

# Financing the London Plan

Planning Gain and Viability

# Financing and Planning Gain

- Much of the policy in the Plan will need to be implemented through S106 and CiL charge agreements, including transport, housing, health facilities, schools, green infrastructure, social infrastructure.
- The Mayor seeks to prioritize transport and housing in this (Policy DF1 (D and E) Delivery of the Plan and Planning Obligations, p. 441).
- On this basis the plan is not viable, not deliverable.

D When setting policies seeking planning obligations in local Development Plan Documents and in situations where it has been demonstrated that planning obligations cannot viably be supported by a specific development, applicants and decision-makers should firstly apply priority to affordable housing and necessary public transport improvements, and following this:

- 1) Recognise the role large sites can play in delivering necessary health and education infrastructure; and
- 2) Recognise the importance of affordable workspace and culture and leisure facilities in delivering good growth.

E Boroughs are also encouraged to take account of part D in developing their Community Infrastructure Levy Charging Schedule and Regulation 123 list.

Should we propose to remove this prioritisation of transport and “affordable” housing in Policy DF1 D and E?

Note: The Mayoral CiL aggregates CIL income to achieve city-wide strategic investment

# Fast track Viability

- Perhaps bring forward more development without scrutiny of viability if meet "affordable" targets (low level of social rent level housing likely though)
- BUT – remove leverage in negotiating social infrastructure and community needs
- AND – potentially leave windfall gains and early development possibilities (with low infrastructure) to gain from later infrastructure investment

# IMPLICATIONS FOR PARTICIPATION

- **NEED TO ENHANCE PARTICIPATION AND SCRUTINY IN S106 PLANNING GAIN NEGOTIATIONS IF THESE ARE SO CLEARLY THE SOURCE OF CORE FUNDING OF LONDON PLAN?**
- **THESE ARE OFF-BUDGET INCOME STREAMS... NOT DISCUSSED IN LONDON FINANCE COMMISSION...LIMITED TO SPECIFIC DEVELOPMENT OR SMALL AMOUNT OF POOLING; DON'T SEEM TO BE MONITORED**
- **NEED TO ENSURE DEVELOPER CONSULTATIONS MEET NORMS FOR EARLY ENGAGEMENT; AND THAT COMMUNITY RESPONSES CAN MAKE A DIFFERENCE AT THIS STAGE [CF LEGAL RESTRICTIONS ON REFUSALS]**

- **Should the Mayor add a clause in DF1 which allows the local planning authority to trigger viability assessments in the context of POTENTIAL GAINS FROM wider developments and obligations?**
- Just Space has long argued for a more dynamic way of capturing the continuing **growth** of land values.

# LEARNING FROM OLD OAK AND GRAND UNION ALLIANCE

- Good participation in policy development
- Trade-offs of infrastructure and housing and community infrastructure needs, both in CIL and S106.
- Poor responses to community input at pre-application, planning application and decision-making stages
- Detimental outcomes in terms of social and community infrastructure and social rent level housing delivery.

