

**MORDEN
WHARF.**

**FINANCIAL
VIABILITY
STATEMENT**

REGENERATION RETHOUGHT



AFFORDABLE HOUSING & VIABILITY STATEMENT

MORDEN WHARF
U+I

JUNE 2020

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1 EXECUTIVE SUMMARY

1. This Affordable Housing & Viability Statement ('Statement') has been prepared by Quod to accompany a hybrid planning application for the development of Morden Wharf, Greenwich Peninsula ('Application Site'). The application is submitted on behalf of Cathedral (Greenwich Beach) Ltd and Morden College ('the Applicant').
2. A hybrid planning application has been submitted to the Royal Borough of Greenwich (RBG) for the comprehensive redevelopment of the Application Site to provide new homes, flexible commercial uses, community uses, Gloriana Boathouse, new public open spaces and associated access, landscaping and public realm works ('the Proposed Development').
3. The proposals include up to 1,500 homes of which 35% by habitable room will be provided as affordable housing (469 homes based on the illustrative scheme) split 70% London Affordable Rent and 30% Shared Ownership, in line with the local planning policy target (when measured by habitable rooms).
4. The illustrative scheme is provided to show how the Parameter Plans and Design Code could be interpreted. The illustrative scheme incorporates both the fixed detailed proposals of the Detailed element & the illustrative proposals for the Outline element of the application. The illustrative proposal for the Outline element has been designed to ensure that it sits within the proposed maximum parameters. For financial viability purposes, both elements of the application (detailed & outlined parts) are herein after referred to as the illustrative scheme. A full breakdown of the illustrative masterplan scheme housing proposals is provided in Table 1 below.

Table 1 – Housing Proposals Summary (Illustrative Scheme)

Tenure	Homes	Overall Split % (Habitable Room)	Product	Homes	Affordable Split % (Habitable Room)
Market Housing	1,019	65%	Private Sale (PS)	1,019	-
Affordable Housing	469	35%	London Affordable Rent (LAR)	316	70%
			London Shared Ownership (LSO)	153	30%
Total	1,488	100%	-	1,488	100%

5. Planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. In this context, the following affordable housing related considerations are directly relevant to the determination of this planning application:-

- **Affordable Housing Quantum:** The Proposed Development will provide 35% affordable housing on-site (469 new affordable homes based on the illustrative scheme). This aligns with the local policy target (35%) when measured by habitable room and exceeds the average proportion of homes delivered as affordable housing in Greenwich over the last 3 years (c.20%). The provision of 469 new affordable homes (illustrative) will provide a significant contribution to both strategic London wide and local affordable housing need (of which RBG has only been

able to meet 48% of in the last 3 years). An Early Review mechanism will enable the quantum of affordable housing to increase to up to 50% (subject to future viability and delivery timescales). It will also provide certainty that the scheme will be delivered quickly.

Notwithstanding the above, a Financial Viability Assessment (FVA) has prepared for the illustrative scheme. A high-level summary of the Financial Viability Appraisal is provided in Table 2 below. It illustrates that the scheme is providing significantly more affordable housing than is required due to viability in accordance with Local Plan Policy H3 (Affordable Housing), Policy 3.12 of the London Plan (2016) and Policy H5 (Threshold approach to applications) of the Draft London Plan (2019).

Table 2 – Illustrative Scheme Viability Summary

Scheme Revenue	Assumption	Amount
Private and Affordable Revenue	£642 PSF	£675,692,427
Commercial / Other Revenue	-	£93,049,456
Purchaser Costs	6.8%	(£5,507,487)
Total Revenue	-	£763,234,395
Scheme Revenue	Assumption	Amount
Construction Costs	Fixed Sum	£508,625,770
Contingency	5%	£24,809,867
Professional Fees	11%	£58,677,920
CIL	Fixed Sum	£11,374,223
S106	Fixed Sum	£6,344,124
Residential Marketing	2%	£12,975,976
Letting Agent & Legals	15%	£530,680
Disposal Fees	1.5%	£9,127,191
Finance	6.5%	£25,877,737
Total Costs	-	£658,343,487
Output Return		
Total Return	-	£104,890,908
Return Benchmarks		
Landowners Return	Industrial Land Value	£47,600,000
Developers Return	c.17% of GDV	£130,000,000
Total Return Benchmark		£177,600,000

- Tenure Mix:** The Proposed Development will provide 35% affordable housing including 70% London Affordable Rent (measured by habitable room) (illustratively 316 homes) and 30% Shared Ownership homes (measured by habitable room) (illustratively 153 homes) in accordance with RBG Core Strategy Policy H3. This aligns with that required by RBG Core Strategy Policy H3 (when measured by habitable room) and is compliant with Policy H6 (Affordable Housing Tenure) of the Draft (Intend to Publish) London Plan (2019).
- Affordability:** The proposed product terms will ensure the homes are genuinely affordable to a range of eligible local households (c.105k+ households) in accordance with the Mayor's Housing Strategy (2018) and the latest London Plan Annual Monitoring Report (2019). The Shared Ownership homes will also be meaningfully affordable to c.30,000 local front-line key workers (e.g. teachers and nurses).

