency of 85% are also very optimistic – more realistic assumptions would be circa 12.5% for professional fees and circa 70% for overall net to gross ratio; • The predicted rents for Zone 1 at £700per sq m are very optimistic in terms of reflecting the market. As the evidence for the MCIL2 examination prepared by JLL showed, there are very few deals in Waterloo, and very little evidence on which to give a definitive view. The evidence that is available points to rates around £550-600 per sq m. As such we request that BNPP provide their evidence to support the £700 per sq m assumption; • No information has been provided on how the benchmark land value has been derived, and so we request that this be clarified; • The development programme for the large office building scenario is unrealistic. BNPP's assumption is 30 months, whereas the programme for Elizabeth House is 60 months. Whilst we appreciate that this is a unique example, it is likely to be the only, or one of very few, large office buildings in what is a very small market, and so it represents a good basis for this particular development scenario; • The BNPP approach capitalises the rent at Practical Completion of development, however on a large office building it is more likely that there will be a pre-let, some construction lettings and then a relatively long	

Organisation	Theme	Comment	Lambeth Response
HB Reavis continued		period prior to the capitalisation of the rent with allowances for rent frees & voids. We would therefore suggest that this assumption needs to be revisited; and • As a general comment, the Argus appraisals that sit behind the Study are not included which makes analysis in any detail difficult. We would like to request that the Argus appraisals be provided. In summary, we consider that the Viability Study adopts a series of overly optimistic assumptions which do not reflect the true impact of the proposed CIL rates on the viability of major office development in Waterloo. We are consequently concerned that the Study significantly underestimates the impact on the scheme, and as such if set at the current proposed rate would fail to meet the NPPG test and threaten the ability to develop viably a key site identified in the Local Plan. The Elizabeth House site is the most important strategic office site in Zone 1, and it represents a significant proportion of the Council's projected office accommodation for the next Plan period. We would urge the Viability Study to adopt more realistic assumptions, reflective of the particular circumstances linked to delivering offices in Waterloo, in order that the CIL office rates can be set at a level that will not prevent major office development from coming forward in Waterloo. 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 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."	

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HB Reavis continued		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." Elizabeth House is a prime example of a strategic site in Waterloo where redevelopment has successively stalled due to the immensity of its constraints and challenges. HB Reavis purchased the site in order to deliver a new building that does meet its objectives to London, Lambeth and Waterloo, but we fear that a further increase in CIL rates by Lambeth will either i) make the redevelopment of the site unviable, or ii) remove our ability to deliver the wider local benefits for Lambeth residents. We urge the Council to reconsider increasing the CIL rates for offices in Waterloo, and would welcome continued dialogue with officers as the revised charging schedule progresses.	
10 Michael J Keane	Consultation	I have looked at the 191 public consultations listed on Lambeth's website for 2013 to 2018 and done some analysis on them. Here are some initial observations: • Consultations are spread unevenly throgh the year. On occasions, this can place undue burdens on community groups / members of the public who may wish to respond to more than one especially where deadlines coincide e.g. Transport Strategy, Local Plan and Preliminary Draft Charging Schedule which all finish today. Suggestion: Lambeth should consider spreading consultations more evenly throughout the year and avoid deadlines running into holiday periods especially the run up to Christmas. Also, they should finish on the same time and day of the week so that respondents get used to that i.e. not Fridays for some, Mondays for others etc. If published dates are correct, consultations have finished on every day of the week at one time or another. • Consultations are sometimes presented inconsistently as are surveys where they are included. Suggestion: Lambeth should have a house style and stick to it. • Once a consultation is over the main landing page is not always updated consistently Suggestion: There should be a link to the findings of the consultation and preferably a reference to the council committee at which the findings were discussed • The required reading for some consultations is excessive. Suggestion: For public consultations authors should be encouraged to get their points across more concisely and in plain English. Perhaps the number of pages of key reading material should be noted on the consultation page if only to act as a reminder to staff what burden is being placed on the public if they are expected to read it	Noted

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Michael J Keane continued		• Consultations with large amounts of reading material are difficult to navigate. It seems likely that many potential respondents are turned off Suggestion: Lambeth should try to link survey questions to that part of a document to which the question relates. That would make it easier for people to respond and to head off comments from those who haven't got around to reading the relevant part of the document	
11 Berkley Group	Viability	It is the view of Berkeley that this is an inopportune time to be considering significant increases in CIL liability, particularly given the drive by both the Council and Mayor of London to at the same time increase housing delivery and affordable housing delivered through the planning system. In these circumstances Berkeley would request that: • The Council clarifies some of the assumptions made in the Viability Study which are set out below and focusses on those typologies of current uses and development types that underpin the emerging Local Plan, particularly for strategic growth areas; • Undertakes further testing of viability, including risk assessments against low or falling values and increasing cost projections reflecting current trends which would seem more appropriate than only testing higher values as set out in the current evidence base; • Considers the implications for large phased developments, including those that already have planning permission, because the increased rates may apply to future phases of those developments. Berkeley has extensive experience of development in the Borough and would be happy to engage further with the Council on this additional work if that would be helpful. Berkeley would encourage the Council to 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 years. The Viability Review, begins with a summary of the approach taken, including the economic and housing market context. Berkeley is concerned that this commentary reflects a position that may have been the case two or three years ago but does not reflect current market conditions. Paragraph 1.5 states that: "The housing and commercial property markets are inherently cyclical and the Council is testing the viability of potential development sites at a time when the market has experienced a period of sustained growth." This is directly contradicted by Figure 2.15.1 in the report which shows that average house prices in Lambeth have been flat since 2016. More recent data now shows prices falling.	The Council has instructed its viability consultant BNPP to review the viability evidence and ensure that this is sufficiently robust to support the proposed CIL rates in Zone A for residential, hotel and office types of development.

Organisation	Theme	Comment	Lambeth Response
Berkley Group continued		In justifying increased residential rates the report states: “Sales values have increased at a faster rate than build costs since the adopted CIL rates were tested and as a consequence residential schemes can afford higher levels of CIL.” Whilst this may have been the case in the early part of the period (to 2015), this does not necessarily mean that higher CIL rates could have been afforded if land values for competing uses were also rising. In any case, as the chart below shows, over the last three years costs have risen by around a quarter while house prices have been flat, using the same data sources as those used in the review. Furthermore this data includes all sales and therefore is mainly existing housing across the Borough. Values of new build property across the higher value areas, South Bank and Waterloo and Vauxhall Kennington, have been falling. The Viability Report refers to Savills forecasts (paragraph 2.16 and 4.14) and uses the mainstream (non-prime) London markets. However those higher value areas in Lambeth have become increasingly akin to the wider prime market. Savills most recent assessment of that market shows an 18.4% fall since the 2014 peak in Central London and a fall of 9.4% elsewhere.1 That report forecasts a 5% fall in prime central London in 2018 and 1% in 2019, followed by 0% in 2020. For non-central London it forecasts a 3.5% fall in 2018, and then similar trends to central London. Sales rates for both second hand and new build properties have also been falling. Whilst growth is then predicted from 2021 onwards there is significant wider uncertainty in the UK and global economy. Overall our concern is that the approach and tone of the report is that of previous CIL reviews that have been undertaken when the market was stronger and growing rapidly. In current circumstances we would expect a more cautious approach that reflects the very significant uncertainties and downside risks to the housing market. This should include sensitivity analysis of falling prices combined with rising costs (due to the weakness of the pound and potential difficulties in recruitment). It would also suggest that the Council may wish to ensure that subsequent stages of the review of CIL charges are undertaken at a pace that allows for continued review of market circumstances. The Viability Assessment takes a typology approach to assessment. This includes eleven residential typologies, all of which are 100% residential and include no element of mixed use. In a Borough like Lambeth, where the supply pipeline is made up largely of medium and smaller sites this is not an unreasonable approach, provided that the typologies reflect the types of development that are being brought forward and that the results presented focus on the typologies most relevant to the delivery of the plan.	

Organisation	Theme	Comment	Lambeth Response
Berkley Group continued		Five of the typologies are for developments of 150 homes or more, reflective of the types of development that Berkeley undertakes. These are: • 6: Mid-size flatted scheme (225 homes) • 7: Large flatted scheme (300 homes) • 9: Large higher Density Scheme (750 homes) • 10: Large very high-density scheme (750 homes) • 11: Large very high-density scheme (1,000 homes) We have reviewed the appraisal assumptions for these developments and would make the following comments: • In practice these types of development are mainly likely to happen in CIL Zones A (Waterloo and Vauxhall) and Zone B (Kennington, Oval and Clapham), so the presentation of findings on these typologies should focus on those locations; • The existing uses on sites in these locations that will come forward for development are mainly Office and/or Utilities/Workshop/Industrial. London Plan and current and revised draft Plan local policies usually require at a minimum the re-provision of some of these uses within a mixed use development. In particular draft Policies ED1 (offices), ED3 (Key Industrial and Business Areas) and ED4 (non-designated industrial sites) strongly encourage replacement provision. Policy ED2 (Affordable Workspace), may then apply to that provision. However, none of the assessments in Table 4.1.1 include any element of mixed use. They therefore do not represent a realistic assessment of likely development costs or values or likely planning obligations (including MCIL). It is therefore necessary to include mixed use typologies in the appraisals; • Some development capacity in London, including Lambeth will come from the intensification of retail sites. As implied by the commercial rents in Table 4.13.1 such uses will have significantly higher current use values than industrial uses and in parts of the Borough these will be akin to or higher than offices. They may again need to re-provide retail on site and maintain operation of existing uses with the costs associated. These should be assessed as a scenario; • The nature of the sites described above is that they will have exceptional costs. We note from paragraph 4.36 that these have not been included in the assessments as they vary significantly. Whilst this point is	

Organisation	Theme	Comment	Lambeth Response
Berkley Group continued		acknowledged the Council and its advisers should have sufficient information from recent developments in Lambeth to be able to add a reasonable assumption. • In Zone A, and probably Zone B, a premium should be added to BCIS build costs rates to reflect the build and fit out quality required to achieve the premium prices assumed in the appraisals; • The presentation of the Benchmark Land Values in the appraisals in Tables 6.36.1 onwards is confusing and it is not clear how these values relate to those shown in Table 4.40.1. • Some of the assumptions in the tables are not consistent with that table and do not appear to be evidenced. It would also be useful if the Council could confirm what the Premium that has been assumed in each case is. More generally the findings of the report have not been presented in an accessible way, with fifteen pages of tables and graphs in the main body of the report as well as extensive appendices. The report does not appear to highlight which of the appraisal scenarios the Council finds most relevant and how they relate to real sites and the delivery of the Council's plan. Other than very high level statements there is little commentary on how the findings of the appraisals inform the proposed rates in the Charging Schedules. The point about the need for a buffer is noted on page 4 of the Viability Study but the tables on pages 53 to 64 setting out the appraisal findings note that the rates are before a buffer is applied. There is then no further reference to buffers when defining the rates. As we have noted above there is significant uncertainty and downside risk, and this makes the need for a reasonable buffer essential in current market conditions, even if one takes a positive medium-term view on values. It is not acceptable, as suggested at paragraph 6.41, to simply assume that schemes will become more viable when the recent trend and immediate forecasts show falls in values and rising costs. The Community Infrastructure Levy liability for a Chargeable Development is determined by Regulation 40 of the CIL regulations. This requires a CIL liability for a Chargeable Development to be calculated according to the rates set 'At the Time Planning Permission First Permits Development'. For a phased development, each separate phase is a Chargeable Development and the Time Planning Permission First Permits Development may be either the date of the original planning permission, discharge of pre-commencement conditions relating to a phase (Full Permission) or approval of Reserved Matters application (Outline Permission).	

Organisation	Theme	Comment	Lambeth Response
Berkley Group continued		This means that phased developments that have already been granted planning permission, since the Council adopted its first charging schedule, could be liable for the increased Community Infrastructure Levy charge being proposed by the Council. Some of these developments will have been subject to viability assessment which demonstrate that they are providing the maximum affordable housing and other obligations alongside CIL, and subsequently be hit with significantly increased CIL charges, combined with falling values. This could mean that they are unable to commence phases of development thus putting site delivery at risk. This will potentially be a cumulative impact with the Mayor's CIL when it is increased in April 2019 as the same principle applies. The Council's Viability Study and supporting documentation does not appear to have considered this issue, but it would be useful if it could do before any Draft Charging Schedule has been published. Berkeley welcomes the opportunity to respond to the Council's new Preliminary Draft Charging Schedule and associated documents. It recognises that the Council has a difficult balance to strike in securing infrastructure investment whilst facilitating development. However it is 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. We have suggested above some additional viability work that could be undertaken which would be more reflective of the Council's policy requirements and experience of actual sites in the Borough. Berkeley would be happy to provide any further information that might be useful and engage with the Council to address these practical issues. Berkeley 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.	
12 London Fire Commissioner (LFC) c/o Dron & Wright	General / Allocation of CIL funds	The following LFC sites are within the borough:- • Brixton Fire Station – 84 Gresham Road, Brixton, SW9 7NP. • Clapham Fire Station – 29 Old Town, SW4 0JT. • Lambeth Fire Station – 8 Albert Embankment, SE1 7SD. • West Norwood Fire Station – 210 Knights Hill, SE27 0QA. • Lambeth River Station – Opposite 8 Albert Embankment, SE1 7SD.	Noted. The IDP will be updated in line with LFC's Asset Management Plan 2017. The Council can confirm that CIL and S106 can be used to fund LFC facilities although the funding allocation process is

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LFC continued		Firstly, we write to update the Infrastructure Delivery Plan (listed as the evidence base to the preliminary draft charging schedule) as this document requires further amendment. Please note that LFC's Asset Management Plan (2017) lists Brixton Fire Station as a category 2 priority for improvement, and Clapham Fire Station as a category 4 priority for improvement. Secondly, with the above in mind (and further to our previous representation referred to above), we request that further consideration should be given to the provision of funding for LFC facilities within the borough, from the CIL payments which are collected. This is in particular reference to Brixton and Clapham Fire Stations.	separate from the setting of CIL rates and is not part of the consultation.
13 Unite Students c/o James R Brown Development Viability and Affordable Housing	CIL rates for student accommodation	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 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:-	The Council has instructed its viability consultant BNPP to review the viability evidence in respect of setting a flat £400 CIL rate for student accommodation across all charging zones.

