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Heygate viability assessment relased by council

26 June 2015 by Jonathan Tilley , Be the First to Comment

Campaigners have claimed that a viability assessment for the controversial redevelopment of a London housing estate released by the council which approved the scheme shows developers were allowed to inflate development costs to reduce the affordable housing requirement.

Part of the Heygate estate prior to demolition

Local resident Adrian Glasspool of campaign group the 35 Percent Campaign made a Freedom of Information request for the viability assessment for the Heygate Estate development in May 2012.

The London Borough of Southwark initially rejected the request and appealed after Glasspool's subsequent complaint was upheld by the Information Commissioner.

This led to a six day hearing in February last year, followed by a decision notice directing Southwark to release the assessment minus some of its financial modelling figures.

After a further dispute about which figures could be withheld, a final decision was issued in March and the documents were released in April.

35 Percent said it has had the viability assessment examined by "sympathetic industry experts" and published its findings yesterday along with the viability assessment documents.

The group claims the council allowed developer Lend Lease, which commissioned property firm Savills to produce the viability assessment, to settle on 25 per cent as an acceptable level of profit, higher than the 20 per cent Lend Lease has agreed contractually with Southwark in its partnership agreement. Southwark is a development partner in the scheme.

The group also obtained a copy of the District Valuer Service appraisal of the viability assessment, in which the District Valuer said he did not accept the profit benchmark that Savills had adopted.

In his report he said: "I would like to see some evidence provided to benchmark these levels of returns as my understanding is that most development schemes when analysed following completion average out below 15 per cent."

35 Percent claims the council ignored this advice and accepted the figure, allowing the affordable housing contribution to be reduced from 35 per cent to 25 per cent.

The group also claims that residential sales prices were underestimated and that flats are on sale for a higher rate per square foot that the average included in the viability assessment.

The London Borough of Southwark and Lend Lease were asked for comment but had yet to respond at time of publication.

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