- **Unit Sizes:** The homes will be provided as a mix of housing sizes to meet local need. The London Affordable Rented element (illustrative scheme) will include 151 (48%) larger 2-bedroom (4 person) homes, suitable for small families, and 96 (30%) 3-bedroom+ homes suitable for larger families. The mix of unit sizes takes into account: i) growing demand for smaller homes; ii) the affordability challenges associated with larger homes (particularly in shared ownership); iii) reduced need and demand for market family sized apartments due to the availability of terraced housing and an oversupply of new 3 bedroom flats; and iv) the positive role 1 and 2 bedroom homes play in providing housing for down sizers and overcrowded concealed households, as recognised in the London Plan SHMA (2017).
 - **Design, Distribution & Management:** The design code establishes that homes will be designed so that they are tenure blind and meet or exceed the design standards set out in local policy and the Draft London Plan (2019). Within the illustrative scheme, the products have been distributed across the site to enable effective long-term management. The scheme has also been designed to ensure estate service charges are as affordable as possible, whilst allowing all residents the right to access on-site amenities.
 - **Illustrative Phasing & Delivery:** The illustrative scheme assumes c.58% of the homes delivered in Residential Phase 1 will be affordable homes. Affordable Rented homes will be delivered in Plots B02, B03, B05 and B06 and B07. Shared Ownership will be delivered in Plots B05 and B08. This early delivery significantly exceeds the 35% local target and the 35% by habitable room being provided across the site.
6. Overall, this Statement demonstrates that the Affordable Housing proposals accord with the statutory Development Plan and other material planning considerations and should be afforded significant positive decision-making weight.

2 INTRODUCTION

- 2.1 This Affordable Housing & Viability Statement ('Statement') has been prepared by Quod to accompany a hybrid planning application for the development of Morden Wharf, Greenwich Peninsula ('Application Site'). The application is submitted on behalf of Cathedral (Greenwich Beach) Ltd and Morden College ('Applicant').
- 2.2 A hybrid planning application has been submitted to the Royal Borough of Greenwich ('RBG') for the comprehensive redevelopment of the Application Site to provide new homes, flexible commercial uses, new public open spaces and associated access, landscaping and public realm works ('the Proposed Development'). The proposals include up to 1,500 homes of which 35% by habitable room will be provided as affordable housing split 70% London Affordable Rent and 30% Shared Ownership, in line with the local planning policy target (measured by habitable rooms).
- 2.3 An illustrative masterplan has been provided to show how the parameter plans and design code could be interpreted. The illustrative scheme provides a detailed design that sits within the proposed maximum parameters i.e. within the limits set for the maximum number of residential units (1,500) and non-residential floorspace (20,141sqm GIA) and within the maximum extents for the building plots and heights. The illustrative scheme includes 1,488 homes of which 469 (35% by habitable room) are proposed as affordable housing.
- 2.4 Planning law¹ requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. This Statement provides evidence which seeks to demonstrate the amount, type and mix of affordable housing proposed in the planning application is appropriate for the site and development proposal in accordance with the statutory Development Plan and other material planning considerations.
- 2.5 This Statement is structured to provide: -
- An overview of the application site and the application proposals (Section 2);
 - An overview of relevant policy and guidance (Section 3);
 - An overview of objectively assessed local housing need (Section 4);
 - A financial viability appraisal of the scheme proposals (Section 5);
 - Details and assessment of the housing proposals (Section 6); and
 - A summary of the overall conclusions (Section 7).
- 2.6 This has been produced in accordance with the NPPF (2019), PPG (2019), Mayor's Affordable Housing and Viability SPG (2017) and RICS Professional Statement on Financial Viability in Planning: Conducting and Reporting (2019). It is confirmed that no performance related or contingent fees have been agreed for the work and no conflict of interest exists, including Party Conflicts, Own Interest Conflicts and Confidential Information conflicts.
- 2.7 This Statement should be read in conjunction with a number of the other planning application documents, including but not limited to the Planning Statement, the Design and Access Statement and the Application Drawings.