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
Unite Students continued		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. 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 assessing its worth (as an investment hold) to an owner at an assumed secured finance cost.	

Organisation	Theme	Comment	Lambeth Response
Unite Students continued		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. 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.	

<table>
<tr><th>Organisation</th><th>Theme</th><th>Comment</th><th>Lambeth Response</th></tr>
<tr><td>Unite Students continued</td><td></td><td>
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>
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
</td><td></td></tr>
</table>

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
Unite Students continued		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" 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).*	

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
Unite Students continued		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 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; • 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.	

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
Unite Students continued		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. 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.	

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
14 Department for Education	Infrastructure Delivery Plan	**Evidence Base** It would be useful if a Planning for Schools topic/background paper could be produced (or sign-posted), expanding on the evidence in the Council's Infrastructure Delivery Plan (2018), setting out clearly how the forecast housing growth at allocated sites has been translated (via an evidence based pupil yield calculation) into an identified need for specific numbers of school places and new schools over the plan period. This would help to demonstrate more clearly that the approach to the planning and delivery of education infrastructure is justified based on proportionate evidence. If required, the DfE can assist in providing good practice examples of such background documents relevant to this stage of your emerging Plan. It is currently unclear how the 1090 secondary places required up to 2023/24 will be met, and a background paper (or link to existing document) may help to set this out. **Developer Contributions and CIL** One of the tests of soundness is that a Local Plan is 'effective' i.e. the plan should be deliverable over its period. In this context and with specific regard to planning for schools, there is a need to ensure that education contributions made by developers are sufficient to deliver the additional school places required to meet the increase in demand generated by new developments. As such, the DfE support the Council's approach in Policy D4, Planning Obligations. The DfE note that the Council are currently consulting on CIL PDCS to ensure appropriate rates are levied and the right infrastructure is secured across the borough. The DfE support the Council's approach to ensure developer contributions address the impacts arising from growth. Local authorities have sometimes experienced challenges in funding schools via section 106 planning obligations due to the pooling constraints. However, recent proposals from MHCLG indicate that these may be relaxed in certain specified circumstances. The advantage of using s106 relative to CIL for funding schools is that it is very clear and transparent to all stakeholders what value of contribution is being allocated by which development to which schools, thereby increasing certainty. The DfE would be particularly interested in responding to any update to the Infrastructure Delivery Plan or review of infrastructure requirements, which will inform any subsequent CIL review and/or amendments to the Regulation 123 list. As such, please add the DfE to the database for future CIL consultations.	Noted. The Council's view is that the annual Pupil Place Planning Report already provides the detailed information that the DfE seeks. A Planning for Schools topic/background paper expanding on the evidence in the IDP is not necessary.

Summary of Responses – Lambeth PDCS 2018 Consultation

Organisation	Theme	Comment	Lambeth Response
15 Coin Street Community Builders	CIL rates on nursing homes / Allocation of CIL	11. 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. Given land values in the area, it is unlikely that the private market will make affordable provision. In this context, CSCB *objects* to the proposal to introduce a CIL charge on nursing homes in this area. 19. There need to be clearer statements in the Plan about the relationship between development and pressure on infrastructure and the need to ensure that the proceeds of development (CIL and S106) are fully applied to deal with the local pressures which development creates. Current arrangements for the allocation of CIL are nether transparent nor adequately focussed on local community needs and priorities.	The proposed CIL rate for self-contained extra care homes is half of the CIL residential rate for each charging zone. If a care home is operated by a charity for charitable purposes, the developer can apply for exemption from CIL. It is also important to point out that while S106 provides for measures specifically to mitigate the impact of a development, the CIL Regulations require that only a proportion of CIL receipts should be linked to the “local pressures” arising from the impact of development.

LONDON BOROUGH OF LAMBETH COMMUNITY INFRASTRUCTURE LEVY REVIEW PRELIMINARY DRAFT CHARGING SCHEDULE REPRESENTATIONS

Canary Wharf Group

Canary Wharf Group	Comment	BNPPRE response
1	These representations are submitted by Canary Wharf Group (CWG). CWG has reviewed the Council's published Preliminary Draft Charging Schedule ('PDCS') and its supporting evidence base. At this stage, owing to the preliminary nature of the draft Charging Schedule, CWG has kept these representations high-level.	The PDCS is the opportunity for interested parties to provide evidence and make their substantive points. It is therefore disappointing that CWG appear to be withholding any evidence they may have that the Council could usefully consider when considering its DCS.
2	As a means of background, in December 2012 Braeburn Estates (comprising Canary Wharf Group (CWG) and Qatari Diar) submitted a planning (LPA application ref. 12/04708/FUL) and associated applications for the major mixed-use redevelopment of the Shell Centre, Waterloo. This application was subsequently approved by the Secretary of State on 5th June 2014.	This scheme has consent and largely complete. It is therefore very unlikely to be affected by the proposed changes to Lambeth's CIL.
3	We reserve the right to make further comments as and when further material becomes available.	As noted above, if CWG have evidence at their disposal that would have assisted the Council, it should have been provided at this stage so that it could be considered prior to producing the DCS. It is also unclear what "further material" CWG think might become available.
4	Paragraphs 173-177 of the NPPF are concerned with ensuring viability and deliverability in planmaking. Of particular note, is the point at paragraph 174, that the cumulative impact of all policies is to be taken into account in order to demonstrate that the implementation of the Development Plan is not put at risk. CWG is concerned that the viability work supporting the PDCS has not taken into account the full cumulative costs on development of all policies set out in the draft Local Plan, draft London Plan and MCIL2. We are conscious that there are the obvious costs associated with the provision of affordable housing, but many others that are relevant, for example, to name a few: zero carbon target; urban greening; low cost business space; affordable work space; affordable retail units; and, social infrastructure.	Paragraph 173 of the NPPF relates to policies on Heritage coasts; none exist in Lambeth. Paragraphs 174 to 177 relate to habitats and biodiversity, which while important to Lambeth do not appear to relate to the comments made. With regards to the specific comments (which are not related to the NPPF paragraphs cited), the cumulative impact of all policies is included in the viability work, as identified in paragraphs 2.44 and 2.45 of the July 2018 Viability Study.

Canary Wharf Group	Comment	BNPPRE response
5	The NPPG states that Charging Authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan i.e. those sites that have been specifically allocated by policy and deemed to play a strategic role in delivering Local Plan objectives. We wish to object to the proposed rates within Zone A – Waterloo and Vauxhall, in particular those relating to residential, hotel and office uses all of which have increased significantly. 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. We do not consider that values have risen sufficiently in this area to accommodate these rate increases and for other key planning requirements to still be met.	The adopted 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%.
6	On this basis, CWG request that the Council supplements and expands its viability evidence base to include a cumulative assessment, so that the PDCS can be considered alongside all other possible policy costs at both the Mayoral and Borough level.	As noted above, the CIL viability assessment includes all such policy requirements as set out at paragraphs 2.44 and 2.45.
7	In view of the above it is clear that the proposed increase in CIL rates will threaten the ability to develop viably the sites and scale of development identified in the Lambeth Local Plan. The proposed charging schedule therefore fails to strike a balance between the desirability of funding infrastructure and the potential effects on the economic viability of development contrary to Regulation 14 of the CIL Regulations	This is a completely baseless and un-evidenced assertion. On a typical high density development (site typology 9), the adopted CIL accounts for 1.48% of development costs. After the proposed rates have been implemented, the new CIL (including Mayoral CIL) would still only account for 3.06% of development costs, which remains well below the 5% 'rule of thumb' applied by examiners elsewhere. Given that large developments have been absorbing similar levels of cost inflation on an annual basis and still proceeding, the claim that a one-off CIL charge of 3% of costs would threaten development is not credible.

DP9 on behalf of HB Reavis UK Limited

HB Reavis	Comment	BNPPRE response
1	HB Reavis are owners of Elizabeth House. HB Reavis are currently developing major proposals for the site, in order to deliver a landmark new office building for Lambeth and to provide transformational changes to the public realm and access at Waterloo Station, the UK's busiest train station. Delivering such an aspirational scheme presents significant challenges and we are committed to working in partnership with the Council to deliver the best scheme for the site, for Waterloo and for the borough. We are working towards the submission of a planning application in 2019, with the aim of starting work on site in 2020. It is within this context that we are submitting representations on the PDCS.	
2	In the report to Cabinet dated 15th October 2018, the Council stated that it did not intend to adopt its own Instalments Policy and would continue to apply the Mayor's policy, which allows CIL payments of £100,001 or more to be paid in two instalments within 60 and 240 days from commencement. We consider that there is a good reason for Lambeth to adopt its own instalments policy to recognize the scale of development being brought forward in the north of the borough and the viability challenges that are being faced by development in the current climate.	Although this is not a matter relevant to the CS, we do not disagree with the comments set out by the representation. Any longer deferment of payment than the periods set out by the Mayor of London's instalments policy will assist in the viability of developments. This is ultimately a matter for the Council to weigh.
3	We wish to object to the proposed 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 the delivery of the necessary office floorspace required by policy in Waterloo unviable.	There is no evidence to support this contention. The results of our testing of large scale office schemes (typology 21) indicates that the scheme generates a surplus residual land value in excess of the benchmark land value equating to £2,799 per square metre. The proposed CIL rate equates to less than 10% of this surplus. Furthermore, the proposed CIL (in combination with Mayoral CIL of £185 psm) increases the liability by only 0.7% (from 4% for the adopted rate plus Mayoral CIL to 4.7%).
4	In publishing the PDCS, the Council has acknowledged that "*The proposed rates represent a significant increase over previous rates with indexation applied*". The proposed rates have been justified by a Viability Study, prepared by BNPPRE, and on the basis that higher rates are required in order to "*keep up with the increase in land values in Lambeth and capture as much planning*	It is unclear what source is quoted here. As noted above, the change in liability to from 4% of development costs (reflecting the status quo) to 4.7% of development costs. This also assumes that all the floorspace in the office scheme tested is liable to pay CIL. We understand that

HB Reavis	Comment	BNPPRE response
	gain as might be possible without deterring development and to meet wider planning policy objectives". The new rates have been tested in combination with the cumulative impact of: • Emerging London Plan policies (in the draft new London Plan November 2017) • Lambeth's emerging new Local Plan policies • The combined Mayoral and Council requirements for planning obligations • Proposed new levels of Mayoral CIL (MCIL2) for Lambeth	the existing Elizabeth House is occupied (or will have been occupied for 6 months out of the 36 months prior to any new planning permission being granted). The existing space will therefore be netted off the proposed space for the purposes of calculating CIL liability.
5	Of particular relevance to the development of the Elizabeth House site are the considerations relating to offices. We have significant concerns in relation to the proposed rates, principally on the grounds of the cumulative impact that results from Lambeth's CIL in combination with three other key demands on office development at the Elizabeth House site: • The Mayor's revised Charging Schedule which is set to come 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 or low-cost 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.	The viability study tests the cumulative impact of the revised Mayoral CIL Charging Schedule, as noted in paragraph 4.22: *"In the parts of the borough within the Central Activities Zone, the Mayor is proposing to charge £185 per square metre on offices, £165 per square metre on retail and £140 per square metre on hotels. We have applied this increased rate in our appraisals. The proposed Mayoral CIL rates are due to be examined in September 2018…. **Given that we have applied the full proposed CIL rates** any changes will almost certainly be downwards which will improve viability"* (emphasis added). The Viability Study also tests affordable workspace requirements and this has been taken into account in the proposed CIL rates. With regards to the strategic public realm and transport improvements, there is scope for these to be treated as CIL in kind and netted off any future liability.
6	Whilst we recognize that a CIL Viability Study is necessarily high level, the proposals for Elizabeth House seek to deliver approximately half of Lambeth's projected office floorspace capacity to 2041, with the accompanying employment and economic benefits that this will bring. As such, they are a key	The representation focuses on the change in office rates since CIL was first adopted in Lambeth. The viability work underpinning the first Charging Schedule dates from 2012, when office rents in Waterloo were significantly