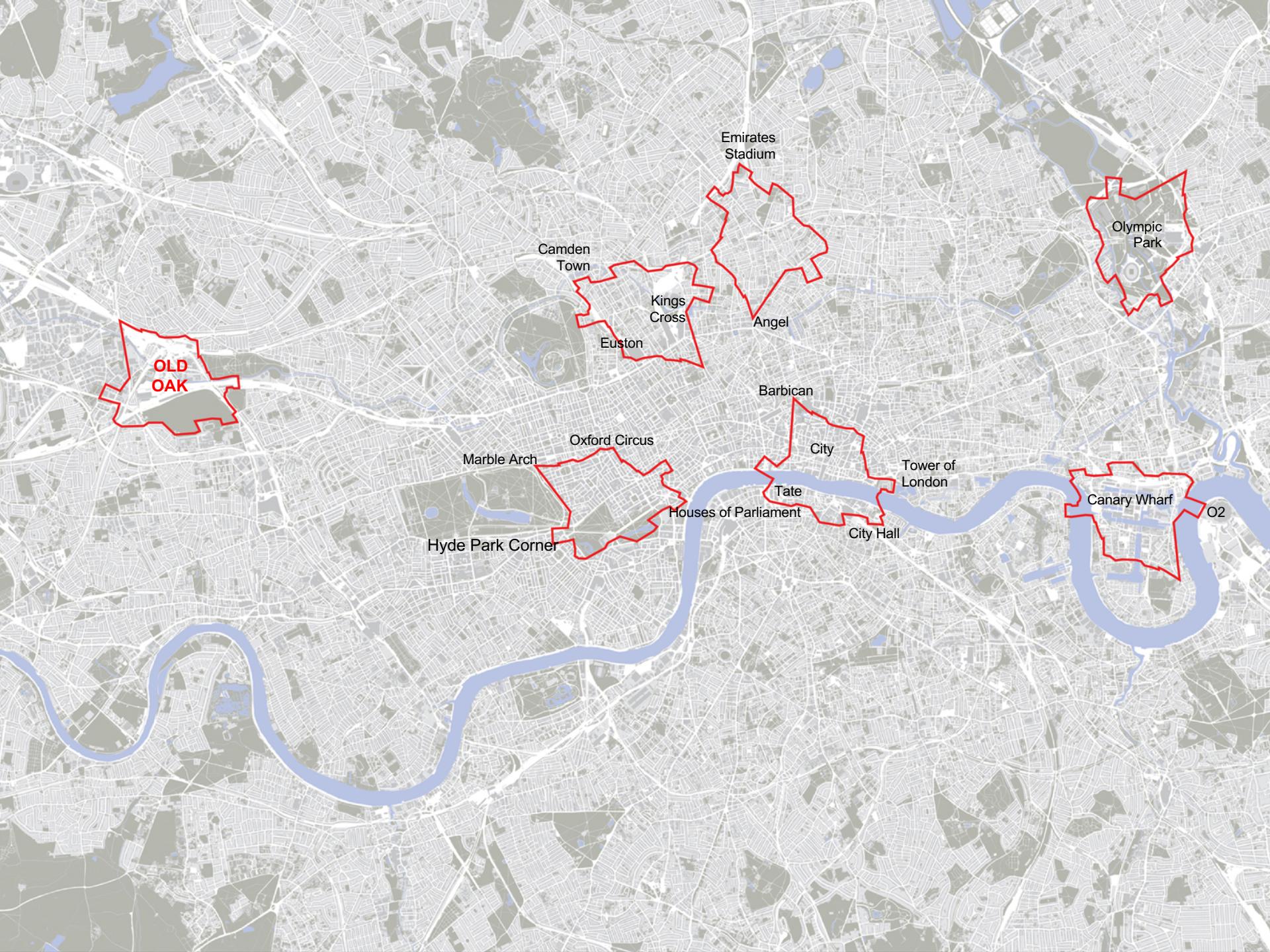
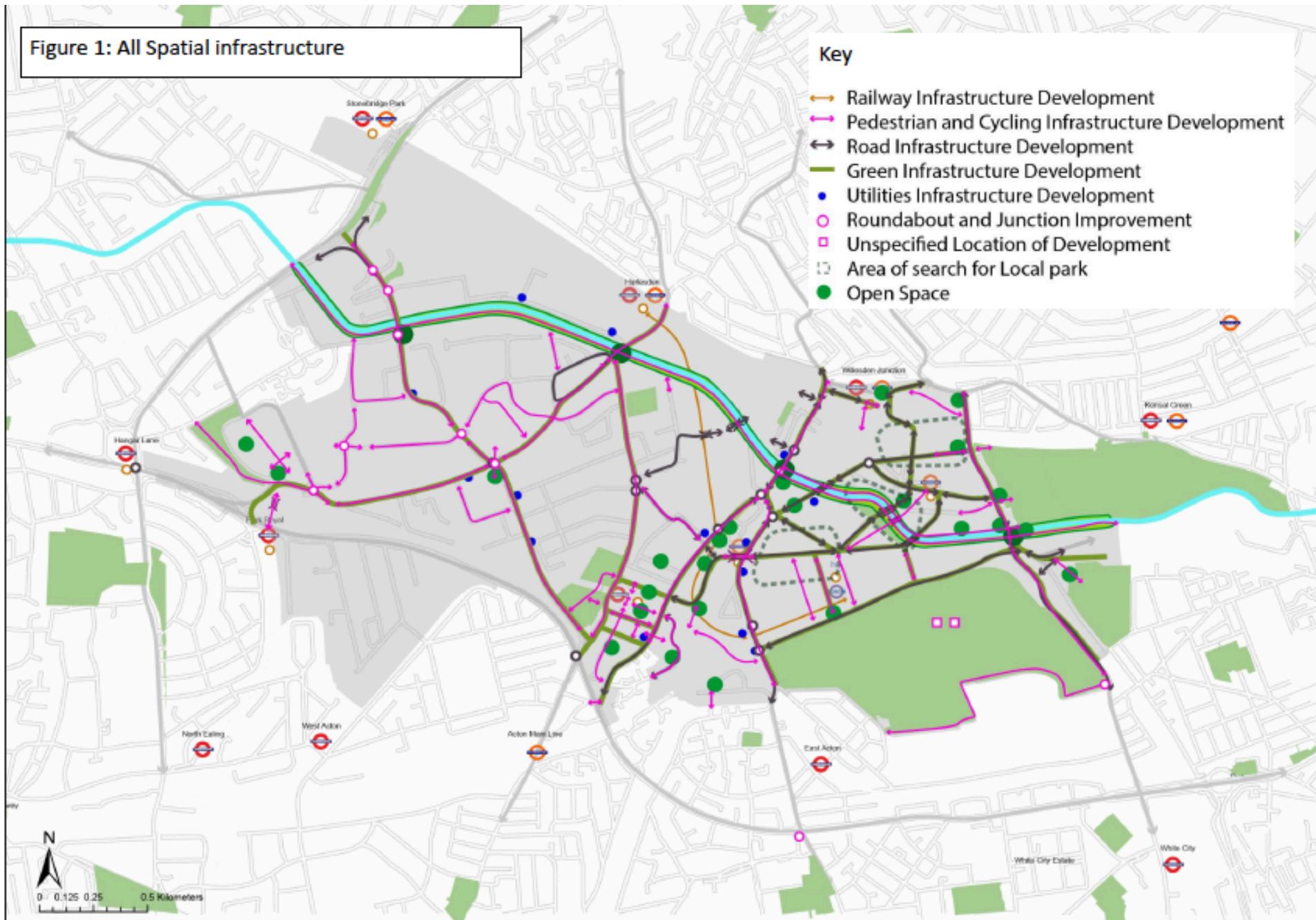


