



**Community Infrastructure Levy:
Further Evidence Post Hearing**

London Borough of Tower Hamlets

Aug 2019

1. STUDENT ACCOMMODATION AND CIL EXEMPTION:

Representation:

- 1.1 Mr Byrne raised concern regarding the affordable rented student accommodation during the examination. Mr Byrne stated some landlords takes advantage of CIL exemption by offering affordable rented student accommodation for a short time. Therefore, he suggested a clause to be added to ensure affordable student accommodation remain affordable for perpetually. Should the affordable status change the developer/owner must pay the full CIL due for this scheme.

Council's response:

- 1.2 The Council has considered this issue when the Local plan was drafted. Please find below an extract from the latest version of the draft Local Plan with main and additional modifications:

Student Housing:

*4.624 Part 1 (a) supports the delivery of affordable student housing in accordance with the London Plan (GLA, 2016). We will use the Housing Supplementary Planning Guidance (GLA, 2016) to negotiate the proportion of affordable housing, its cost and its allocation to students (an indication of the level of rent and the proportion of affordable housing will be provided through the London Plan annual monitoring report). This suggests that the cost should be no more than 55% of average student income for a UK full-time student living in London away from home, and suggests that the proportion of affordable housing should be the maximum reasonable amount, subject to viability. **Planning obligations will be used to secure the affordability and availability of the affordable accommodation for as long as the student housing use continues.***

- 1.3 For clarity, the Council will be amending the current footnote of the Charging Schedule (as per below) unless instructed otherwise by the Examiner.

Current footnote

***** Student housing, provided in the form of affordable student housing as defined by the Tower Hamlets Local Plan 2031: Managing Growth and Sharing the Benefits (Regulation 19 version), secured by a s106 planning obligation.*

Proposed footnote

***** Student housing, provided in the form of affordable student housing as defined by the Tower Hamlets Local Plan 2031: Managing Growth and Sharing the Benefits (Regulation 19 version), secured by a s106*

planning Obligation. The nil rates will only apply if the affordable student housing remain affordable in perpetuity.

2. BENCHMARK LAND VALUE - PREMIUMS

2.1 When the Existing Use Value-plus (EUV+) approach is adopted to calculate the Benchmark Land Value of a given scheme, premiums are often incorporated to demonstrate what would be an acceptable incentive for a landowner to sell their site. Within inner London this has quite often been seen to be accepted at 20%. The Planning Practice Guidance clearly highlights (Paragraph: 013 Reference ID: 10-013-20190509):

“The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions.”

2.2 The London Borough of Tower Hamlets has considered premiums on a site by site basis at application stage where usually 20% would be accepted as a reasonable level of incentive for a landowner to release their site.

2.3 Please find below a list showing level of premium applied for planning permissions granted in the past two years. Please note, all evidence provided are in the public domain and are not confidential.

| PA | Planning Authority | Address | BLV | Premium |
|--------------|---------------------------|--|------------|-----------------------------|
| PA/18/03162 | LB of Tower Hamlets | Site At 65 To 65a, Vyner Street, Adjacent to Regents Canal, London | EUV | 20% |
| PA/18/00528 | LB of Tower Hamlets | Barratt Industrial Estate, 20-22 Gillender Street, London | EUV | 20% |
| 18/00325/FUL | LLDC | 90 Monier Road, London, E3 2ND | EUV | The Applicant proposed 15%, |

| | | | | |
|-------------------------|------------------|---|-----|--|
| | | | | LLDC proposed 10% (awaiting planning decision) |
| 18/4919 | LB of Brent | 1-26A, coachworks & storage areas, Abbey Manufacturing Estate, all units Edwards Yard, Mount Pleasant, Wembley, HA0 | EUV | 20% |
| APP/H5960/W/18/3 209376 | LB of Wandsworth | 45-53 Putney High Street and 327-339 Putney Bridge Road, London SW15 1SR | EUV | 20% |
| 17/03612/FUL | LB of Newham | Myrtle Road, East Ham, London, E6 1HY | EUV | 20% |
| 18/0732/F | RB of Greenwich | 3 Herringham Road, London, SE7 8NJ | EUV | 20% |

3. **INDEXATION**

- 3.1 The Examiner has asked that the Council provide reference to the figures cited at the hearing in relation to indexation of the exiting rates. For clarity, the Council's viability study carried out by BNP Paribas indexed the existing figures using an index rate from Q4 2015 (274). This provided the following figures:

| Zone | Rate (indexed) |
|-------------|-----------------------|
| 1 | £211.58 |
| 2 | £68.76 |
| 3 | £37.03 |

- 3.2 The above figures have since changed if you are to look at the inflation as at the date of the CIL Examination hearing (index rate: 259). The following charges would apply (which were quoted in the Council's rebuttals/discussion points):

| Zone | Rate (indexed) |
|------|----------------|
| 1 | £259 |
| 2 | £84 |
| 3 | £45 |

4. HOUSING TRAJECTORY

- 4.1 The Council at the hearing had cited information to demonstrate the level of housing that is to be provided by certain time periods. This included highlighting the number of schemes that have already commenced or in the pipeline to be delivered. For reference, please see the extract below from the emerging Local Plan (Appendix 7).

Housing pipeline against development status

| Status | 2016-21 | 2021-26 | 2026-31 | The plan period: 2016-31 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Completed | 4,699 4,260 | 0 | 0 | 4,260 |
| Under development | 12,369 12,505 | 4,954 4,200 | 1,464 640 | 17,345 |
| Prior approval | 338 340 | 0 | 0 | 340 |
| Full planning permission | 4,014 2,937 | 5,145 3,654 | 691 711 | 7,302 |
| Hybrid planning permission | 0 539 | 0 726 | 0 514 | 1,779 |
| Outline planning permission | 203 300 | 546 533 | 258 174 | 1,007 |
| Allocations (without permission) | 0 448 | 5,398 6,283 | 6,759 6,815 | 13,546 |
| 'Strategic Housing Land Availability Assessment' (SHLAA) sites (without permission) | 0 355 | 2,518 3,259 | 2,410 2,251 | 4,929 5,866 |
| Windfall allowance | 892 860 | 1,115 1,075 | 1,115 1,075 | 3,122 3,010 |
| Total | 22,515 22,544 | 19,676 19,730 | 12,697 12,180 | 54,889 54,455 |