HB Reavis	Comment	BNPPRE response
	strategic consideration in their own right and the Local Plan relies upon the site to meet its objectives. A detrimental impact on the viability of the scheme is an impact on the viability of the Local Plan. We have significant concerns about the ability of office development in Waterloo to absorb an increase in CIL rates of 86%, and meet all the other strategic and local requirements that are placed upon it.	lower and yields were higher. In any event, as noted above, the proposed increase to Lambeth's CIL increases the total CIL liability (including Mayoral CIL at new rates) from 4% to 4.7% of development costs.
7	We note that the Viability Study recognises the higher MCIL2 rates which have now been confirmed following the publication of the Examiner's Report, however it is not clear whether the appraisals for office schemes in the north of the borough accommodate the higher rates from the Central London Charging Zone. The Study states at p5 that "We have incorporated the proposed £60 per square metre Mayoral CIL in our appraisals as a development cost". Elsewhere in the Study, references suggest that the Central London rates have been included. We request clarity on this point.	As noted above, paragraph 4.22 explicitly states that the revised Mayoral CIL rate of £185 psm for offices has been included in the appraisals. This can also be seen on page two of Appendix 2, where column 31 shows a total CIL liability of £350.25, comprised of £185 per sqm for Mayoral CIL and the adopted Lambeth CIL rate of £125 plus indexation.
8	The Study goes on to state at p5 that "Clearly higher Mayoral CIL rates in the north of the borough will restrict the Council's ability of fund [sic] essential local infrastructure, in an environment in which there are already severe constraints on public sector funding". Despite this statement, the PDCS still proposes an increase in CIL rates for offices of £55 per sq m in real terms, which in combination with the higher MCIL2 rates represents an increase of £189.69 per sq m, equivalent to 86%. This compares to an increase of just 36% for residential use.	This quote is preceded by "*The potential maximum CIL rates identified by our appraisals already take into account the impact of Mayoral CIL on the residual values*". The point being made was that Lambeth CIL rates could have been increased but that a more cautious approach was required due to the increase in the Mayoral CIL. The comparison of the increase in the office rate to the residential rate is somewhat misleading given that the residential rate was significantly higher at £265 per sqm, compared to just £125 psm for offices.
9	Regulation 14 of the CIL Regulations confirms that in setting a charging schedule the authority must strike a balance between the desirability of funding infrastructure and the potential effects on the economic viability of development. The National Planning Practice Guidance adds that "Charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan" (Paragraph: 008 Reference ID: 25-008-20140612). We have consequently	The Council considered the results of the viability study and considers that the proposed rates reflect an appropriate balance between raising funds for infrastructure and the potential impact on viability. As noted previously, the proposed increase in Lambeth CIL will increase the total CIL liability (including Mayoral CIL)

HB Reavis	Comment	BNPPRE response
	reviewed the Viability Study in this light, and in relation to the delivery of the redevelopment of Elizabeth House, which is a site identified for development in the Local Plan to deliver key Plan objectives for Waterloo and the Borough.	from 4% of development costs to 4.7% of development costs.
10	We provide initial comments on the Viability Study below. Our overarching comments on viability draw from the Council's comments on the challenging viability of office development in Waterloo, and BNPP's own conclusions on the impact that increased CIL rates in Waterloo will have on the Council's ability to deliver key local and strategic benefits.	It is disappointing to note that these are "initial comments" only as the PDCS is the opportunity for developers to provide substantive evidence to influence the CIL rates. No evidence is presented to substantiate the suggestion that the viability of office development in Waterloo is "challenging".
11	The construction cost assumptions are unrealistic at £2,082 per sq m plus 15% for externals, 6% for energy related costs and 2% for BREEAM. We consider that a realistic figure would be closer to an overall rate of circa £5,000 per sq m for a complex site like Elizabeth House, with extremely challenging below ground constraints that require an expensive engineering solution;	No substantive evidence has been provided in support of the suggested figure of £5,000 psm. We are involved in a wide range of schemes across the capital and we have never seen a scheme built at this level of cost.
12	Whilst 15% profit on GDV might be appropriate for a standard office building, Elizabeth House is a particularly high risk project which justifies a higher profit expectation, which is particularly relevant given that it will account for a significant proportion of office development in Zone 1. However we consider a more appropriate metric to measure the profitability at a large office development such as Elizabeth House would be Internal Rate of Return (IRR) which has not been considered in the study. It should be noted that achieving even the minimum appropriate level of IRR for a development with the complexity, duration and risk profile of Elizabeth House is very challenging.	15% is the rate of profit applied to developments at the development management stage and is a figure widely supported by the GLA and other boroughs for viability testing. On every occasion proposals for Elizabeth House have been tested, the applicants have assessed profit as a percentage of cost. The site has never been tested using IRR, which in any event is only appropriate for schemes of a much larger scale.
13	The professional fee assumption of 10% and net:gross efficiency of 85% are also very optimistic – more realistic assumptions would be circa 12.5% for professional fees and circa 70% for overall net to gross ratio;	The large scale office scheme tested in the study assumes a net to gross ratio of 78%, not 85%, as can be seen in Appendix 2. A professional fees allowance of 10% is consistent with the rates applied on far larger and more complex schemes than Elizabeth House.
14	The predicted rents for Zone 1 at £700per sq m are very optimistic in terms of reflecting the market. As the evidence for the MCIL2 examination prepared by JLL showed, there are very few deals in Waterloo, and very little evidence on which to give a definitive view. The evidence that is available points to rates	Office occupiers are not tied to particular locations and Waterloo is a prime location for any corporate occupier. The reason for the lack of deals is the lack of supply, not demand.

HB Reavis	Comment	BNPPRE response
	around £550-600 per sq m. As such we request that BNPP provide their evidence to support the £700 per sq m assumption;	The rent assumed in the VS is £65 psf, compared to £106 psf in the West End and £75 psf in Shoreditch/Clerkenwell. Furthermore, the representation focuses on rents but does not comment on yields. The yield we apply of 5.25% is very soft in comparison to recent deals. For example, the acquisition of the Fleet building at 70 Farringdon Road achieved a yield of 4.15%, while West End deals have been achieving 3.5%. Applying yields that are reflective of current deals and a lower rent would result in the same capital value.
15	No information has been provided on how the benchmark land value has been derived, and so we request that this be clarified;	As explained at paragraph 4.40, the range of BLVs is derived from analysis of benchmarks assumed in viability appraisals submitted by applicants over the two year period before the study was undertaken. If stakeholders disagree with this range, the PDCS consultation was their opportunity to submit evidence for the Council to consider. That said, there is no reason to believe that applicants would submit viability appraisals that understate the existing use values of their sites, indeed the reverse is often the case.
16	The development programme for the large office building scenario is unrealistic. BNPP's assumption is 30 months, whereas the programme for Elizabeth House is 60 months. Whilst we appreciate that this is a unique example, it is likely to be the only, or one of very few, large office buildings in what is a very small market, and so it represents a good basis for this particular development scenario;	We would need to see more evidence to consider adopting such a long development programme. On a without prejudice basis, we have nevertheless tested a 60 year programme and it reduces the maximum CIL from £3,023 psm to £2,591 psm.
17	The BNPP approach capitalises the rent at Practical Completion of development, however I on a large office building it is more likely that there will be a pre-let, some construction lettings and then a relatively long period prior to the capitalisation of the rent with allowances for rent frees & voids. We would therefore suggest that this assumption needs to be revisited; and	The appraisals build in a 12 month void and rent free period into the calculation of GDV. We consider this to be sufficient.

HB Reavis	Comment	BNPPRE response
18	As a general comment, the Argus appraisals that sit behind the Study are not included which makes analysis in any detail difficult. We would like to request that the Argus appraisals be provided.	The appraisals are not run using Argus. The full inputs to all the appraisals and the full cashflows are provided at Appendix 2 and 5 of the report.
19	In summary, we consider that the Viability Study adopts a series of overly optimistic assumptions which do not reflect the true impact of the proposed CIL rates on the viability of major office development in Waterloo. We are consequently concerned that the Study significantly underestimates the impact on the scheme, and as such if set at the current proposed rate would fail to meet the NPPG test and threaten the ability to develop viably a key site identified in the Local Plan.	As set out above, we disagree that the assumptions are overly optimistic. Furthermore, the proposed increase in CIL rate from £165 psm to £225 psm still leaves ample margin below the maximum rates (in the region of £3,000 psm). The additional charge cannot reasonably be said to constitute a threat to the ability of any scheme to come forward.
20	The Elizabeth House site is the most important strategic office site in Zone 1, and it represents a significant proportion of the Council's projected office accommodation for the next Plan period. We would urge the Viability Study to adopt more realistic assumptions, reflective of the particular circumstances linked to delivering offices in Waterloo, in order that the CIL office rates can be set at a level that will not prevent major office development from coming forward in Waterloo.	Talking down the inputs would not result in a different outcome. Applying pessimistic assumptions might reduce the overall surplus (from the current circa £3,000 psm) but it is unlikely to reach a point where it falls anywhere close to £225 per sqm. In any event, as set out above, we consider the inputs to be realistic, not optimistic.
21	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.	This is wholly unrealistic – it cannot be realistically suggested that an increase in total CIL liability from the current 4% to 4.7% of total development costs will be the make or break factor for this scheme coming forward or not. Given that major developments accommodate significantly higher movements in build costs on an annual and on-going basis, it is difficult to see why a modest increase in CIL would have the effect suggested.
22	The Council submitted strong representations to the Mayoral CIL2 consultation process, seeking justification for the significant increase in CIL 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*".	Council to comment on its own comments.
23	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*	Council to comment on its own comments.

HB Reavis	Comment	BNPPRE response
	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."	
24	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*."	Council to comment on its own comments.
25	Elizabeth House is a prime example of a strategic site in Waterloo where redevelopment has successively stalled due to the immensity of its constraints and challenges. HB Reavis purchased the site in order to deliver a new building that does meet its objectives to London, Lambeth and Waterloo, but we fear that a further increase in CIL rates by Lambeth will either i) make the redevelopment of the site unviable, or ii) remove our ability to deliver the wider local benefits for Lambeth residents. We urge the Council to reconsider increasing the CIL rates for offices in Waterloo, and would welcome continued dialogue with officers as the revised charging schedule progresses.	There is no evidence that the adopted or emerging CIL has had any role in delaying this development. It would be wholly unrealistic to suggest that an increase from 4% to 4.7% of development costs would prevent the scheme coming forward. Furthermore, the first permission was granted in 2008, long before CIL was implemented in Lambeth.

DP9 on behalf of VCI

VCI	Comment	BNPPRE response
1	VCI are currently progressing a planning application (ref. 17/05807/FULEIA) for the comprehensive redevelopment of the Vauxhall Island Site to provide a commercial-led mixed-use scheme which will provide a new town centre for the area. The application was submitted following extensive pre-application engagement with the Council and other key local and strategic stakeholders, and is being reported to the Planning Applications Committee on 18th December 2018.	Noted.
2	In the report to Cabinet dated 15th October 2018, the Council stated that it did not intend to adopt its own Instalments Policy and would continue to apply the Mayor's policy, which allows CIL payments of £100,001 or more to be paid in two instalments within 60 and 240 days from commencement. We consider that there is a good reason for Lambeth to adopt its own instalments policy to recognize the scale of development being brought forward in the north of the borough and the viability challenges that are being faced by development in the current climate. The estimated CIL liability for the proposed development at the Vauxhall Island Site is £30,706,243.15, comprising £24,686,484.23 of Lambeth CIL and £6,019,758.92 of Mayoral CIL (on the assumption that planning permission is granted before 1st April 2019). This total sum will be required to be paid in two instalments: £15,353 - 21.575 within 60 days from commencement and the remainder within 240 days, i.e. the whole sum in the first 8 months of the project.	Although this is not a matter relevant to the CS, we do not disagree with the comments set out by the representation. Any longer deferment of payment than the periods set out by the Mayor of London's instalments policy will assist in the viability of developments. This is ultimately a matter for the Council to weigh.
3	We wish to object to the proposed rates within Zone A – Waterloo and Vauxhall, in particular those relating to residential, hotel and office uses. 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.	There is no evidence to support this contention. The results of our testing of large scale office schemes (typology 21) indicates that the scheme generates a surplus residual land value in excess of the benchmark land value equating to £2,799 per square metre. The proposed CIL rate equates to less than 10% of this surplus. Furthermore, the proposed CIL (in combination with Mayoral CIL of £185 psm) increases the liability by only 0.7% (from 4% for the adopted rate plus Mayoral CIL to 4.7%). There are also significant surpluses arising from hotel schemes

VCI	Comment	BNPPRE response
		and residential developments, as set out in tables 6.34.1 to 6.34.12.
4	In publishing the PDCS, the Council has acknowledged that “The proposed rates represent a significant increase over previous rates with indexation applied”. The proposed rates have been justified by a Viability Study, prepared by BNPPRE, and on the basis that higher rates are required in order to “keep up with the increase in land values in Lambeth and capture as much planning gain as might be possible without deterring development and to meet wider planning policy objectives”. The new rates have been tested in combination with the cumulative impact of: • Emerging London Plan policies (in the draft new London Plan November 2017) • Lambeth’s emerging new Local Plan policies • The combined Mayoral and Council requirements for planning obligations • Proposed new levels of Mayoral CIL (MCIL2) for Lambeth	It is unclear what source is quoted here. As noted above, the change in office CIL liability to from 4% of development costs (reflecting the status quo) to 4.7% of development costs (with a similar percentage for hotels).
5	Of particular relevance to the development of the Vauxhall Island Site are residential, offices and hotel uses. We object to the proposed rates principally on the grounds of the cumulative impact that results from Lambeth’s CIL in combination with two other key demands on development in Vauxhall: • The Mayor’s revised Charging Schedule which is set to come into effect on 1st April 2019; and The policies contained within the Lambeth Local Plan and Draft London Plan which seek to maximise the delivery of affordable housing, targeting minimum levels of 40% and 35% respectively.	The viability study tests the cumulative impact of the revised Mayoral CIL Charging Schedule, as noted in paragraph 4.22: *“In the parts of the borough within the Central Activities Zone, the Mayor is proposing to charge £185 per square metre on offices, £165 per square metre on retail and £140 per square metre on hotels. We have applied this increased rate in our appraisals. The proposed Mayoral CIL rates are due to be examined in September 2018.…* ***Given that we have applied the full proposed CIL rates*** *any changes will almost certainly be downwards which will improve viability”* (emphasis added). The Viability Study also tests affordable housing requirements, as noted throughout the viability study. 40% affordable housing is to be sought only when public subsidy is made available; the default position for most developments will be