¹ Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990

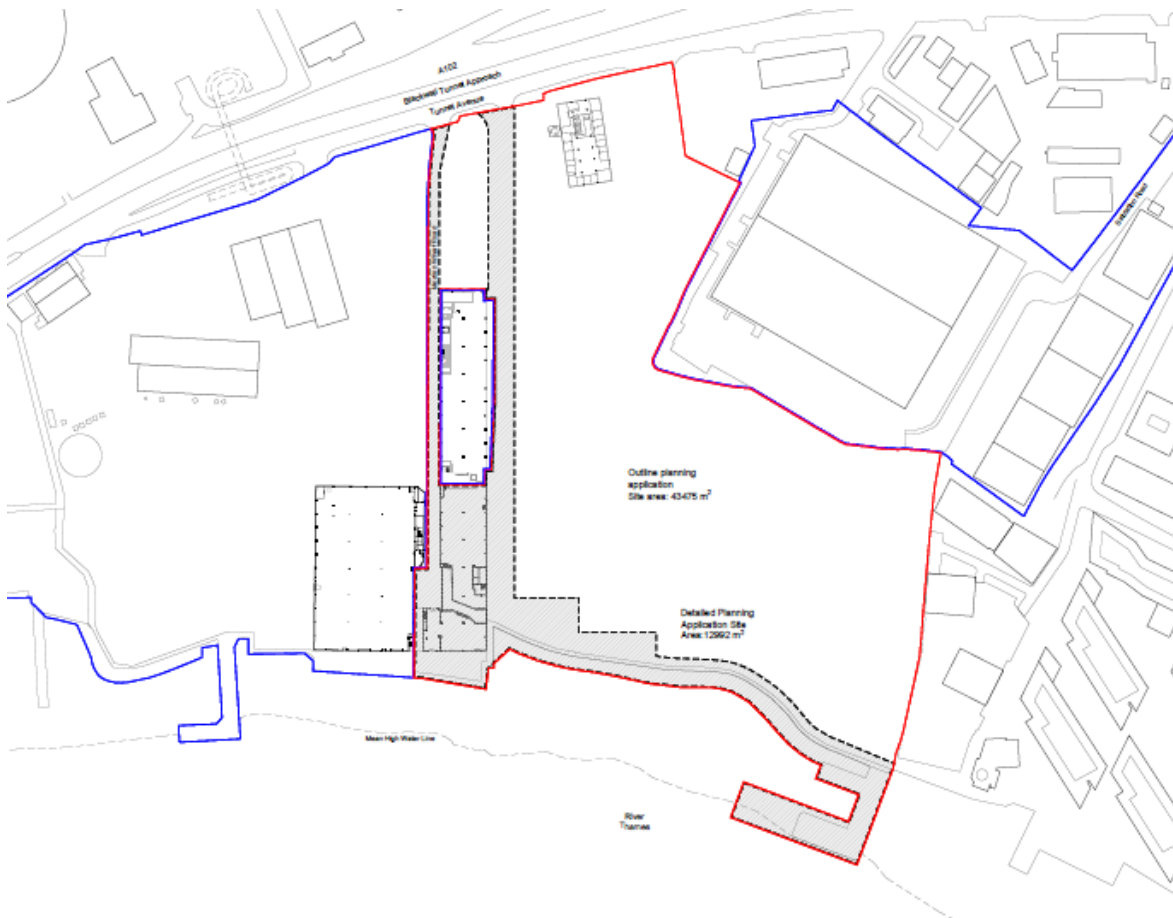
3 APPLICATION OVERVIEW

3.1 This section of the Statement provides an overview of the Application Site and the development proposals.

Application Site

3.2 The Application Site is located within Greenwich Peninsula within the Royal Borough of Greenwich ('RBG') and occupies an area of approximately 5.6ha.

Figure 1 – Site Location Plan



3.3 Existing buildings on the site include the following:

- Southern Warehouse (SW1 & SW2) – 2,340 sqm
- Thames Bank House - 2,796 sqm
- Miscellaneous (incl. Grit Store & Kier Cabin) – 1,663 sqm

3.4 Full details and scope of the Application is described in the submitted Planning Statement, prepared by Lichfields.

Development Proposals

3.5 The proposed development comprises a Hybrid Planning application. The description of development is outlined below:

“Hybrid planning application for:

Outline planning permission with all matters reserved, for the demolition of existing on-site buildings and structures (except the Southern Warehouse) and phased mixed-use redevelopment comprising:

- **up to 1,500 residential dwellings;**
- **up to 17,311 (sqm GIA) of commercial floorspace (Class A1/A2/A3/A4/B1/B1c/B2/B8/D1/D2);**

and associated:

- **car and cycle parking;**
- **public realm and open space;**
- **hard and soft landscaping;**
- **highway and transport works; and**
- **associated ancillary works.**

And detailed planning permission for: change of use of part of the Southern Warehouse from Class B1c/B2/B8 to B1c/B2/B8/A3/A4; refurbishment (including mezzanines) and external alterations to part of the Southern Warehouse; change of use of the Jetty to public realm and installation on the Jetty of Gloriana Boathouse (use class D1/D2); access; landscaping and public realm works including new river wall and upgraded Thames Path.”

3.6 The proposed land uses of the Hybrid Application are set out in the table below:

Table 3 – Proposed Land Uses

Land Use	Use Class	Maximum Floorspace (GIA)	Limits & Notes
Residential Units	C3	Up to 128,787sq.m	Up to 1,500 units
Ancillary Residential	C3	Up to 22,491sq.m	Basement and amenity space (including car parking, refuse and recycling)
Total Residential Floorspace		Up to 151,278sq.m	
Flexible Employment	B1c/B2/B8	Up to 14,294sq.m	Buildings SW4, W01 and B01
Employment	B1	Up to 4,770sq.m	Buildings B01, B02, B03, B04, B05, B07, B08, B09, T1, T2, T3 and T4
Retail	A1/A2/A3/A4	Up to 4,356sq.m	Buildings B01 (lower three floors), B02, B03, B04, B05, B07, B08, B09, T1, T2, T3 and T4
Community and Leisure	D1/D2	Up to 1,655sq.m	Buildings B01 (lower three floors), B02, B06, B08,
Total Non-Residential Floorspace		Up to 17,311sq.m	
Total Floorspace		Up to 168,589sq.m	

Detailed Element of the Application

3.7 The Detailed element of the application includes the following:

- Change of use of Southern Warehouse 1 ('SW1') from Class B1c/B2/B8 to B1c/B2/B8/A3/A4.
- External refurbishment / alterations to part of the South Warehouse
- Change of use of the Jetty to public realm and the installation of the Gloriana Boathouse (D1/D2) on the Jetty
- Access; landscaping and public realm works including new river wall and upgraded Thames Path

Outline Element of the Application

3.8 The Outline part of the application seeks approval of a set of parameters which define the principle of the development and to which future reserved matters applications would adhere, with all reserved matters. A level of control/certainty to set the form of development is established via the Parameter Plans - which set the high-level principles in relation to the layout, scale, land use, access, landscaping and public realm in which the subsequent Reserved Matters applications can come forward.

