

THE LONDON BOROUGH OF SOUTHWARK

**TOWN AND COUNTRY PLANNING ACT 1990
AND ACQUISITION OF LAND ACT 1981**

Revised Inquiry into

**THE LONDON BOROUGH OF SOUTHWARK
(AYLESBURY ESTATE SITES 1B-1C)**

COMPULSORY PURCHASE ORDER 2014

PINS REFERENCE: NPCU/CPO/A5840/74092

**Summary of Evidence of
Dr Robert Colenutt - BA [Hons], MA, PhD
For the Aylesbury Leaseholders Group**

4 December 2017

Dr Robert Colenutt

Summary Statement of Proof of Evidence

1. My name is Dr Robert Colenutt. I have been asked by the Aylesbury Leaseholders Group to provide evidence on the importance of viability and deliverability in determining development and regeneration schemes.
2. In my evidence I am going to speak to the following Test to be applied to the Compulsory Purchase Order:
 - **Whether the scheme is likely to be blocked by any impediment to implementation**
3. My evidence is concerned with the viability of the regeneration scheme and absence of detailed information from Notting Hill Housing Trust and Southwark Council on this critical issue.
4. I explain the importance in policy and practice of development viability in assessing whether a development scheme is deliverable.
5. Viability assessment is central to the determination of a development that involves planning obligations or policy burdens. It also applies to the assessment of the soundness of Local Plans and Neighbourhood Plans. It is as important a material consideration in planning as design or land use or sustainability.
6. The NPPF para 173 states that:

'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.'

7. It follows that the technical aspects of viability assessment have become the central concern of the development industry and local authority planners, requiring detailed attention to, and examination of the costs and values of a development.
8. The most important implication of viability assessment is its impact on local authority affordable housing policies. For most local authorities this is one of the principal means by which affordable housing can be delivered. They are heavily dependent on the viability of development schemes to deliver their affordable housing policies through the cross-subsidy from market housing or commercial development on the site.
9. Because of the importance of cross-subsidy, there is a corresponding pressure on landowners, developers and also housing associations to minimise the percentage of affordable units (and social housing units in particular) as far as possible. Viability assessment as introduced by the NPPF provides a means to do this.
10. A further aspect of viability assessment is "deliverability". A scheme can be viable but may not be deliverable. There may be many reasons for this. For example, public funding may not be available for infrastructure or affordable housing grant, or a landowner or developer may be "banking" a planning permission as part of corporate land portfolio management. Or there may be Government policy reasons such as announcements on social housing or strategic infrastructure investment, or there may be flood risk, or public opposition reasons.

11. The upshot is that viability and deliverability must be considered together and tested by careful analysis of all inputs and outputs of the development: aspects of the development: costs; finance; valuation; risks to public funding; internal commercial risks of participating developer or housing association companies. National Planning Practice Guidance advises local authorities to develop an evidence base of market information, to collaborate with developers and landowners, and to ensure that they have 'a comprehensive and consistent understanding of viability across their areas'. The question before this Inquiry is whether this interrogation by the local authority or NHHT has taken place.
12. The only viability statement for this scheme I am aware of is a very short 2 page Financial Viability Note from Notting Hill Housing Trust dated 4.3.2015. This comprises a summary table of values without detailed costings or analysis.
13. This short note would not constitute a suitable viability analysis in many local authorities, and some would rule that the application was not valid for this reason. Many local authorities would require full presentation and analysis of market data, costings, land values, and phasing; yet these essential data are not available in this case. Furthermore, the analysis would challenge the profit level of 21% for NHHT shown which itself potentially reduces the viability of the scheme and poses a threat to the likelihood of the target % of social rent housing.
14. The Notting Hill Housing Trust statement of 4.3.2015 says that a viability test for each site was required by the Development Partnership Agreement, but as far as I am aware this has not been undertaken, or is not available.
15. In my experience, it is highly unlikely that regeneration or new build housing schemes will deliver a 37.5% level of social housing without substantial

affordable housing grant, or high levels of cross-subsidy, or very significant discounts on land value. Most likely all of these would be necessary.

16. Although local authorities often seek 30-40% of “affordable housing” this is in practice a “target” or “aspiration”. Developers and local authorities routinely say that this level of affordable housing is not achievable in practice (11% actual delivery is more usual) because the exceptional conditions for the viability of high levels of social housing are absent. And the outturn percentage of truly social housing i.e low rent housing, not intermediate or affordable rent housing, is very much lower often in the region of just 5%.
17. Thus, promises of 37.5% social housing – so critical to the assessment of the CPO - are unlikely on the basis of the information provided are unlikely to be delivered.
18. As indicated above there is no publicly available viability assessment that allows the objectors to evaluate the viability of the scheme overall.
19. I therefore conclude that the promised level of social housing does not meet the test of deliverability.