VCI	Comment	BNPPRE response
		35%. The provision of affordable housing was subject to detailed testing within the viability study.
6	We do not consider that values have risen sufficiently in this area to accommodate these rate increases and for other key planning requirements to still be met.	The adopted 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%.
7	We note that the Viability Study recognises the higher MCIL2 rates which have now been confirmed following the publication of the Examiner's Report, however it is not clear whether the appraisals for office schemes in the north of the borough accommodate the higher rates from the Central London Charging Zone. The Study states at p5 that "We have incorporated the proposed £60 per square metre Mayoral CIL in our appraisals as a development cost". Elsewhere in the Study, references suggest that the Central London rates have been included. We request clarity on this point.	The viability study tests the cumulative impact of the revised Mayoral CIL Charging Schedule, as noted in paragraph 4.22: *"In the parts of the borough within the Central Activities Zone, the Mayor is proposing to charge £185 per square metre on offices, £165 per square metre on retail and £140 per square metre on hotels. We have applied this increased rate in our appraisals. The proposed Mayoral CIL rates are due to be examined in September 2018…. **Given that we have applied the full proposed CIL rates** any changes will almost certainly be downwards which will improve viability"* (emphasis added). The Viability Study also tests affordable workspace requirements and this has been taken into account in the proposed CIL rates.

VCI	Comment	BNPPRE response
		With regards to the strategic public realm and transport improvements, there is scope for these to be treated as CIL in kind and netted off any future liability.
8	The Study goes on to state at p5 that "Clearly higher Mayoral CIL rates in the north of the borough will restrict the Council's ability of fund [sic] essential local infrastructure, in an environment in which there are already severe constraints on public sector funding". Despite this statement, the PDCS still proposes an increase in CIL rates for offices of £55 per sq m in real terms, which in combination with the higher MCIL2 rates represents an increase of £189.69 per sq m, equivalent to 86%. This compares to an increase of just 36% for residential use.	This quote is preceded by "*The potential maximum CIL rates identified by our appraisals already take into account the impact of Mayoral CIL on the residual values*". The point being made was that Lambeth CIL rates could have been increased but that a more cautious approach was required due to the increase in the Mayoral CIL. The comparison of the increase in the office rate to the residential rate is somewhat misleading given that the residential rate was significantly higher at £265 per sqm, compared to just £125 psm for offices.
9	Regulation 14 of the CIL Regulations confirms that in setting a charging schedule the authority must strike a balance between the desirability of funding infrastructure and the potential effects on the economic viability of development. The National Planning Practice Guidance adds that "Charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan" (Paragraph: 008 Reference ID: 25-008-20140612). We have consequently reviewed the Viability Study in this light, and in relation to the delivery of the Vauxhall Island Site which is a site identified for development in the Local Plan to deliver key Plan objectives for Vauxhall.	The Council considered the results of the viability study and considers that the proposed rates reflect an appropriate balance between raising funds for infrastructure and the potential impact on viability. As noted previously, the proposed increase in Lambeth CIL will increase the total CIL liability (including Mayoral CIL) from 4% of development costs to 4.7% of development costs.
10	The BNPP study states (at 1.7) that one of its key findings is the current Lambeth CIL rates (introduced in Oct 2014) have had no adverse impact on the supply of housing or the viability of developments. This statement is incorrect. The GLA's annual monitoring report confirms that over the last 3 years the average level of housing delivery has been just 83% of Lambeth's minimum target and average level of affordable housing delivery has been just 30% of the minimum target (18% of completions);	Can DS2 demonstrate that the housing supply issues they cite are associated with CIL? There is no evidence that CIL has had any impact on housing supply. As noted above, the adopted CIL accounts for 1.48% of development costs on a high density housing development (typology 9). After the proposed rates have been implemented, the new CIL (including Mayoral CIL) would still only account for 3.06%

VCI	Comment	BNPPRE response
		of development costs, which remains well below the 5% 'rule of thumb' applied by examiners elsewhere. Given that large developments have been absorbing similar levels of cost inflation on an annual basis and still proceeding, the claim that a one-off CIL charge of 3% of costs would threaten development is not credible. DS2/VCI appear to be seeking to attribute wider factors (primarily developers' actions or lack of action) to housing supply which is out of context.
11	Whilst it is acknowledged that the overall quantum of housing may have been constrained by other factors including land availability, the level of affordable housing achieved on the sites which have been delivered (18%) is due to site-specific viability assessments which have been independently verified by BNPP (the Council's advisor for assessing the viability of individual planning applications);	The Council's policy sets a target which is applied on a site-specific basis, having regard to individual scheme viability. This approach is proposed to continue in the emerging Local Plan, although a 'Fast Track Route' (in line with the Mayor of London's SPG) will also be introduced alongside the normal approach for schemes that are viably able to deliver at least 35% affordable housing.
12	There have been very few planning applications, excluding those delivered using surplus public subsidy, which have viably delivered the scale of affordable housing set out in the Local Plan (40%) due to viability constraints;	There have been schemes that have delivered 40% affordable housing in close proximity to the VCI scheme (e.g. 38-42 Albert Embankment and Prince Consort House). In any event, the Council is well aware that viability issues emerge on sites and this is why it applies its affordable housing targets flexibly, having regard to site-specific viability assessments. As noted, this approach will continue in the new Local Plan, with the addition alongside this route of a fast track route for those schemes able to provide 35% affordable housing.
13	It therefore follows that a 43% increase in Lambeth's residential CIL rate in Zone A will have a significant adverse impact on the delivery of affordable housing;	No there is no evidence that increasing the CIL rate will have a "significant adverse impact" on affordable housing supply. The Council is aware that affordable housing and CIL are

VCI	Comment	BNPPRE response
		funded from the uplift in value arising from grant of planning permission and that there may be a trade off between the two in some circumstances. However, the Council cannot set its CIL rates on the basis of every site achieving policy target levels of affordable housing; this would result in the worst of both worlds; there would be no CIL raised to fund essential supporting infrastructure and schemes would still not meet the policy target for affordable housing. In high value areas such as Vauxhall, the diminution in value arising from converting a square metre of private housing into affordable housing is typically £12,400 per square metre. The proposed CIL is a very small proportion of this cost and consequently the movements in affordable housing required to fully offset the increase in CIL are very small.
14	The BNPP financial models, which underpin the study, indicate that the cost of delivering affordable housing in medium density development in Zone A is c.£532k per unit. On this basis, a hypothetical medium density 250 unit scheme providing the average level of affordable housing (18%) would have an extra CIL liability of c.£2.6m (calculation below). This would reduce the viable level of affordable housing by a further c.2%. Over a 15 year plan period, a 2% reduction in affordable housing measured against the Council's overall housing target would equate to 467 fewer affordable homes. (A x B x C) X E A - 70 (Average Unit NIA SQM) B - 205 (Private Units) (250 – 45 AH Units) C – 1.2 (NIA to GIA Ratio) E – £150 (Extra CIL Per SQM)	While it is correct that the additional CIL would reduce affordable housing by 2% if all other things remained equal, other inputs to the appraisal have changed (i.e. sales values are higher than in 2012 and have out-stripped rising costs, when the evidence base for the adopted CIL was drafted). The Council appreciates however that in some cases there may be trade-offs, and these will be established through scheme-specific viability testing at the DM stage. The logical conclusion of DP9's argument is that CIL (both Mayoral and borough) should be set at nil so that the level of affordable housing can be maximised on every site. This then leaves the Mayor of London unable to meet his commitment to fund Crossrail 1 and 2 and the

VCI	Comment	BNPPRE response
		borough will be unable to provide essential supporting infrastructure to support growth. Without any contribution from CIL, housing developments would need to be deferred until other sources of funding could be identified (which could be never) and no affordable housing would come forward.

DP9 on behalf of ITV

ITV	Comment	BNPPRE response
1	Representation made on behalf of ITV, who recently secured PP for redevelopment of 60-72 Upper Ground for a new HQ building and a residential building for 213 units. This is located in Zone A.	We understand that this scheme has been granted planning permission and ITV committed to occupying the building prior to the committee. Given this commitment, the existing permission should be implemented before the draft CIL rates have been adopted.
2	Current rates after indexation are £350 psm for residential and £165 psm for offices. PDCS proposes to increase those rates to £500 psm for residential (40% increase) and £225 psm for offices (35% increase).	This is rather one sided and does not consider the significant changes to residual land values arising from increasing sales values since the evidence base for the adopted CIL was prepared in 2012.
3	DP9 assert that the PDCS does not comply with the CIL regulations as it fails to strike the appropriate balance between the provision of CIL and the potential effects of the imposition of CIL on the economic viability of development across the borough.	This assertion is without foundation and no counter evidence has been produced that might back up this claim. As noted previously, the CIL rates remain at very low proportions of development costs and it cannot be sensibly asserted that CIL will prevent schemes coming forward. For example, the office rate will account for 4.7% of total development costs including the Mayoral CIL of £185 psm. This is an increase from 4% at the adopted rate.
4	The assessment work that accompanies the PDCS is overly optimistic in its assessment of the likely impact of the revised rates to development proposals coming forward	The viability study tests a range of developments which reflect those coming forward across the borough. We do not agree that the appraisal inputs are overly optimistic and we would of course expect this suggestion from a party who has been commissioned to seek to mitigate a proposed increase in CIL to protect private interests.
5	The CIL&LP VS acknowledges that some schemes will not be able to be developed (as they are not viable) if CIL levies are factored in. Yet it still maintains that the PDCS achieves the appropriate balance. Why though have the alternative rates that were tested not been taken forward?	The report makes no such suggestion. The study states that "*Our testing of alternative CIL rates indicates that relatively significant changes could be accommodated without adversely impacting on viability to a sufficient degree to*

ITV	Comment	BNPPRE response
		impact on land supply" and that "*Our testing indicates that the increase in CIL rates will have a relatively modest impact on residual land values in most cases. In almost all cases, increases in sales values (in excess of cost increases) will have enhanced the capacity of developments to absorb increased CIL rates. In the isolated cases where a scheme is on the margins of viability where it is not possible to pass the cost of increased CIL rates back to the landowner through a reduction in land value (for example, due to high existing use values), the increase in CIL will have a modest impact on affordable housing levels that can be delivered*".
6	Regulation 14 states that the CIL rates set by the Mayor must be taken into account when setting borough rates.	This is a recurring theme in the numerous representations by DP9 on behalf of various landowners (the representations being largely the same, with a few minor drafting changes). As stated previously, the viability study tests the cumulative impact of the revised Mayoral CIL Charging Schedule, as noted in paragraph 4.22: *"In the parts of the borough within the Central Activities Zone, the Mayor is proposing to charge £185 per square metre on offices, £165 per square metre on retail and £140 per square metre on hotels. We have applied this increased rate in our appraisals. The proposed Mayoral CIL rates are due to be examined in September 2018…. **Given that we have applied the full proposed CIL rates** any changes will almost certainly be downwards which will improve viability"* (emphasis added). The Viability Study also tests affordable housing requirements, as noted throughout the viability

ITV	Comment	BNPPRE response
		study. 40% affordable housing is to be sought only when public subsidy is made available; the default position for most developments will be 35%. The provision of affordable housing was subject to detailed testing within the viability study.
7	Regulation indicates that proposed rates should be reasonable given the available evidence. A buffer should be included to ensure that the rates are viable across the economic cycle. Rates should avoid undue complexity. Rates should not have a disproportionate impact on particular sectors or specialist forms of development.	The CIL rates have been set well below the maximum rates identified by the viability study. As noted previously, the maximum rate for offices in Waterloo is circa £3,000 psm. The proposed rate is £225 psm which is just 7.5% of the maximum rate.
8	ITV considers that the revised CS should be progressed carefully to ensure that development is not frustrated in its delivery by the scale of obligations and other costs that are sought. Rates have increased significantly; residential increasing 40% on the indexed rate and offices 35% on the indexed rate. Para 6.32 and 7.6 of BNPPRE study says that the proposed CIL will result in cases where development is not viable.	This repeats an earlier point in this representation. As noted in response to the same point made by others, the proposed CIL rates move the liability as a proportion of total development costs by a very modest amount; for offices the total liability (including Mayoral CIL) increases from 4% to 4.7%. This is not a sufficient movement to adversely impact on schemes in the north of the borough. Again, DP9 appear to be misrepresenting what was said in the viability study. Neither para 6.32 nor para 7.6 suggest that "*the proposed CIL will result in cases where development is not viable*". We acknowledge that in some cases there may be a trade off between CIL and affordable housing (as is the case now with the adopted CIL). Far from suggesting that CIL will make schemes unviable, para 7.6 states that "Our testing indicates that the increase in CIL rates will have a relatively modest impact on residual land