3.9 Given the scale and delivery duration of the Outline Part of the application, it is proposed that the mix of unit types be controlled via ranges. The proposed ranges are set out below:

Table 4 – Unit Mix Range

Tenure	Studio	1 Bed	2 Bed	3 Bed	4 Bed
Affordable Rent	0%	15-30%	40-60%	15-30%	3-8%
Shared Ownership	0-5%	30-50%	50-70%	0-10%	0%
Private	5-10%	30-50%	40-50%	0-10%	0%
Total	0-7%	30-50%	40-50%	10-15%	1-2%

Illustrative Scheme

3.10 The illustrative scheme is provided to show how the Parameter Plans and Design Code could be interpreted. The illustrative scheme incorporates both the fixed detailed proposals of the Detailed element (set out above) & the illustrative proposals for the Outline element of the application. The illustrative proposal for the Outline element has been designed to ensure that it sits within the proposed maximum parameters. For financial viability purposes, both elements of the application (detailed & outlined parts) are herein after referred to as the illustrative scheme. The illustrative residential and commercial proposals are set out in the tables below. Further details regarding the illustrative scheme can be found in Sections 6 & 7 of this report.

Table 5 – Illustrative Scheme (Residential)

	1B1P	1B2P	2B3P	2B4P	3B5P	4B5P	Total
Private Sale (Units)	63	431	10	449	66	0	1,019
Affordable Rent (Units)	0	69	0	151	81	15	316
Shared Ownership (Units)	0	57	0	90	6	0	153
Total (Units)	63	557	10	690	153	15	1,488

Table 6 – Illustrative Scheme (Commercial)

Delivery Phase	Blocks	Use Class	NIA (Sq Ft)	GIA (Sq Ft)
1	SW1, SW2, SW3 (façade works only), SW4, W01 (Maker Space), W01 (Warehouse), B01, B02, B04, B08, B09, Gloriana Boathouse	B1/B1c/B2/B8/A1/A2 /A3/A4/D1	174,447	188,699
2	T01, B06	B1/B1c/B2/B8/A1/A2 /A3/A4/D1	3,897	3,897
3	T02, T04	B1/B1c/B2/B8/A1/A2 /A3/A4/D1	4,596	4,596
Total	-	-	183,482	197,751

- 3.11 The illustrative scheme will be used to test the financial viability of the proposals and to determine the maximum reasonable quantum of affordable housing. The illustrative scheme has been formulated, costed and valued in the most detail and therefore represents the most accurate assessment of scheme viability. The affordable housing obligations will be percentage linked (i.e. percentage of units / habitable rooms), therefore any increase in units that can be delivered within the maximum parameters will result in a proportional increase in affordable housing delivery.
- 3.12 Further details relating to the Application Site location, planning history, and details of the Application proposals are set out in the Planning Statement and the Design and Access Statement, submitted in support of the Application. Details of the Housing proposals are set out in Section 6 of this statement.

4 PLANNING POLICY & GUIDANCE

- 4.1 This section of the Statement sets out relevant extracts of the Development Plan and other policy and guidance (including the supporting evidence base) which have informed the proposed approach to affordable housing delivery.

National Policy & Guidance

National Planning Policy Framework (2019)

- 4.2 The National Planning Policy Framework (NPPF), provides the national context for planning in England, including implementing Central Government's housing policy objectives. The NPPF sets out national economic, social and environmental objectives and is an important material consideration in the determination of all planning applications.
- 4.3 The core message in respect of housing provision is that plans and decision-taking should ensure delivery of a wide choice of high-quality homes for a range of needs for today and in the future (paragraph 8(b)).
- 4.4 Paragraph 11 of the NPPF outlines an overarching presumption in favour of sustainable development. It confirms (inter alia) that:

For decision-taking this means: c) approving development proposals that accord with an up-to-date development plan without delay; or d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting permission unless: i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

- 4.5 Paragraph 122 of the NPPF confirms that planning policies and decisions should support development that makes efficient use of land.
- 4.6 Section 5 of the NPPF, 'Delivering a Sufficient Supply of Homes', states that any scheme comprising 5 or more homes should provide affordable housing. It establishes that affordable housing should be delivered on-site.
- 4.7 Annex 2 of the NPPF defines affordable housing as housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers). It defines four types of affordable housing: Affordable Housing for rent; Starter homes; Discounted market sale housing; and other affordable routes to home ownership.

Planning Practice Guidance (2019)

- 4.8 The national Planning Practice Guidance (PPG) provides guidance on the application of policies set out in the NPPF (2019).
- 4.9 In respect of housing need it confirms that housing need is an unconstrained assessment of the number of homes needed in an area (ID: 2a-001-20190220). All households whose needs are not

met by the market can be considered in affordable housing need (ID: 2a-018-20190220) and that (ID: 2a-020-20190220):

Strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of: the number of homeless households; the number of those in priority need who are currently housed in temporary accommodation; the number of households in over-crowded housing; the number of concealed households; the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.