Figure 1: All Spatial infrastructure



Thus, for Opportunity Areas, the largest component of planned development in the context of this plan, the comments in the London Plan Viability Study which suggest where development might be least viable are applicable:

5.6.14 Some sites have other costs that are exceptional, reflecting the specific development found there, and which are not readily replicated for policy testing purposes – for example new transport or social infrastructure. While sites have been tested with onsite and offsite infrastructure requirements, scenarios with very substantial exceptional costs are atypical and lie outside the scope of this testing. Such schemes may be subject to site specific testing where the infrastructure cost is preventing delivery. It is also noted that, where there are exceptional development circumstances and associated costs, these may enhance market values and/or increase costs and it would be expected that these would be reflected in the land value for the site. Furthermore, it is understood that the GLA also engages with landowners and developers and provides funding to accelerate delivery on brownfield land such as in Housing Zones and facilitates funding bids from sources such as the Housing Infrastructure Fund. (VIABILITY STUDY, P. 33)

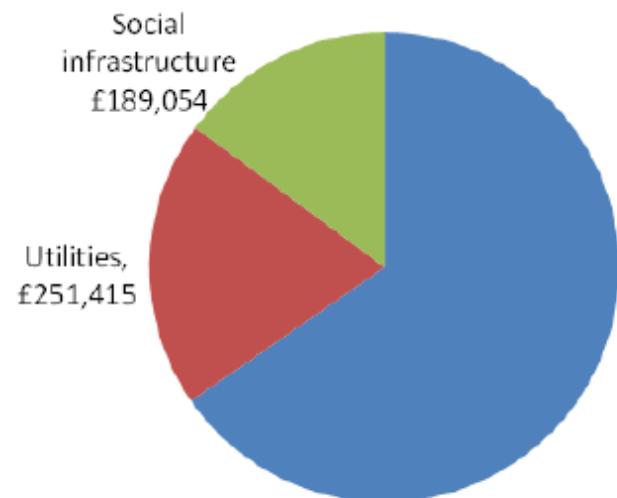
2.1 The funding for the infrastructure needed to bring forward development in the area amounts to approximately £2.5bn and **Government expects this to be paid for from development.**

2.2. The need for such a level of infrastructure **will have an impact on the level of affordable housing** that can be delivered within each development – and this will need to be recognised within individual planning applications. Without considered infrastructure investment, future developments will be unable to come forward and Old Oak will not work as a coherent whole.

2.3 **Discussions with Government departments about gap funding or other financial contributions to reduce the impact of the infrastructure bill have so far proved fruitless.** This is in the context of Ebbsfleet receiving £310m. And Birmingham has received £97m to extend its metro and enhance connections to and from the HS2 Curzon Street station. Birmingham is also benefitting from an expanded Enterprise Zone.