ITV	Comment	BNPPRE response
		values in most cases" which is clearly far from the meaning that DP9 seek to attribute to it.
9	Setting charges at the margins of viability might not be appropriate. BNPP acknowledge that the adoption of new rates will make schemes non-viable and unable to deliver on core planning policies eg affordable housing. ITV would prefer a £400 per sqm rate to be applied. BNPP document says that CIL will have less than 5% impact on viability and that it will not be "a critical factor in determining whether or not a scheme will come forward". It also acknowledges that the increased CIL rates will have a relatively modest impact on residual land values in most cases. The need to deliver affordable housing needs to be balanced with the need to secure contributions towards community infrastructure that will support development and growth.	Again, the incorrect assertion is made that "BNPP acknowledge that the adoption of new rates will make schemes non-viable and unable to deliver on core planning policies". We have responded to this point above. It is interesting to see that ITV would accept a CIL rate of £400 psm which would have the same effect they allege for a rate of £500 in terms of impact on affordable housing. The logical conclusion of DP9's argument is that a CIL rate of any kind (Mayoral and borough) frustrates the delivery of other planning policies and should be set at zero. This would leave the mayor and boroughs unable to raise funding for essential infrastructure to support developments including ITV's scheme. The Council tested the cumulative impact of its planning policies and accepts that there is sometimes a trade-off between policies. The affordable housing policy explicitly recognises this and builds in flexibility for scheme-specific viability to taken into account.
11	Even though CIL is a relatively small proportion of overall costs, it is an increasing cost, particularly in the context of the approved scheme which may not be brought forward in their current form. The proposed CIL increase has the potential to significantly impact and hamper the delivery of schemes, and particularly housing, across the borough. BNPP also acknowledge this.	Developments have to accommodate rising costs from various sources over time, yet they still proceed. Annual build cost inflation is often higher on a recurring basis than the CIL on an equivalent basis, and CIL is a one off charge. Again, DP9 are wilfully misrepresenting the viability study by suggesting that it says that the

ITV	Comment	BNPPRE response
		proposed charge has the potential to significantly impact and hamper the delivery of schemes. It says exactly the opposite.
12	Are further changes envisaged to the Regulation 123 list? This should be clarified to confirm that the allowances in the VS for Section 106 are realistic. The amount allowed for seems low bearing in mind costs associated with employment and training and energy measures such as carbon offset. Equally of course, and the BNPP report is not explicit in this, does the S106 figure take account of any of the non-financial obligations? It is anticipated that the appraisal results will not present and accurate assessment in this respect.	DP9 may not have had an opportunity to read the viability study in full as it states that these costs are taken into account as development costs in the appraisals. Both employment & training and zero carbon costs are included. The Section 106 figure includes nothing expect obligations to be satisfied through financial contributions. DP9's assertion that that appraisal results will not present an accurate assessment is without foundation.
13	ITV is concerned that the PDCS proposes to significantly increase the proposed rates for the CIL. This has real potential to frustrate the delivery of development across the borough threatening the ability to achieve strategic housing targets and delivery of infrastructure.	As noted, the increase in CIL results in a modest change in the proportion they constitute of total overall costs (from 4% to 4.7% for offices, taking account of the Mayoral CIL). Furthermore, the impact on residual land values is modest and in this context the claims by DP9 are without foundation.

DP9 on behalf of Citygrove Securities plc

Citygrove Securities	Comment	BNPPRE response
1	The rates should be set based upon the infrastructure planning evidence that underpins the development strategy for their area.	This is an interesting observation. Firstly, if the Council were to adopt this approach, it would presumably involve dividing the total infrastructure funding cost by the total anticipated development square metreage over the plan period. This would result in a significantly higher rate of CIL than those proposed. Secondly, charging authorities are guided by central government to set rates on the basis of development viability, rather than backsolving the rate to arrive at a target level of income to fund the infrastructure requirement.
2	The Viability Report confirms that the Council has instructed BNP to test the following emerging plan policies: • Local Plan Policies H2 (affordable housing), ED14 (employment) • London Plan Policies H6 (threshold approach), H5 (play space), T6.1 (car parking) • Draft London Plan Policies H13C (affordable housing), H17A4 (student affordable • housing), H15B (specialist housing), D4 (space standards), D5 (accessibility), S12C • (carbon requirements)	The CIL rates take account of the cumulative impact of plan policies (including London Plan) on the viability of development.
3	While most of the rates vary across zones, when looking at large retail, hotels and student housing the Viability Report states that 'viability of large retail, hotel and student housing developments has improved and these uses can absorb increased CIL contributions without significant impacts on residential land values. We have suggested increases to £225 per square metre for large retail; to £200 per square metre for hotels; and £400 per square metre for student housing.' The flat rate of £200 across the whole Borough for hotels is a different approach to that taken in the adopted CIL Charging Schedule, which include a rate of £100 within Zone A, but Nil in all other zones. In table 4.13.1 the report sets out rents and yields for commercial development. These show a clear difference between rents in the north (at £450 per sqm) and south (£350	When the Council was considering CIL rates for the first CIL charging schedule in 2012, the only hotel proposals were in the north of the borough. Consequently, the Council agreed a nil rate for the rest of borough as there were no proposals and perceived loss of income resulting from a nil rate. Since then, the Council has seen applications for hotels across the borough. The results of the appraisals across the borough generate significant maximum CIL rates, as shown in tables 6.34.1 to 6.34.12.

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	per sqm). Build costs have been assumed at £1,982 per sqm for hotels across the Borough. Table 4.40.1 also acknowledges that benchmark land values differ between the zones, and that offices and residential have higher land values in Zone A, while industrial land increases towards Zone C. The Viability Report concludes that a CIL rate of £200 has been tested across the Borough and this does not have a significant impact on the residual land values generated.	The surpluses are sufficiently large to leave significant headroom below the maximum rate for a single rate to be applied across the borough.
4	The Viability Report is clear that land values differ throughout the Borough, and the CIL charging zones themselves have been identified based upon this evidence. While the majority of rates reflect this difference in land values (with the rate varying between zones), the rate for hotels is proposed to be set at £200 across the Borough. This does not reflect the difference in either land value or rents, both of which are identified within the Viability Report as varying across the Borough. In addition, the proposed rate of £200 is a 100% increase from the current rate of £100 within Zone A. There is no evidence presented to demonstrate that land values have increased by the same proportion or that costs have reduced significantly to justify a 100% increase in CIL.	Land values do not need to have increased by 100% to accommodate an increase in CIL of 100%, as CIL does not take 100% of the land value of a development!
5	The current CIL rate for hotels is set at £100 within Zone A, and nil rate within Zones B and C. The evidence base for the current CIL charging schedule includes a topic paper on hotel rates, which acknowledges that it is the Council's preference to adopt a lower rate for hotel developments outside Zone A as they are likely to achieve lower capital values than those inside the CAZ. The Council considered that the proposed hotel rate of £100 per sqm within Zone A was consistent with other Boroughs. It is unclear why the Council has adopted a completely different approach with the CIL rates within the proposed charging schedule, and has suggested a blanket rate of £200 across the Borough with no consideration of values. This approach has not been taken with the rates for other land uses, which vary across the Zones, and there is no evidence to suggest why a different approach has been taken with the rate for hotels.	As noted above, at the time the adopted CIL charging schedule was drafted, there had been no applications for hotel outside zone A, but this situation is now very different. The results of the appraisals show significant surpluses across the borough and there is no justification for setting lower rates in one area than another.
6	We would also suggest that the proposed single CIL rate across the Borough is not consistent with other Boroughs (which was previously a key consideration for the Council). The Wandsworth CIL charging schedule sets a rate of nil for hotels, Westminster CIL charging schedule sets a rate which varies from £200 to £50 across different zones, Southwark CIL charging schedule sets a rate which varies from £272 to £136 across different zones.	Charging authorities are not required to set their CIL rates according to the rates charged by other authorities. Furthermore, Wandsworth adopted their CIL rates in July 2012 at a time when economic conditions for hotels were very different.

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		Southwark's higher CIL rate is £272 psm, which is significantly higher than Lambeth's proposed rate of £200 psm. The Lambeth rate is affordable for schemes across the borough. Interestingly, DP9 fail to note that other boroughs have single charges across their boroughs for hotels. For example, Tower Hamlets applies a single rate of £180 psm. This was adopted in October 2015 was would not be higher as a result of indexation.
7	While the Viability Report refers to the relevant emerging planning policy position, it makes no mention of the emerging policy on hotel development, Policy ED14. We note that Policy ED14 seeks to restrict the provision of hotel accommodation within Waterloo and outside of the CAZ town centres.	It is unclear why the viability study would mention an emerging policy which seeks to restrict the location of hotels to town centres. In any event, it appears that DP9 have misunderstood policy ED14, as it states that it will seek to restrict "strategically significant" hotels to the Vauxhall Opportunity Area and within the CAZ. Other than not supporting hotel provision in Waterloo, the policy does **not** restrict hotel development in the rest of the borough, providing it is located within major and district town centres with good public transport locations. These are the types of locations where hotel operators would wish to locate new sites. It does not – as DP9 suggest – restrict hotel development "outside of the CAZ town centres".
8	As set out within the Government Guidance, the Community Infrastructure Levy is a tool for local authorities to help deliver infrastructure to support the development of the area. It is not a tool to regulate land use throughout a Borough, and should not be used to restrict certain types of development in specific locations. The high CIL rates proposed for hotels across the Borough, without consideration of land values or rents, will undoubtedly be a consideration for developers considering hotels, and may mean	The Council understands the purposes of CIL and its proposed changes to the rates are to generate additional funding for essential supporting infrastructure due to the growing gap between need and income. DP9's suggestion that the CIL rates are being used as

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	that they reconsider sites outside of higher value areas (i.e. outside of the CAZ and town centre locations). In this respect, the proposed blank rate across the Borough appears to be responding to the emerging planning policy ED14, which is contrary to the purpose of the Community Infrastructure Levy.	a policy tool to restrict development of hotels is without foundation.
9	We would therefore request that the Council reconsider the proposed CIL rate for hotels, and revises this so that the different values across the identifies zones within the Borough are reflected, in accordance with the Council's previous position reflected in the evidence base for the current CIL charging schedule.	There is no significant evidence that values vary significantly enough to warrant differential rates for hotels. Furthermore, hotels in the north of the borough are paying a total of £340 psm of CIL when Mayoral CIL is included, whereas elsewhere the cumulative cost is lower at £260 psm.

Berkeley Group

Berkeley Group	Comment	BNPPRE response
1	Berkeley has undertaken extensive development in Lambeth including St George Wharf (St. George) and Albert Embankment (St. James) and has been granted planning permission at Oval Village (Berkeley Central London) for the Oval Gasworks scheme and recently resolution to grant on the Tesco Kennington site totalling over 1,300 homes and over 150,000 sq ft of commercial space. 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.	With regards to risk to delivery, it is important to note that there are flexibilities within the Council's policies (and those in the London Plan) to ensure that developments will continue to be deliverable across the economic cycle.
2	Over the last few years the residential market in Central and more recently Outer London has experienced significant pricing pressure. The combination of changes in stamp duty, political uncertainty and rising interest rates has led to falling prices and significantly lower sales rates, which has been particularly prominent in the new build market. Falling housing starts in London is a leading indicator which demonstrates the impact of a falling market on the ability of developers to bring forward sites. This is particularly significant at present because residential values in Lambeth over the last two years have been flat whilst development costs have increased by over 25%.	We have to consider the data since the evidence base for the adopted charging schedule was adopted. The adopted 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%.
3	The chart below shows the most recent Government data on housing starts in Lambeth. Starts focus on new build dwellings and include all dwellings in an apartment block at the time of commencement of the block. This demonstrates a very rapid slowdown in starts in Lambeth from the middle of last year which will begin to show up in completions over the coming year.	While helpful as background context, the Council cannot set its CIL rates on the basis of the short term ebbs and flows of construction. This slowdown is associated with wider economic factors (e.g. the short term uncertainty associated with the UK's impending departure from the EU) and not the adopted or emerging CIL rates.