Regional Policy & Guidance

London Plan (2016)

4.10 The London Plan provides the overarching strategic planning framework for London. Policy 3.3 (Increasing Housing Supply) states that there is a 'pressing need' for more homes in London.

4.11 London Plan Policy 3.10 defines affordable housing. It states (inter alia):

Affordable housing is social rented, affordable rented and intermediate housing (see para 3.61), provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

4.12 Policy 3.11 requires boroughs to set overall affordable housing targets with regard to a number of factors including the need to maximise the provision of affordable housing in light of the London wide delivery target of at least 17,000 homes per annum and having regard to the specific housing targets for their areas. Targets should take account of the London wide strategic target tenure mix, 60% Affordable Rent and 40% Intermediate Housing (Para 3.11) and have regard to a range of other factors.

4.13 Policy 3.12 considers negotiating affordable housing on individual private residential and mixed-use schemes. It states (inter alia):

The maximum reasonable amount of affordable housing should be sought when negotiating on individual private residential and mixed use schemes, having regard to:

- *current and future requirements for affordable housing at local and regional levels identified in line with Policies 3.8 and 3.10 and 3.11 and having regard to guidance provided by the Mayor through the London Housing Strategy, supplementary guidance and the London Plan Annual Monitoring Report (see paragraph 3.68);*
- *affordable housing targets adopted in line with Policy 3.11;*
- *the need to encourage rather than restrain residential development (Policy 3.3);*
- *the need to promote mixed and balanced communities (Policy 3.9);*
- *the size and type of affordable housing needed locations;*
- *the specific circumstances of individual sites;*
- *resources available to fund affordable housing, to maximise affordable housing output and the investment criteria set by the Mayor; and*

- *the priority to be accorded to provision of affordable family housing indicated in policies 3.8 and 3.11.*

4.14 Part B of Policy 3.12 states that negotiations on sites should take account of their individual circumstances and other scheme requirements. Paragraph 3.72 of the London Plan strongly emphasises the need to maximise affordable housing output by making the most effective use of available resources to achieve this objective.

GLA Affordable Housing & Viability SPG (2017)

4.15 The Mayor's Affordable Housing and Viability SPG ('the SPG') provides guidance to ensure that existing London Plan policy is as effective as possible.

4.16 The SPG introduces a threshold approach, whereby schemes meeting or exceeding 35% affordable housing (or 50% in specified circumstances) calculated on the basis of habitable rooms, and meeting the tenure split requirements, are not required to submit a viability assessment or have a late stage viability review.

4.17 The SPG preferred tenure split comprises at least 30% low cost rent (social or affordable rent with rents significantly less than 80% of market rent), at least 30% intermediate (with London Living Rent and shared ownership being the default tenures), with the remaining 40% to be determined by the local planning authority.

Draft (Intend to Publish) London Plan (2019)

4.18 The Draft London Plan was published for consultation in December 2017 and was consolidated with changes following the Examination in Public in July 2019. The Panel of Inspectors appointed by the Secretary of State issued their report and recommendations to the Mayor on 8th October 2019. The Mayor has considered the Inspectors' recommendations and, on the 9th December 2019, issued to the Secretary of State his intention to publish the London Plan.

4.19 Emerging Policy H1 (Increasing Housing Supply) of the Draft London Plan sets an overall target of 52,287 new homes every year, compared to the current target of 49,000. This target does not seek to meet the full objectively assessed need identified by the Strategic Housing Market Assessment (2017) of 66,000. Table 4.1 provides a new housing target for Greenwich of 28,240 over the plan period (2019-2029), an increase compared to the current 2016 London Plan (26,850).

4.20 In respect of affordable housing, emerging Policy H4 (Delivering Affordable Housing) states that the strategic target is for 50% of all new homes to be affordable. It requires (inter alia):

Major developments which trigger affordable housing requirements to provide affordable housing through the threshold approach (Policy H5 Threshold approach to applications) using grant to increase affordable housing delivery beyond the level that would otherwise be provided.

4.21 Emerging Policy H5 (Threshold Approach to Applications) confirms that sites providing 35% or more affordable housing (or 50% in specified circumstances) can follow the fast track route, meaning a viability assessment and late stage viability review mechanism should not be required. It states (inter alia):

- A) *The threshold level applies to major development proposals which trigger affordable housing requirements. The threshold level of affordable housing on gross residential development is initially set at: 1) a minimum of 35 per cent; or 2) 50 per cent for public sector land where there is no portfolio agreement with the Mayor; or 3) 50 per cent for Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Industrial Sites appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution where the scheme would result in a net loss of industrial capacity*
- B) *To follow the Fast Track Route of the threshold approach, applications must meet all the following criteria:*
- *meet or exceed the relevant threshold level of affordable housing on site without public subsidy*
 - *be consistent with the relevant tenure split (Policy H6 Affordable housing tenure)*
 - *meet other relevant policy requirements and obligations to the satisfaction of the borough and the Mayor where relevant*
 - *demonstrate that they have taken account of the strategic 50 per cent target in Policy H4 Delivering affordable housing and have sought grant where required to increase the level of affordable housing.*
- C) *Fast tracked applications are not required to provide a viability assessment at application stage. To ensure an applicant fully intends to build out the permission, the requirement for an Early Stage Viability Review will be triggered if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough).*
- D) *Where an application does not meet the requirements set out in Part C it must follow the Viability Tested Route. This requires detailed supporting viability evidence to be submitted in a standardised and accessible format as part of the application.*