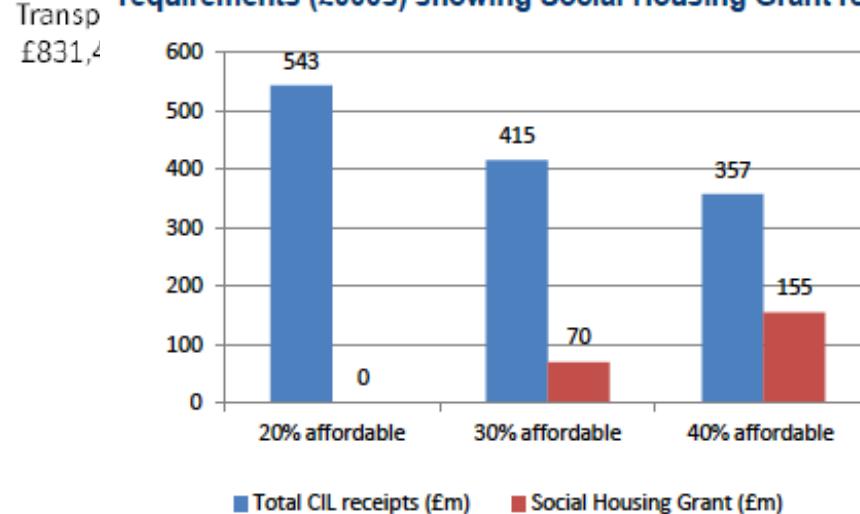
2.4 In addition to impacting on the ability of developments to provide an acceptable level of affordable housing, **the high cost of infrastructure may force a quantum and scale of development that is unacceptable in height, scale, density or mass – and at the expense of community infrastructure.**

Figure 26.3 infrastructure costs attributable to Old Oak by broad infrastructure category, including maintenance (£000s)



The funding for the infrastructure needed to bring forward development in the area amounts to approximately £2.5bn and Government expects this to be paid for from development. (OPDC Review, 2017)

Figure 1.4 CIL receipts under different levels of affordable housing requirements (£000s) showing Social Housing Grant required