Berkeley Group	Comment	BNPPRE response
4	It is therefore the view of Berkeley that this is an inopportune time to be considering significant increases in CIL liability, particularly given the drive by both the Council and Mayor of London to at the same time increase housing delivery and affordable housing delivered through the planning system. In these circumstances Berkeley would request that: • The Council clarifies some of the assumptions made in the Viability Study which are set out below and focusses on those typologies of current uses and development types that underpin the emerging Local Plan, particularly for strategic growth areas; • Undertakes further testing of viability, including risk assessments against low or falling values and increasing cost projections reflecting current trends which would seem more appropriate than only testing higher values as set out in the current evidence base; • Considers the implications for large phased developments, including those that already have planning permission, because the increased rates may apply to future phases of those developments.	The Council embarked on a review of its CIL rates due to the severe shortfall in funding to support infrastructure required by new developments. The adopted rates were set on the basis of viability evidence from 2012, which is now very dated. The CIL accounts for a sufficiently small proportion of overall costs that it will not in-itself prevent a scheme from coming forward. Furthermore, the bulk of the CIL liability is already charged – the proposed increase accounts for a very small proportion of overall costs.
5	Berkeley has extensive experience of development in the Borough and would be happy to engage further with the Council on this additional work if that would be helpful. Berkeley would encourage the Council to 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 years.	The Council's indications are that if the level of growth envisaged in the plan is to be delivered, there will need to be a significant increase in contributions towards essential supporting infrastructure. If developers and landowners are unwilling to make additional modest contributions, then housing growth will slow down considerably.
6	The Viability Review, begins with a summary of the approach taken, including the economic and housing market context. Berkeley is concerned that this commentary reflects a position that may have been the case two or three years ago but does not reflect current market conditions. Paragraph 1.5 states that: *"The housing and commercial property markets are inherently cyclical and the Council is testing the viability of potential development sites at a time when the market has experienced a period of sustained growth."* This is directly contradicted by Figure 2.15.1 in the report which shows that average house prices in Lambeth have been flat since 2016. More recent data now shows prices falling. In justifying increased residential rates the report states:	We do not disagree with the comments on trends in house prices since 2016, but as noted above, the adopted CIL rates are based on viability evidence dating from 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%.

Berkeley Group	Comment	BNPPRE response
	"Sales values have increased at a faster rate than build costs since the adopted CIL rates were tested and as a consequence residential schemes can afford higher levels of CIL." Whilst this may have been the case in the early part of the period (to 2015), this does not necessarily mean that higher CIL rates could have been afforded if land values for competing uses were also rising. In any case, as the chart below shows, over the last three years costs have risen by around a quarter while house prices have been flat, using the same data sources as those used in the review.	Berkeley Group may not be aware that the evidence base underpinning the rates which were adopted in 2015 did not date from the same year. As noted previously, the viability evidence underpinning the adopted CS dates from 2012 and over that period there was a significant increase in sales values.
7	Furthermore this data includes all sales and therefore is mainly existing housing across the Borough. Values of new build property across the higher value areas, South Bank and Waterloo and Vauxhall Kennington, have been falling. The Viability Report refers to Savills forecasts (paragraph 2.16 and 4.14) and uses the mainstream (non-prime) London markets. However those higher value areas in Lambeth have become increasingly akin to the wider prime market. Savills most recent assessment of that market shows an 18.4% fall since the 2014 peak in Central London and a fall of 9.4% elsewhere.1 That report forecasts a 5% fall in prime central London in 2018 and 1% in 2019, followed by 0% in 2020. For non-central London it forecasts a 3.5% fall in 2018, and then similar trends to central London. Sales rates for both second hand and new build properties have also been falling. Whilst growth is then predicted from 2021 onwards there is significant wider uncertainty in the UK and global economy.	We do not rely upon grown values for the purposes of setting CIL rates. The viability study also underpins the emerging Local Plan, which has a 15 year implementation period, where growth might be more relevant. Paragraph 1.6 notes that the sensitivity analysis is indicative only, but intended to assist the Council in understanding the viability of potential development sites on a high level basis in the future. Para 6.41 explains that when growth is applied, schemes become more viable (as one would expect) but the study does not conclude that the improvement should be used to increase CIL rates. It states that improvements in viability will instead "increase the capacity of schemes to provide higher levels of affordable housing") rather than higher CIL rates. Unlike CIL (which is fixed) affordable housing levels will be determined at planning application stage at either the 'fast track' level of 35%, or a lower viable amount as evidenced by a scheme-specific viability assessment.

Berkeley Group	Comment	BNPPRE response
8	Overall our concern is that the approach and tone of the report is that of previous CIL reviews that have been undertaken when the market was stronger and growing rapidly. In current circumstances we would expect a more cautious approach that reflects the very significant uncertainties and downside risks to the housing market. This should include sensitivity analysis of falling prices combined with rising costs (due to the weakness of the pound and potential difficulties in recruitment). It would also suggest that the Council may wish to ensure that subsequent stages of the review of CIL charges are undertaken at a pace that allows for continued review of market circumstances.	For the avoidance of doubt and as noted above, the proposed CIL rates are based on current sales values only and do not rely upon growth. The point made in the viability study is that where schemes cannot currently achieve 35% affordable housing, they may be able to do so in the future. With regards to falling prices, the proposed CIL rates are not set at the margins of viability – tables 6.34.1 to 6.34.12 show that the rates are set well below the maximum potential rates, so this already allows for some negative price movement. Furthermore, given that the CIL accounts for a very small proportion of overall development costs, it is a small factor in viability of schemes compared to movements in other appraisal inputs (most notably of course sales values and build costs).
9	**Viability Assessments: Typology and Issues** The Viability Assessment takes a typology approach to assessment. This includes eleven residential typologies, all of which are 100% residential and include no element of mixed use. In a Borough like Lambeth, where the supply pipeline is made up largely of medium and smaller sites this is not an unreasonable approach, provided that the typologies reflect the types of development that are being brought forward and that the results presented focus on the typologies most relevant to the delivery of the plan. Five of the typologies are for developments of 150 homes or more, reflective of the types of development that Berkeley undertakes. These are: • 6: Mid-size flatted scheme (225 homes) • 7: Large flatted scheme (300 homes) • 9: Large higher Density Scheme (750 homes) • 10: Large very high-density scheme (750 homes) • 11: Large very high-density scheme (1,000 homes)	The appraisals indicate that commercial floorspace is viable in its own right and does not require cross subsidy from residential elements to be viable. Testing a commercial element is therefore unnecessary for the purposes of testing potential CIL rates. No Council to our knowledge has adopted a “mixed use CIL rate” as the mix of uses would be too variable and difficult to define.

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10	In practice these types of development are mainly likely to happen in CIL Zones A (Waterloo and Vauxhall) and Zone B (Kennington, Oval and Clapham), so the presentation of findings on these typologies should focus on those locations;	The Council has received large applications across the borough. The most significant applications in CIL zones A and B have probably already come forward.
11	The existing uses on sites in these locations that will come forward for development are mainly Office and/or Utilities/Workshop/Industrial. London Plan and current and revised draft Plan local policies usually require at a minimum the re-provision of some of these uses within a mixed use development. In particular draft Policies ED1 (offices), ED3 (Key Industrial and Business Areas) and ED4 (non-designated industrial sites) strongly encourage replacement provision. Policy ED2 (Affordable Workspace), may then apply to that provision. However, none of the assessments in Table 4.1.1 include any element of mixed use. They therefore do not represent a realistic assessment of likely development costs or values or likely planning obligations (including MCIL). It is therefore necessary to include mixed use typologies in the appraisals;	Firstly, Berkley suggest that Mayoral CIL is not included in the appraisals. As noted on numerous occasions in response to the same suggestion by DP9, Mayoral CIL is included. The second key point is that commercial development has been tested, incorporating affordable workspace and this is viable in its own right. It does not require cross subsidy from residential. Amalgamating residential and commercial uses into a single development would result in a single (viable) scheme but this would not be helpful in unpicking how the proportions of residual land value (and hence potential CIL rates) that each element of the scheme generates. Our appraisals of commercial development include affordable workspace requirements.
12	Some development capacity in London, including Lambeth will come from the intensification of retail sites. As implied by the commercial rents in Table 4.13.1 such uses will have significantly higher current use values than industrial uses and in parts of the Borough these will be akin to or higher than offices. They may again need to re-provide retail on site and maintain operation of existing uses with the costs associated. These should be assessed as a scenario;	The appraisals test the development of retail (typologies 22, 23 and 24) against all the benchmark land values (including offices) so the suggested scenario has been tested in the viability study.
13	The nature of the sites described above is that they will have exceptional costs. We note from paragraph 4.36 that these have not been included in the assessments as they vary significantly. Whilst this point is acknowledged the Council and its advisers should have sufficient information from recent developments in Lambeth to be able to add a reasonable assumption.	The approach outlined in paragraph 4.36 has been widely adopted when testing viability for the purposes of setting CIL rates across the country and universally accepted by examiners. Any exceptional costs that emerge can be factored into scheme-specific viability

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		assessments at the DM stage. We also note that the new Planning Practice Guidance indicates that such costs should be deducted from benchmark land values, which we have not done at this stage.
14	In Zone A, and probably Zone B, a premium should be added to BCIS build costs rates to reflect the build and fit out quality required to achieve the premium prices assumed in the appraisals	We have added a premium to taller buildings which are reflective of the types of scheme coming forward in zones A and B.
15	The presentation of the Benchmark Land Values in the appraisals in Tables 6.36.1 onwards is confusing and it is not clear how these values relate to those shown in Table 4.40.1. Some of the assumptions in the tables are not consistent with that table and do not appear to be evidenced. It would also be useful if the Council could confirm what the Premium that has been assumed in each case is.	As noted in paragraph 4.40, the benchmark land values incorporate a landowner premium. The benchmark land values are derived from viability assessments submitted on live developments. It appears that the benchmarks for industrial and public houses in zones A and C were transposed incorrectly in Table 4.40.1. A corrected table is provided at the end of the response to the Berkeley respresentation. The benchmark land values in tables 6.36.1 to 6.36.12 are in the correct order and are consistent with the benchmarks in Table 4.40.1.
16	More generally the findings of the report have not been presented in an accessible way, with fifteen pages of tables and graphs in the main body of the report as well as extensive appendices. The report does not appear to highlight which of the appraisal scenarios the Council finds most relevant and how they relate to real sites and the delivery of the Council's plan. Other than very high level statements there is little commentary on how the findings of the appraisals inform the proposed rates in the Charging Schedules.	We are sorry that Berkeley Group do not consider the results to be presented in an accessible way. Setting CIL rates is clearly by nature a complex process. The graphs show the impact of the 3 alternative CIL rates on residual land values compared to the current situation with the adopted CIL rates, which we considered helpful to understand the scale of the impact of the CIL rates we tested. This shows that in almost all cases, the impact on residual land values is modest. Tables 6.34.1 to 6.36.12 show the difference

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		between residual land value and the benchmark land value (i.e. the surplus) expressed as a value per square metre. The tables show these surpluses per square metre for each development typology against each of the benchmark land values. The benchmark land values have been headed with the CIL zone where they can be found (for example, in CIL Zone C, the benchmark land value for offices is shown as £25 million. In most cases, the outputs of the appraisals show significant surpluses, allowing a large buffer or margin above the emerging CIL rates. In some cases, the schemes generated a negative outcome (i.e. the residuals are lower than the benchmark) and the assumption in these cases is that these schemes are not viable and will therefore not come forward. The adopted rates were the starting point for the proposed rates and the results of the appraisals demonstrate that in most cases the rates can be absorbed at the respective level of affordable housing tested.
17	The point about the need for a buffer is noted on page 4 of the Viability Study but the tables on pages 53 to 64 setting out the appraisal findings note that the rates are before a buffer is applied. There is then no further reference to buffers when defining the rates. As we have noted above there is significant uncertainty and downside risk, and this makes the need for a reasonable buffer essential in current market conditions, even if one takes a positive medium-term view on values. It is not acceptable, as suggested at paragraph 6.41, to simply assume that schemes will become more viable when the recent trend and immediate forecasts show falls in values and rising costs.	Berkeley have misunderstood this paragraph. As noted, this paragraph simply makes the point that if sales values grow, the 'buffer' will also grow. This does not mean that the rates have been set without a buffer – as already noted, tables 6.34.1 to 6.34.12 which are based on present day values – already show a significant buffer in most cases. The point made in para 6.41 is that if values do grow over time, this will increase the capacity of

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		schemes to improve their affordable housing offer. Clearly CIL is fixed and we are NOT suggesting that growth in sales values is required to make these proposed rates viable.
18	**Impacts on Consented Developments** The Community Infrastructure Levy liability for a Chargeable Development is determined by Regulation 40 of the CIL regulations. This requires a CIL liability for a Chargeable Development to be calculated according to the rates set 'At the Time Planning Permission First Permits Development'. For a phased development, each separate phase is a Chargeable Development and the Time Planning Permission First Permits Development may be either the date of the original planning permission, discharge of pre-commencement conditions relating to a phase (Full Permission) or approval of Reserved Matters application (Outline Permission). This means that phased developments that have already been granted planning permission, since the Council adopted its first charging schedule, could be liable for the increased Community Infrastructure Levy charge being proposed by the Council. Some of these developments will have been subject to viability assessment which demonstrate that they are providing the maximum affordable housing and other obligations alongside CIL, and subsequently be hit with significantly increased CIL charges, combined with falling values. This could mean that they are unable to commence phases of development thus putting site delivery at risk. This will potentially be a cumulative impact with the Mayor's CIL when it is increased in April 2019 as the same principle applies. The Council's Viability Study and supporting documentation does not appear to have considered this issue, but it would be useful if it could do before any Draft Charging Schedule has been published.	The nature of CIL is that it has to be adopted at some point and at any given time, there will be schemes that already have consent. The logical conclusion of the Berkeley argument is that CIL can never be reviewed, because at any given time, there will be a consented scheme that may have to pay a higher CIL than originally anticipated. The CIL regulations do not cater for such situations and Berkeley may wish to take this matter up with the Ministry of Housing Communities and Local Government who might be able to consider a change to the regulations. Given that this may take some time, there is nothing the Council can usefully do with regards to consented schemes. On large schemes, there may be potential for agreeing that some of the infrastructure costs could be treated as CIL in Kind to offset some or all of the increase in CIL. In extreme cases, it may be necessary for an application to be submitted for a change to other policy requirements (e.g. affordable housing) and this would need to be evidenced through a scheme-specific viability assessment.
19	Berkeley welcomes the opportunity to respond to the Council's new Preliminary Draft Charging Schedule and associated documents. It recognises that the Council has a difficult balance to strike in securing infrastructure investment whilst facilitating development. However it is concerned that, at a time of significant uncertainty and, in Central London, falling prices combined with rising costs increasing CIL charges by	As noted previously, the adopted CIL charging schedule was based on an evidence base dating back from 2012 and despite recently flattening off in growth, values are remain considerably higher than they were at that time.