4.22 Policy H6 sets out the Mayor's affordable housing tenure mix. Specifically, it states (inter alia) the following split should be applied to residential development:

- *A minimum of 30% low cost rented homes, as either London Affordable Rent or Social Rent, allocated accorded to need and for Londoners on low incomes*
- *A minimum of 30% intermediate homes which meet the definitions of genuinely affordable housing including London Living Rent and London Shared Ownership*
- *The remaining 40% to be determined by the boroughs as low cost rented homes or intermediate products based on identified need.*

4.23 Emerging Policy H10 (Housing size mix) states that schemes should consist of a range of unit sizes having regard to a range of factors including (inter alia):

- 1) *robust local evidence of need where available, or where this is not available, the range of housing need and demand identified by the 2017 London Strategic Housing Market Assessment*
- 2) *the requirement to deliver mixed and inclusive neighbourhoods*
- 3) *the need to deliver a range of unit types at different price points across London*
- 4) *the mix of uses in the scheme*

- 5) *the range of tenures in the scheme*
- 6) *the nature and location of the site, with a higher proportion of one and two bed units generally more appropriate locations which are closer to a town centre or station or with higher public transport access and connectivity*
- 7) *the aim to optimise housing potential on sites*
- 8) *the ability of new development to reduce pressure on conversion and, subdivision and amalgamation of existing stock*
- 9) *the role of one and two bed units in freeing up family housing*

4.24 Emerging Policy D6 (Housing Quality and Standards) requires new housing development to be of high-quality design, provide adequate-sized rooms, with comfortable and functional layouts, which are fit for purpose and meet the needs of Londoners without differentiating between tenures.

Local Policy & Guidance

RBG Core Strategy (2014)

- 4.25 Policy H1 outlines that the Borough's current target for the plan period (2013 – 2028) is for a minimum of 38,925 net additional dwellings. This equates to an average of 2,595 homes per year.
- 4.26 Policy H2 sets out that a mix of housing types and sizes will be required in relation to all developments and schemes should contain a proportion of 3 and 4 and 4+ bedroom units. The exact mix on each site will vary according to location of the development and the character of the surrounding area.
- 4.27 Policy H3 identifies that development of 10 or more homes or residential sites of 0.5 hectares or more will be required to provide at least 35% affordable housing. The precise percentage, distribution and type of affordable housing will be determined by the particular circumstances and characteristics of the site.
- 4.28 Paragraph 4.1.14 notes that affordable housing should be provided as 70% social/affordable rented and 30% intermediate housing. Affordable rented housing is included in the split alongside social rented housing as it is intended that it meets the needs of those eligible for social housing. Greenwich has now adopted the GLA's intermediate Shared Ownership income bands set and updated within the London AMR (Council decision 29th October 2015).

5 LOCAL HOUSING NEED

5.1 This section of the Statement provides an overview of local housing need. These considerations have informed the proposed approach to affordable housing delivery and are important material considerations.

Strategic Housing Need

5.2 The London Plan (2016) sets a strategic capacity limited target to deliver at least 42,000 new homes per annum of which at least 17,000 should be affordable homes. The latest London Plan Annual Monitoring Report (AMR 15) confirms delivery of new affordable housing on a London-wide basis is significantly below the London Plan target with only 36% of the target being achieved between 2015/16 and 2017/18 (16% of the number of homes delivered). This is summarised in Table 6 below.

Table 7 – London Net Additional Affordable Housing Delivery (London Plan AMR 15)

Total Completions	2015/16	2016/17	2017/18	Total
Affordable Homes Delivered	7,018	6,894	4,703	18,615
Affordable Homes Target	17,000	17,000	17,000	51,000
Proportion of Target Delivered (%)	41%	41%	28%	36%
Total Homes Delivered	40,918	44,681	32,083	117,682
Proportion of Homes Delivered (%)	17%	15%	15%	16%

5.3 The London Plan SHMA (2017) demonstrates that London has significant unmet need for affordable housing and has identified that 65% of need is for affordable housing. It also demonstrates there is a significant need for smaller unit sizes in all tenures due to growth in: -

- Smaller newly forming households (i.e single persons/ young professional couples);
- The under occupation of housing (i.e. households who need to downsize); and
- Overcrowded concealed households (i.e adults living with parents or in-house shares);

5.4 **This evidence suggests there is a need to significantly increase the delivery of new affordable homes in all London boroughs including the delivery of smaller unit sizes.**

Borough Wide Need

Objectively Assessed Need

5.5 The South East London Strategic Housing Market Assessment (2014) ('SHMA') identifies that Greenwich has an Objectively Assessed Affordable Housing Need ('OAN) of 835 homes per annum. Notwithstanding this, the RBG Core Strategy (2010) sets RBG a target of 908 affordable homes per year.

5.6 Table 7 below compares the above figures to affordable housing delivery in the last 3 years between 2015/16 to 2017/18. It illustrates that delivery has only been 48% of the policy target over this period.

