

**MF3 – Examination of Draft Revised Lambeth Local Plan 2020-2035**

**Matter 4 – Economic Development, Retail and Town Centre Uses**

**4.3 Affordable Workspace**

**Statement by Savills on behalf of Guy's and St Thomas' Charity (R053)**

## Introduction

- 1 This statement has been prepared by Savills on behalf of Guy's and St Thomas' Charity which owns a 5.4 acre site in the Waterloo area referred to as the Royal Street site. We have submitted representations to earlier drafts of the plan, most recently to the Draft Revised Lambeth Local Plan Proposed Submission Version January 2020 (reference R053).
- 2 Whilst the Charity supports the principle of the provision of affordable workspace, concerns remain over the lack of flexibility in the Council's approach to securing affordable workspace on major schemes. Representations made on behalf of the Charity and its development partner Stanhope have not resulted in changes to policy ED2 as currently worded in Draft Revised Local Plan.
- 3 As currently drafted, we remain of the view that policy ED2 fails to meet the test of soundness by proposing an unjustified and ineffective approach to the provision of affordable workspace on major schemes.
- 4 Our more detailed considerations are set out below and seek to answer the following Inspector's Matters, Issues and Questions:

### 4.3 Affordable workspace

- (i) *Is policy ED2, which seeks to promote affordable workspaces, sufficiently responsive to sensitive viability considerations, or are there soundness issues with its application, for example in relation to applications for redevelopment and refurbishment of office space?*
- (ii) *What is the justification for the proposed rent levels?*

## Policy ED2 Affordable workspace

### Part a

- 5 In answer to question (ii), we consider that there is insufficient evidence to demonstrate that a rental discount at a fixed percentage is justified or that there is a demonstrated local need for it on all sites across the borough.

### Part f

- 6 In response to question (i), we do not consider that viability considerations have been sufficiently tested and the policy runs the risk of significantly impacting the viability of large scale developments, and the redevelopment of existing office buildings. On the Royal Street site, the policy's impact on land value is significantly higher than the value impact stated in the Local Plan and Community Infrastructure Levy Viability Review in Zone A, challenging the viability of a future scheme. Its application to total gross floor area, rather than area uplift, in particular, severely challenges the viability of the redevelopment of the existing office building Becket House. The Local Plan and Community Infrastructure Levy Viability Review in Zone A does not demonstrate the valuation methodology used to calculate the land value discounts in Table 6.3.1: *Impact*

*of affordable workspace requirement on office development.* There is also no definition, explanation or benchmarking to demonstrate what is viable and what isn't in terms of an appropriate discount the land value.

## **Annex 10 – Monetary Contributions towards Affordable Workspace (page 503)**

- 7 In response to question (i) we consider that the proposed valuation methodology set out in Annex 10 is not sound and fails to truly reflect market value (i.e. the methodology the market would utilise the value the site) to calculate an appropriate payment in lieu. Affordable workspace is a relatively new asset class meaning there is limited market evidence for how the market will value the space. Therefore we consider that sufficient flexibility need to be built into this policy to allow it is accurately flex to reflect the market value of the space, as the valuation methodology and the market value of affordable workspace becomes more established over time.
- 8 We do not consider that sufficient justification has been provided for this overly ridged approach compared to the more flexible valuation methodology set out for Monetary Contributions in lieu of Affordable Housing Provision on Minor Sites (<10 dwellings) (page 499).
- 9 We would propose that a policy for the calculation of payment in lieu for Monetary Contributions towards Affordable Workspace is provided that is more akin to the Monetary Contributions in lieu of Affordable Housing Provision on Minor Sites (<10 dwellings), i.e.:
  - $A - B = C$
  - Where: A = value of the proposed development assuming 100% of the commercial space is provided as private office space at 100% of market value;
  - B = the value that would otherwise have been achieved by the proposed development incorporating an element of affordable workspace in line with the council's affordable workspace policy requirement;
  - C = payment in lieu.