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	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. We have suggested above some additional viability work that could be undertaken which would be more reflective of the Council's policy requirements and experience of actual sites in the Borough. Berkeley would be happy to provide any further information that might be useful and engage with the Council to address these practical issues. Berkeley 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.	Furthermore, the percentages of 100% and 160% are not quite correct as they do not reflect indexation to the adopted CIL rates. Other representations have noted that the actual increase in residual rates in zone A is 36%. If Berkeley wish to submit appraisals of their developments, this could clearly be considered prior to issuing the DCS. However, the specific points Berkeley have made in respect of supposed deficiencies in what has been tested have been addressed above.

Corrected Table 4.40.1:

Table 4.40.1: Benchmark land values adopted (£ millions per gross hectare) including premium

Uses	Zone A	Zone B	Zone C
Offices	£75.00	£35.00	£25.00
Existing residential	£55.00	£29.00	£10.00
Public houses	~~£6.50~~ **£30.00**	£18.00	~~£30.00~~ **£6.50**
Industrial	~~£2.75~~ **£7.50**	£5.00	~~£7.50~~ **£2.75**

James Brown on behalf of Unite Student Housing

Unite Students	Comment	BNPPRE response
1	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 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 justification and/or clarity on what index BNPP have used. Whatever index BNPP have used, it is not realistic or reasonable.	London Plan H17A4 is reflected in the viability study as noted at para 2.45: *"For purpose built student housing, we have tested the impact of London Plan policy H17A4 which requires 35% of units to be provided at affordable rent levels (defined by reference to maximum maintenance loans available to students). In addition, the Council is considering seeking further financial contributions towards general needs affordable housing delivery from student housing developments".* We have simply appraised developments using current rents from live developments in Lambeth; we have not adopted a crude approach which simply indexes the results of a historic study. The viability assessment takes account of current rentals and current/emerging policy.
2	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. 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	As noted in paragraph 4.40 of the viability study, the benchmark land values were informed by our analysis of benchmark land values in submitted viability assessments in the two years prior to the study being drafted. As James Brown will know (having been responsible for submitting some site specific viability assessments himself), applicants will never understate the benchmark land values of their sites, as they are attempting to close the gap between the residual value of their schemes and the benchmark as much as possible. We consider these benchmarks to be a fair reflection of the values of sites in their existing use, plus a reasonable premium. The benchmarks applied in

Unite Students	Comment	BNPPRE response
	"*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 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).	each case will vary and will have been based on site-specific circumstances.

Unite Students	Comment	BNPPRE response
3	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. 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.	As noted on the first page of Appendix 2, Site 16 has a site area of 0.1 hectares, or 1,000 square metres. Column 5 shows a site coverage of 70% (i.e. 700 sqm) and a building of 9 storeys. This results in a GIA of 6,300 sqm as shown in Column 23. Each room has a gross area of 21 sqm (allowing for circulation and common areas), so the total number of rooms is 300. James Brown appears to be confusing net and gross room areas in his calculations. The borough has seen student housing schemes at this density. For example, the approved scheme at 30-60 South Lambeth Road is under construction on a site of 0.18 hectares and provides 553 student units. This is a density of 3,072 units per hectare. Given that the appraisals reflect live developments, James Brown's assertions here are unwarranted.
4	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. 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.	£2,054 psm are the base costs used in the appraisal, to which there are various additional costs, with the total costs amounting to £2,544 per square metre. This can be seen on page 145 of the PDF report (the appraisal for site 16) which shows a total build cost of £16,972,439, which if divided by 6,300 sqm gross equates to £2,544 per sqm.

Unite Students	Comment	BNPPRE response
5	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.	While finance costs will vary to a degree, schemes that we assess are increasingly adopting lower finance costs and 6% is a reasonable base case for the purposes of assessing policy.
6	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.	BNPPRE review or complete over 250 viability assessments in London on an annual basis. We have seen an increasing number of assessments from developers applying a 17% profit and in this context we consider an 18% profit to be reasonable. Furthermore, the range identified in the Planning Practice Guidance is 15% to 20% (see paragraph 10-018-20180724) and our testing is towards the top end of that range. Sites are increasingly being purchased off lower margins with bank acceptance.
7	4.38 BNPP state that they have "*arrived at a broad judgement on the likely range of benchmark land values*". Bearing in mind BLVs are a critical driver of what is or is not viable, we are concerned with BNPP's this BNPP 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.	Please see corrected Table 4.40.1 provided at the end of the response to the Berkeley Homes representation. This suggestion is unclear and not really supported by the reality – a developer would not build an office that may be suitable in Waterloo in a location in the south of the borough.
8	Actual Site 16 & 17 Appraisals:- 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.	All the inputs to the appraisals have been made available in full and appendix 2 and 5 and James Brown can construct his own appraisals if he wishes to. Indeed, he appears to have done so, as there are appraisals attached to his representation. We do not provide live versions of our appraisals but James Brown can view the model at our offices.

Unite Students	Comment	BNPPRE response
	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 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.	It is evident from these comments that James Brown has not fully grasped how the appraisals work. Furthermore, he appears to be reviewing the wrong section of the report – his comments relate to emerging plan policies rather than CIL. Appendix 5 provides a sample of the appraisal which underpins the significant volume of testing summarised in tables 6.34.1 to 6.34.12. These tables deduct the various benchmark land values from the residual values and converts the surplus (or loss) into a square metre rate by dividing the surplus by the GIA. There are several thousand calculations, not just one as James Brown appears to suggest. To assist James Brown in understanding the results at tables 6.34.1, we have provided an additional table following the end of our response to his representation. This shows all the appraisal inputs and how the maximum rates per sqm are calculated. Based on a benchmark land value of £7.5 million (assuming £75 million per gross ha), the maximum CIL rate for site typology 16 is £536 psm and £1,488 psm for typology 17. Of course, not all sites will be in the highest value use and we have also considered the maximum CIL rate against the lower benchmarks of £5.5 million and £3 million (assuming £55 million and £30 million respectively). The maximum CIL rates against benchmark 3 are £1,634 psm for typology 16 and £2,051 psm for typology 17. This exercise is replicated in the other CIL zones, where higher maximum rates are shown. Against

Unite Students	Comment	BNPPRE response
		these maximum rates, the CIL rate of £400 psm is eminently reasonable, being set at a significant discount.
9	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; • 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.	We do not agree with these asserted appraisal inputs. James Brown incorrectly suggests that the appraisals do not include Mayoral CIL (see the specific inputs in the table at the end of our response to his representations). 35% affordable housing is already factored into our appraisals as noted in the report. James Brown's appraisals understate GDV by circa £10 million. If just this issue is corrected, it increases the residual values above the benchmark land value. Despite suggesting that he has decreased the number of rooms, his gross area is actually higher than ours. This incorrectly inflates the costs. His profit is overstated. As a result of the errors above, we do not accept the conclusions of James Brown's appraisals.
10	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	As noted above, James Brown's appraisals contain a series of inputs that are either incorrect

Unite Students	Comment	BNPPRE response
	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.	or that we do not agree with. The approach to establishing the maximum CIL rates is clear from the report, but this is further amplified in the table at the end of this representation. The maximum CIL rates are significantly higher than the proposed rates.
11	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. BNPP evidence is not sound for this reason alone and therefore nor is the proposed CIL charge increase.	Potential CIL rates are reasonably tested against the types of student housing that have actually been built or have secured planning permission in Lambeth. Additional testing would simply generate the same results from schemes at different scales.
12	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.	We have addressed all James Brown's points above and do not consider that any changes are required, neither is there any evidence for a reduction in the prevailing CIL rates, given that student housing schemes have come forward in Lambeth without any difficulties. 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.

Summary table in response to James Brown points 8, 9 and 10

LB Lambeth student housing			Typology 16		Typology 17
		GIA sqm	6,300		12,300
		Site area (ha)	0.1		0.1
		Storeys	9		18
GDV, assuming 35% affordable			£40,707,143		£81,414,286
Purchaser's costs			£2,361,014		£4,722,029
Lettings fees and disposal fees			£926,088		£1,852,175
Net development value			£37,420,041		£74,840,082
Base build costs			£12,941,964		£25,883,928
External works			£1,294,196		£2,588,393
Contingency			£738,268		£1,476,064
Mayoral CIL			£378,000		£756,000
Fees			£1,550,363		£3,099,733
S106			£151,200		£292,950
Employment & Training levy			£291,498		£582,996
Highways/S278			£94,500		£189,000
Profit			£6,735,607		£13,471,215
Finance on build costs			£1,174,652		£2,348,585
Finance on land			£1,669,648		£3,340,905
Gross residual			£10,400,145		£20,810,314
Acquisition costs			£707,210		£1,415,101
Net residual			£9,692,935		£19,395,213
Benchmark 1	£75,000,000				
Benchmark 2	£55,000,000				
Benchmark 3	£30,000,000				
Surplus against Benchmark 1		£7,500,000	£2,192,935		£11,895,213
Surplus against Benchmark 2		£5,500,000	£4,192,935		£13,895,213
Surplus against Benchmark 3		£3,000,000	£6,692,935		£16,395,213
Maximum CIL rate against BLV 1		4,095 sqm	£536	7,995 sqm	£1,488
Maximum CIL rate against BLV 2		4,095 sqm	£1,024	7,995 sqm	£1,738
Maximum CIL rate against BLV 3		4,095 sqm	£1,634	7,995 sqm	£2,051

Ends

5. Next steps

This report will be submitted to the Cabinet alongside the proposal to proceed with a second round of public consultation on the Draft Charging Schedule (DCS), including any revisions to the evidence base – the Viability Study and the Infrastructure Delivery Plan. After the recently concluded public consultation on the Preliminary Draft Charging Schedule in 2018, the next stage in the process to revise CIL rates is to prepare a Draft Charging Schedule for another round of public consultation. As agreed with the Council's Equalities Officers, a new Equalities Impact Assessment will not be required for proposed changes to CIL rates. The EIA carried out in 2013 for the adoption of Lambeth's CIL Charging Schedule continues to be relevant and accurate.

Appendix A – Consultation communications

The consultation survey appended below was available online from 22/10/18 to 17/12/18. It was promoted through emails to stakeholders and in Lambeth Talk.

The Community Infrastructure Levy

When completing the Snap Survey, please answer all the questions.

At the end of the survey, we will be asking a few more questions in order to capture certain equalities and diversity information about you. This will help us monitor whether this consultation has effectively engaged with all equalities groups as widely as possible.

At the very end, please click the Submit button so your response to this snap survey gets properly recorded. If you do not click the Submit button, we will not have a record of your response to this survey.

If you prefer, you might want to send us a full response to this consultation by email to cil@lambeth.gov.uk or by writing to the Lambeth CIL team at PO Box 734, Winchester, SO23 5DG. A full response will be included in the Schedule of Responses to this consultation, which will also include a response from the Council to any issue that you have raised.