Table 8 – RBG Net Additional Affordable Housing Delivery (London Plan AMR)

Total Completions	2015/16	2016/17	2017/18	Total
Net Affordable Delivery	827	-29	523	1,321
Affordable Homes Target (35% of Core Strategy Target)	908	908	908	2,724
Proportion of Target Delivered (%)	91%	-3%	57%	48%
Total Homes Delivered	1,756	2,442	1,900	6,177
Proportion of Homes Delivered (%)	47%	-1%	27%	21%

5.7 This analysis demonstrates that there is a significant need to increase the delivery of all types and tenures of affordable housing in Greenwich.

Emerging Housing Need

5.8 Since Greenwich's last full assessment of local housing need in 2014, local affordability issues have increased sharply due to the chronic under supply of new housing. In 2017 the lower quartile house price had risen to c.14x the lower quartile income. This compares to a London ratio of c.13x and a national ratio of c.7x (ONS 2018). These high house prices relative to earnings (and the need for higher equity deposits) has resulted in an increase in the number of households in need of affordable housing.

5.9 The lack of affordable housing options, including intermediate tenures which equate to less than 2% of existing housing stock within the borough, has resulted in: -

- I. **Increased Waiting Lists:** MHCLG Local Authority return data (2016/17) identifies that there are currently 12,826 households on the Greenwich housing waiting list. Figure 3 shows significant demand for smaller units with 1- and 2-bedroom units making up c.84% of the demand. Many of these households are unlikely to be allocated an Affordable / Social Rented home but would be eligible for intermediate housing.
- II. **Increased Homelessness:** Increased demand and reduced affordability/ security of private rent (as a result of reduced private sale affordability) has resulted in increasing numbers of homeless households (many of whom have been forced to live in expensive temporary accommodation). GLA data evidences the most common reason for homelessness in London is now due to the ending of an assured tenancy (often by a buy to let landlords). RBG has seen a significant increase in the number of households who are using temporary accommodation with a 179% increase between 2011/12 and 2017/18 (OS 2017). It is understood this figure increased sharply by a further c.60% in 2018/19.
- III. **Increased Overcrowding:** The lack of supply of intermediate housing has also resulted in growing numbers of overcrowded households particularly concealed households (2 or more households living in a single property) including adults living with parents or in low quality house shares with inadequate living space;
- IV. **Reduced Quality:** Increasing numbers are living in sub-standard rental accommodation within the buy to let dominated local private rented sector. London's existing rental stock is commonly low quality (25% failing decent homes and 14% hazardous according to English Housing Survey) and offered with unfair tenancies (short lets, large upfront fees, high

service charges and sharp increases in annual rents). It is also commonly unfairly prioritised to higher earners by letting agents; and

- V. **Loss of Workers:** The lack of good quality, affordable and accessible housing options is resulting in a loss of workers which has implications on the ability of local businesses/front line services to attract and retain staff (e.g. nurses & teachers). This has a negative impact on local public services. The Greenwich adopted Core Strategy (2014) refers to the importance of Key Workers who are prioritised on the housing register.

5.10 The above analysis demonstrates that there is a growing need to increase the delivery of a range of affordable housing tenures, including both Affordable Rent and Intermediate Shared Ownership, to meet emerging housing needs and issues.

6 FINANCIAL VIABILITY ASSESSMENT

6.1 This section of the Statement provides an overview of the approach taken to assessing the development viability of the Application Scheme and the outcomes of the assessment.

Measuring Viability

6.2 The approach taken considers the ability of the development to contribute towards Affordable Housing after the development costs, a competitive return for the landowner and the risk adjusted developer return have been deducted from the scheme revenues.

6.3 The approach has been informed by the National Planning Policy Framework (NPPF) and Practice Guidance (NPPG); the RICS Financial Viability in Planning 2012 Guidance Note (RICS GN); the adopted London Plan (2016) and adopted Affordable Housing & Viability SPG (2017), the emerging Draft London Plan (2019); and the RICS professional statement 'Financial Viability in Planning: Conduct and Reporting' (2019).

6.4 In preparing the scheme specific viability, the RICS Guidance Note confirms that 'the nature of the applicant should normally be disregarded as should benefits or disbenefits that are unique to the applicant. The aim should be to reflect industry benchmarks having regard to the particular circumstances in both development management and plan making viability testing'.

The Financial Model

6.5 A financial appraisal of the proposed development has been prepared using Argus Developer Software. This development appraisal package is widely used throughout the development industry and is appropriate for presenting the viability position on a development of the type proposed. Further details can be accessed at www.argussoftware.com. Argus works in the same way as the GLA toolkit and other residual appraisal models. The value of the completed development and development costs (including either the profit margin required or land costs) can be cash-flowed over the development period and the difference between the total development value and total costs compared.

6.6 The model structure provides a sound basis on which to test scheme viability and to determine the developer subsidy available from the development.

Illustrative Scheme

6.7 The financial model has been based on the proposed application scheme (illustrative scheme) as set out in Section 2 of this report. It assumes the illustrative scheme is split into three phases (Table 8 & 9).

