**London Borough of Camden CIL Review – Draft Charging Schedule**

**Question from Examiner**

EQ1

To DP9

Your client - Derwent London

1. I refer to your consultation response dated 2 December 2019, on behalf of Derwent London, to the Draft Charging Schedule that I am currently examining. It would be of assistance to me in considering the matters that you raise, if you give some expansion of the points you make, as I set out below.

2. Your letter does not have numbering for the paragraphs: for convenience I have given them numbers, so that on the first page, for instance, the first paragraph under the heading ‘Background’ is number 6.

3. In paragraph 4 you refer to redevelopment of the Network Building, and you mention Derwent’s discussions with senior officers at Camden.

You state “It has been accepted that the redevelopment cannot provide all the associated residential requirement due to costs”. Please provide more details of what was ‘accepted’.

5. In your paragraph 7 you refer to the viability study commissioned in 2012, and in paragraph 8 a further study in 2014, with an addendum produced in October 2014 responding to questions by the examining Inspector. You quote the conclusion within the addendum “that values had increased significantly more than development costs since the original cost and value inputs from 2012, making it easier for developers to pay CIL at the rates proposed …”.

6. From paragraph 10 onwards you refer to the 2019 BNPP 2019 viability study, and at paragraph 12 you quote from this study, highlighting that it stated that B1 use development in CIL Zone A has seen significant market improvement since the previous study was undertaken and that rents have risen significantly and yields have sharpened since that time. And at paragraph 13 you point out that the inference is that this is in relation to market improvements since September 2012, and that no reference is made to the Addendum which was prepared to update the cost and value inputs to Q3 2014. It certainly appears true that the BNPP study goes back to, and relies on, the 2012 data. However, you have already noted that the conclusion of the 2014 Addendum was “that values had increased significantly more than development costs since the original cost and value inputs from 2012, making it easier for developers to pay CIL at the rates proposed …”. Surely this was a conclusion that the 2012 study justified the CIL charges that were, by 2014, all the more affordable? If this is a correct interpretation, please re-examine your commentary on Figures 2.16.1 and 2.16.2.

7. You make detailed comments on the 2019 Viability Study in paragraph 20. At the first bullet point you criticise the assumption of the percentage of existing building (50%) in new development and suggest that there is no justification for the assumption and that it is typically less. However, you do not suggest an alternative percentage or a justification for it. But more to the point, in the tables setting out appraisal assumptions, in the central column headed ‘Source/Commentary’ there is stated in brackets “N.B appraisals do not discount existing floorspace”. My understanding is that this means that the appraisals assume no deduction for existing floorspace, although there is likely to be a reduction in the CIL calculation on account of existing floorspace – and this is stated within the Council’s response to the objections made on behalf of Travelodge (see within final box of the Council’s response to Smith Jenkins).

8. At the third bullet point, referring to build costs, remarking that the current assumptions are understated, you mention that you would be happy to provide further data, subject to discussing the disclosure of confidential information with your client. Have you discussed this with your client? Naturally anything provided to me must be in public, but I would be prepared to accept evidence in the form of an agreed statement following the disclosure of the data to the Councils officers, which appears to be occurring already, as indicated in your paragraph 4.

9. Finally, in bullet point 4 you refer to paragraph 4.14 of the viability study and the requirements of policy H2 of a contribution towards self-contained housing in accordance with Camden Policy Guidance, and the lack of further detail provided. I have enquired of the Council, and been provided with a copy of ‘Interim Housing CPG’. At my request, this should now have been drawn to your attention (and has been placed on the website). It is a substantial document and seems to have resulted from a number of policy updates. As an indication:

*“IH1.5 The fifth update inserted further new sections in the Interim Housing CPG, replacing section 6 of the Housing CPG 2016, and section 6 of CPG8 Planning obligations 2015. The update also amended the introductions of Interim Housing CPG and the Housing CPG 2016 to reflect the changes that have been made.*

*IH1.6 This document should be read alongside the retained paragraphs of the Housing CPG 2016 and our CPG about Student Housing. Notes have been added to the Housing CPG 2016 to indicate paragraphs that are deleted or replaced by the Interim Housing CPG and the CPG about Student Housing.”*

I need to be helped to understand the points you are making against this policy background and invite you to elaborate.

10. You should note, and should have been informed by the Council that, in document CED 1.8, within the Council’s response to your representation, on page 10, there has been an amendment in row 10, where it now states *“Noted. BNPPRE have undertaken appraisals to demonstrate that a CIL charge of £110 per sq ft will not significantly impact on the delivery of such sites. This is explained in the viability sensitivity testing at Appendix 2”*. However, this is not the appendix 2 that is listed at PCD.2.5.2 in the website list of Public Consultation Documents (nor is a further new Appendix 1, which is not that listed at PCD.2.5.1). I am awaiting a correction of numbering and for the website to be updated. I invite your comments.

1. Please let me have your reply within 10 working days.

Terrence Kemmann-Lane

Examiner

15 April 2020