Q1 **To what extent do you agree or disagree that Lambeth's CIL Charging Schedule should be amended?**

- ❑ Strongly agree
- ❑ Agree
- ❑ Neither agree nor disagree
- ❑ Disagree
- ❑ Strongly disagree

Q2 **To what extent do you agree or disagree that the proposed CIL rates in Lambeth will secure sufficient funding for infrastructure to support growth in the Borough without discouraging development to come forward:**

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Residential including co-living schemes set at £500 per square metre in Zone A (Waterloo, Vauxhall and Nine Elms)?	❑	❑	❑	❑	❑
Residential including co-living schemes set at £350 per square metre in Zone B (Kennington, Oval and Clapham)?	❑	❑	❑	❑	❑
Residential including co-living schemes set at £250 per square metre in Zone C (Brixton,Tulse Hill and Herne Hill)?	❑	❑	❑	❑	❑
Residential including co-living schemes set at £200 per square metre in Zone D (Streatham and West Norwood)?	❑	❑	❑	❑	❑
Self-contained sheltered housing, self-contained extra care schemes and care homes set at £250 per square metre in Zone A?	❑	❑	❑	❑	❑
Self-contained sheltered housing, self-contained extra care schemes and care homes set at £175 per square metre in Zone B?	❑	❑	❑	❑	❑
Self-contained sheltered housing, self-contained extra care schemes and care homes set at £100 per square metre in Zones C and D?	❑	❑	❑	❑	❑
Office developments to be charged £225 per square metre in Zones A and B?	❑	❑	❑	❑	❑

Hotel developments to be charged £200 per square metre across the whole borough?	❑	❑	❑	❑	❑
Student accommodation developments to be charged £400 per square metre across the whole borough?	❑	❑	❑	❑	❑
Large retail developments to be charged £225 per square metre across the whole borough?	❑	❑	❑	❑	❑
Small retail developments will not be charged any CIL at all?	❑	❑	❑	❑	❑
Developments with other uses not mentioned in the CIL Charging Schedule will not be charged any CIL at all?	❑	❑	❑	❑	❑

Q3 **To what extent do you agree that Brixton, Tulse Hill and Herne Hill are proposed to form a separate CIL charging zone separate from the Charging Zone for Streatham and Norwood?**

- ❑ Strongly agree
- ❑ Agree
- ❑ Neither agree nor disagree
- ❑ Disagree
- ❑ Strongly disagree

Q4 **To what extent do you agree or disagree that the Council does not need to have its own CIL instalment policy other than that offered by the Mayor of London?**

- ❑ Strongly agree
- ❑ Agree
- ❑ Neither agree nor disagree
- ❑ Disagree

- ❑ Strongly disagree

Q5 **To what extent do you agree that there will be no further changes to Lambeth's Regulation 123 List?**

- ❑ Strongly agree
- ❑ Agree
- ❑ Neither agree nor disagree
- ❑ Disagree
- ❑ Strongly disagree

Q6 **To what extent do you agree that Lambeth should continue to allow for the payment of CIL Liability, in part or full, through either the provision of land, or infrastructure provision directly by developers, at the discretion of the Council?**

- ❑ Strongly agree
- ❑ Agree
- ❑ Neither agree nor disagree
- ❑ Disagree
- ❑ Strongly disagree

Q7 **To what extent do you agree that Lambeth should continue to offer:**

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
discretionary relief for social housing?	❑	❑	❑	❑	❑
discretionary charitable relief?	❑	❑	❑	❑	❑
discretionary relief for exceptional circumstances?	❑	❑	❑	❑	❑

Q8 **To what extent do you agree that Lambeth should continue to set aside 25 per cent of local CIL receipts for Neighbourhood CIL via Co-operative Local Investment Plans (CLIPs) which will be implemented in the Neighbourhood CIL areas of Waterloo, North Lambeth, Stockwell, Clapham, Brixton, Streatham and Norwood?**

- ❑ Strongly agree
- ❑ Agree
- ❑ Neither agree nor disagree
- ❑ Disagree
- ❑ Strongly disagree

Q9 **Do you have any other comments to make?**

____
____
____
____
____
____
____

About you

The London Borough of Lambeth takes its Public Sector Equality Duty under the Equality Act 2010 very seriously and would like to ensure that we are working to eliminate discrimination and promote equality. To assist us with this, please complete the form below. Your answers will be treated confidentially.

Q10 **I am a..**

- ❑ A member of the public
- ❑ A developer, landowner or planning consultant
- ❑ A member of a charity, community or faith group
- ❑ A member of a neighbourhood forum
- ❑ A politician (councillor or mp)

- ❑ A statutory consultee or public body
- ❑ A business
- ❑ Other

If other please tell us:

____

What is your postcode? ____

Q11 **Which age group applies to you?**

- ❑ Under 18
- ❑ 18-24
- ❑ 25-34
- ❑ 35-44
- ❑ 45-54
- ❑ 55-64
- ❑ 65-74
- ❑ 75-84
- ❑ 85+

Q12 **Do you have a disability?**

- ❑ Yes
- ❑ No

Q13 **How would you describe your ethnicity?**

- ❑ White: British
- ❑ White: Irish
- ❑ White: Portuguese
- ❑ White: Polish
- ❑ White: Gypsy or Irish Traveller
- ❑ Other White background
- ❑ Black or Black British: Caribbean
- ❑ Mixed: White and Asian
- ❑ Other mixed background
- ❑ Asian or Asian British: Indian
- ❑ Asian or Asian British: Pakistani
- ❑ Asian or Asian British: Bangladeshi
- ❑ Asian or Asian British: Chinese
- ❑ Other Asian background

- ❑ Black or Black British: African Somali
- ❑ Black or Black British: Other African background
- ❑ Black or Black British: Other Black background
- ❑ Mixed: White and Black Caribbean
- ❑ Mixed: White and Black African
- ❑ Latin American
- ❑ Arab
- ❑ Other Ethnic Group
- ❑ Prefer not to say

What other ethnic background is this?

Q14 **What is your gender identity?**

- ❑ Woman (including trans woman)
- ❑ Man (including trans man)
- ❑ Other gender identity
- ❑ Prefer not not say

Q15 **What is your legal marital or same-sex civil partnership status?**

- ❑ Never married and never registered a same-sex civil partnership
- ❑ Married
- ❑ Separated, but still legally married
- ❑ Divorced
- ❑ Widowed
- ❑ In a registered same-sex civil partnership
- ❑ Separated, but still legally in a same-sex civil partnership
- ❑ Formerly in a same-sex civil partnership which is now legally dissolved
- ❑ Surviving partner from a same-sex civil partnership

Q16 **Which of these activities best describes what you are doing at present?**

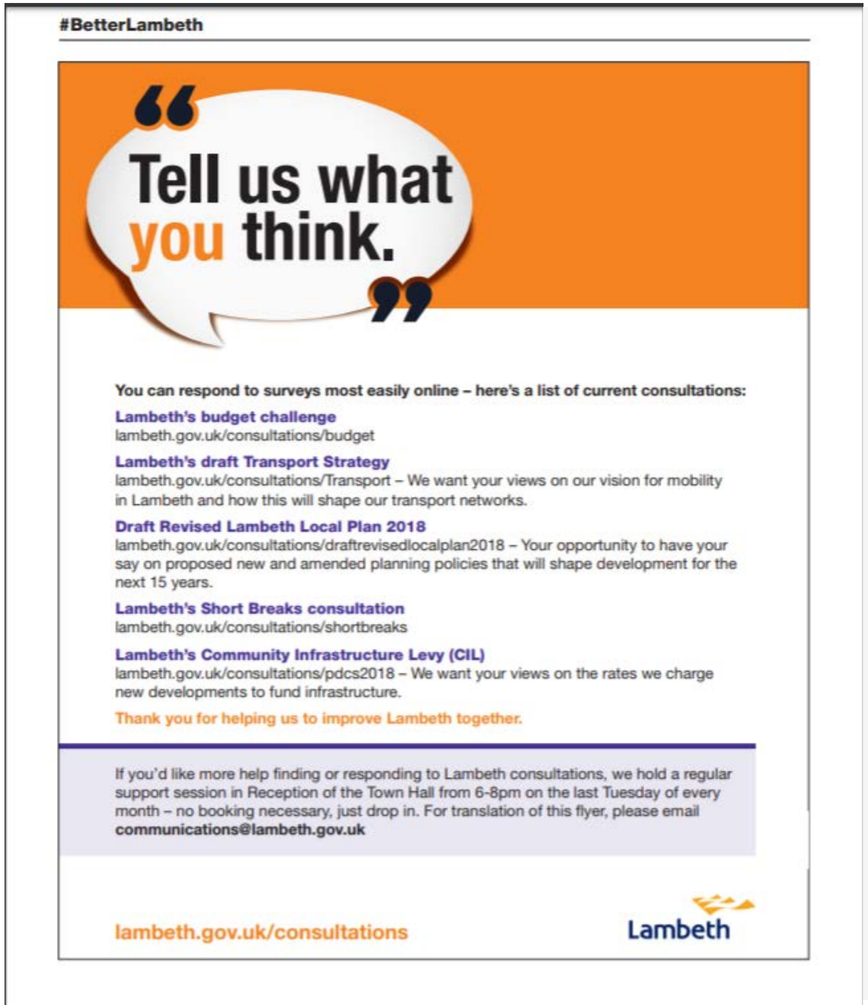
- ❑ Employee in full-time job (30 hours plus per week)
- ❑ Employee in part-time job (under 30 hours per week)
- ❑ Self employed full-time
- ❑ Self employed part-time

- ❑ On a government supported training programme (e.g. Modern Apprenticeship/ Training for Work)
- ❑ Full-time education at school, college or university
- ❑ Unemployed and available for work
- ❑ Permanently sick/disabled
- ❑ Wholly retired from work
- ❑ Looking after the home
- ❑ Doing something else - please specify
- ❑ Refused
- ❑ Don’t know

If something else please specify

____

Thank you for taking the time to complete this survey, please press submit to send us your responses.



#BetterLambeth

Tell us what you think.

You can respond to surveys most easily online – here's a list of current consultations:

Lambeth's budget challenge
lambeth.gov.uk/consultations/budget

Lambeth's draft Transport Strategy
lambeth.gov.uk/consultations/Transport – We want your views on our vision for mobility in Lambeth and how this will shape our transport networks.

Draft Revised Lambeth Local Plan 2018
lambeth.gov.uk/consultations/draftrevisedlocalplan2018 – Your opportunity to have your say on proposed new and amended planning policies that will shape development for the next 15 years.

Lambeth's Short Breaks consultation
lambeth.gov.uk/consultations/shortbreaks

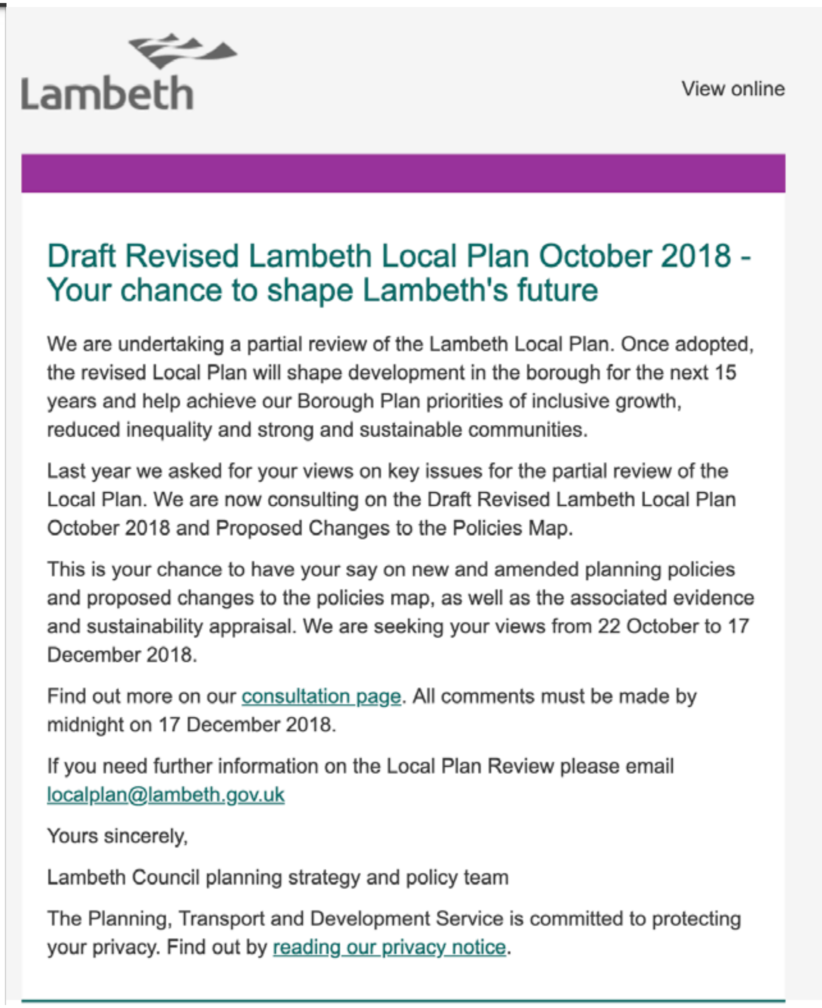
Lambeth's Community Infrastructure Levy (CIL)
lambeth.gov.uk/consultations/pdcs2018 – We want your views on the rates we charge new developments to fund infrastructure.

Thank you for helping us to improve Lambeth together.

If you'd like more help finding or responding to Lambeth consultations, we hold a regular support session in Reception of the Town Hall from 6-8pm on the last Tuesday of every month – no booking necessary, just drop in. For translation of this flyer, please email **communications@lambeth.gov.uk**

lambeth.gov.uk/consultations

Lambeth



Lambeth

View online

Draft Revised Lambeth Local Plan October 2018 - Your chance to shape Lambeth's future

We are undertaking a partial review of the Lambeth Local Plan. Once adopted, the revised Local Plan will shape development in the borough for the next 15 years and help achieve our Borough Plan priorities of inclusive growth, reduced inequality and strong and sustainable communities.

Last year we asked for your views on key issues for the partial review of the Local Plan. We are now consulting on the Draft Revised Lambeth Local Plan October 2018 and Proposed Changes to the Policies Map.

This is your chance to have your say on new and amended planning policies and proposed changes to the policies map, as well as the associated evidence and sustainability appraisal. We are seeking your views from 22 October to 17 December 2018.

Find out more on our consultation page. All comments must be made by midnight on 17 December 2018.

If you need further information on the Local Plan Review please email localplan@lambeth.gov.uk

Yours sincerely,

Lambeth Council planning strategy and policy team

The Planning, Transport and Development Service is committed to protecting your privacy. Find out by reading our privacy notice.

Details of the consultation were entered into the Autumn 2018 edition of Lambeth Talk (first example above). We also emailed statutory and non-statutory consultees, including mailing lists of both council stakeholders and members of the public who had signed up to receive updates about consultations (second example above)

Appendix B – Consultation distribution area

The consultation was carried out across the whole of Lambeth borough, with reference made to the online survey available for completion in Lambeth Talk, which goes to every household in the borough.