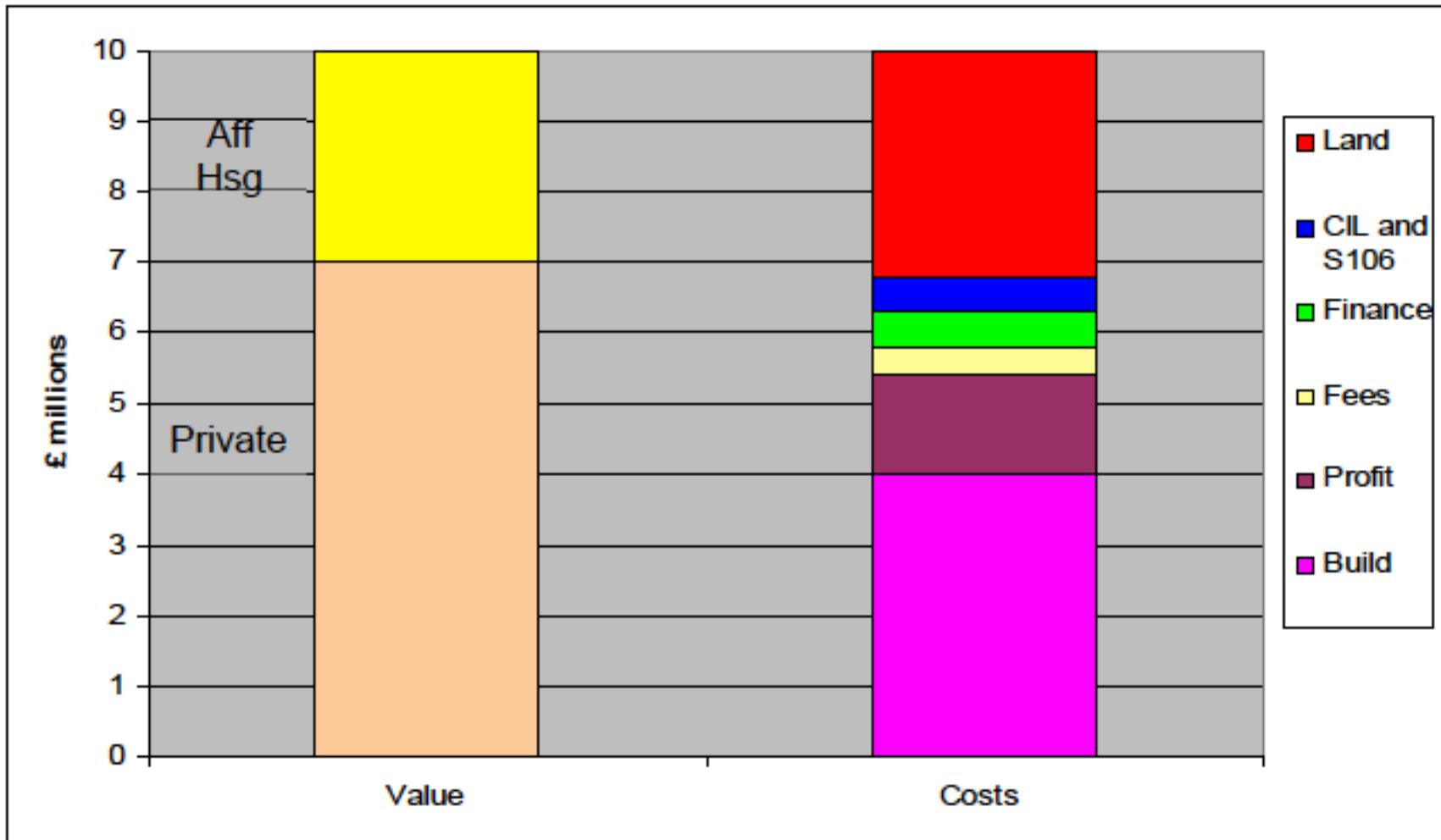


2.4 In addition to impacting on the ability of developments to provide an acceptable level of affordable housing, **the high cost of infrastructure may force a quantum and scale of development that is unacceptable in height, scale, density or mass – and at the expense of community infrastructure.** (OPDC Review, 2017)

**TABLE 1: Regulation 123 list**

Category	Sub-Category
Key Transport Infrastructure & Public Realm	Contributions to new and upgraded railway stations
	Improved pedestrian accesses to railway stations
	Upgrades and additions to Old Oak Common-Park Royal internal strategic road network
	Capacity enhancements to surrounding strategic road network
	Initiatives to encourage bicycle usage
	Strategic cycle network elements
	Improvements to the bus network (route and facility funding)
	Road links to create new routes to unlock sites
	Bridges across railways and Grand Union canal to unlock sites
	Traffic and pedestrian capacity and safety upgrades in Park Royal
Urban Water Management	Strategic road landscaping enhancements
	All works other than on-site sustainable urban drainage systems
Schools	School expansions (existing schools)
	All-through schools (ie ages 3-19)
Emergency Services	Emergency services premises – fire, police and ambulance
Green Infrastructure	Enhancing open spaces
Community and Sports Facilities	Community meeting and activity centres

“The levy is intended to provide infrastructure to support the development of an area, rather than making individual planning applications acceptable in planning terms. As a result, some site specific impact mitigation may still be necessary in order for a development to be granted planning permission.”



Assume 20% developer profit; 6% on affordable housing



Masterplan (Farrells)

## S106:

605 homes

- 242 affordable homes (40%)
- 61 (50% market) social rent
- 61 (60-70% market) affordable rent
- 120 intermediate (shared ownership) units

MAYORAL CONTRIBUTION MADE TO  
GET TO 40%  
BUILD A ROAD  
CLINIC  
CONTRIBUTE TO BUS TRANSPORT  
CONTRIBUTE TO SCHOOL



Image showing view looking south down the green street  
and the new road towards Old Oak Common Lane

“An exhibition was held for local residents towards the end of 2015. The feedback was generally positive with residents welcoming the affordable housing contribution and mixed-use nature of the redevelopment. The main concerns raised were height and bulk and the management of the construction traffic. Overall, the feedback throughout the consultation has been positive and most people recognise that the regeneration of the site is needed.”

“Could I just move on to density? The advice in the OAPF (Opportunity Area Planning Framework) was it should be lower densities on the sensitive edges of the opportunity area, with a maximum height of 8 to 11 storeys and this evening we hear that we got to have these wonderful entrance gates to the area of 26 storeys! Which policy are you advocating (moderator 5 min)? The one you came up with in your initial document or what you came up with now or are you bending over backwards for what the developers want.”

*OPDC Planning Committee, 13 July 2016, resident, objector*

## OPDC Housing Delivery to Sept 2017. GUA Submission on Reg 19 local plan consultation

	total private (including build to rent and student housing)	total affordable rent	total intermediate	overall total (units)	Total affordable housing and % of total units	intermediate units (% of total units)	affordable rent (% total)	intermediate units, % of affordable offer	affordable/ rent units, % of affordable offer
OPDC determined to date	715	106	195	1016	301 (30%)	19%	10%	65%	35%
Ealing determined	1067	0%	199	1266	199 (16%)	16%	0%	100%	0%