Table 9 – Illustrative Residential Proposals

Delivery Phase	Blocks	NIA (Sq Ft)	GIA (Sq Ft)
1	B02, B04, B05, B08, B09	343,789	434,464
2	T01, T03, B06	323,929	408,846
3	B03, B07, T02, T04	385,563	490,146
Total	-	1,053,281	1,333,456

Table 10 – Illustrative Commercial Proposals

Delivery Phase	Blocks	NIA (Sq Ft)	GIA (Sq Ft)
1	SW1, SW2, SW3 (façade works only), SW4, W01 (Maker Space), W01 (Warehouse), B01, B02, B04, B08, B09, Gloriana Boathouse	174,447	188,699
2	T01, B06	3,897	3,897
3	T02, T04	4,596	4,596
Total	-	183,482	197,751

Inputs & Assumptions

- 6.8 The inputs and assumptions adopted in the model are set out in Table 10 below. The inputs adopted are supported by proportionate evidence in accordance with the government's recommended approach to assessing viability set out in National Planning Guidance (Standardised Inputs) and the approach set out in the GLA's Affordable Housing and Viability SPG (2017).
- 6.9 A scheme specific Build Cost Plan has been prepared to inform the build costs and a Residential Market Report has been prepared to inform the residential sales values. All other input and assumptions are based on site/scheme specific considerations in line with up to date benchmarks and the 2016 local plan viability assessment where appropriate.

Table 11 – Inputs & Assumptions Table

Input	Assumption	Commentary
<i>Revenue Assumptions</i>		
Private Sale Revenue	£818 PSF (blended)	The average private sales revenue input is based on the capital value of the completed private market sale homes. This has been informed by a detailed analysis of the proposed scheme, the local market and comparable transactional evidence undertaken by CBRE. The pricing has regard to a range of site-specific factors including height, amenity, place making and car parking availability. The pricing also includes a place making regeneration premium.
Private Sale Car Parking	£30,000 Per Space	The average value of a private car parking space sold with a private sale home. This has been informed by a detailed analysis of the proposed scheme, the local market and comparable transactional evidence.
Private Ground Rents	£3,000 Per Unit	The investment value of the private residential ground rents. The average annual rent (c.£300 PA) and investment yield (10%) has been informed by analysis of the proposed scheme and ground rent investment market. The yield reflects the risks associated with national government's recent announcement to legislate to set ground rents at a NIL rent retrospectively. The annual rent for individual unit types are: studio- £200, 1 Bed - £250, 2 Bed 3P - £300, 2 Bed 4P - £350 and 3 bed - £400.

London Affordable Rent Revenue	£187 - £222 PSF	The investment value of the Affordable Rented units using 2020/21 London Affordable Rents and industry benchmarks for Registered Provider management costs (20%) and investment assumptions (4% Yield) and development costs (5%).
Intermediate Shared Ownership Revenue	£503 - £514 PSF	The investment value of the Shared Ownership units assuming 25% equity, 2.75% rent and industry benchmarks for Registered Provider management costs (5%) and investment assumptions (4% Yield) and development costs (10%). This approach provides a value which is c.60% of open market private sales values.
Flexible Commercial	£25 PSF Rent 5.5% Yield	This has been informed by a detailed analysis of the proposed scheme, the local market and comparable transactional evidence, prepared by CBRE.
Industrial	£18 PSF Rent 4.0% Yield	This has been informed by a detailed analysis of the proposed scheme, the local market and comparable transactional evidence.
<i>Cost Assumptions</i>		
Acquisition Costs	6.8%	This is an industry standard assumption which comprises 5% Stamp Duty, 1% Agent Fee, 0.5% Legal Fee and 0.3% VAT on fees.
Construction Costs	Fixed Cost	The construction costs are based on a site-specific elemental cost plan prepared by Chartered Quantity Surveyor's at G&T. The cost plan is informed by a bespoke cost model and comparable build cost benchmarking data.
Abnormal Costs	Fixed Cost	
Construction/ Design Risk Contingency	5%	This is an industry standard assumption for construction/design risk. This allowance has been excluded from the cost plan.
Developers Contingency	Excluded	A contingency allowance for unknown costs which fall outside of the cost plan has not been included.
Neighbourly Costs Contingency	Excluded	An allowance for neighbourly compensation costs including, for example, vacant possession compensation and/or rights of light compensation has not been included.
Professional Fees	11%	This assumption falls within the industry standard range (c.10-12%) and is considered appropriate for the application site in consideration of the site-specific constraints which will require professional input/ advice. This also includes allowances for Site Insurances, Building Warranties and Building Regulations which have been excluded elsewhere in the appraisal.
Site Insurances	Excluded	No separate professional fees allowance has been made for site Insurances.

Warranties & Building Regulations	Excluded	No separate professional fees allowance has been made for warranties (NHBC) and Building Regulations.
Community Infrastructure Levy	£11.37m	The estimated CIL liability based on the GLA's Mayoral CIL charging schedule and Greenwich's CIL charging schedule.
S106	£6.34m	The S106 obligations based on a detailed assessment of the scheme.
Private Residential Marketing	2%	This assumption falls within the industry standard range of 2-4%+. The marketing budget reflects the marketing campaign required to support the target sales rate and sales value. A reduction in this budget would reduce the achievable sales values.
Letting Agent & Legals	15%	This is an industry standard assumption for commercial agent and legal fees applied to the annual rental income of commercial uses.
Disposal Agent & Legal Fees	1.5%	This is an industry standard assumption for disposal agent and legal fees applied to residential and commercial revenues.
Finance Costs	6.5%	This assumption falls within the industry standard range of 6-7%. The rate assumes 100% debt finance and all arrangement, valuation, survey and exit fees. The total cost of finance equates to less than 7% of total cost.

Programme Assumptions

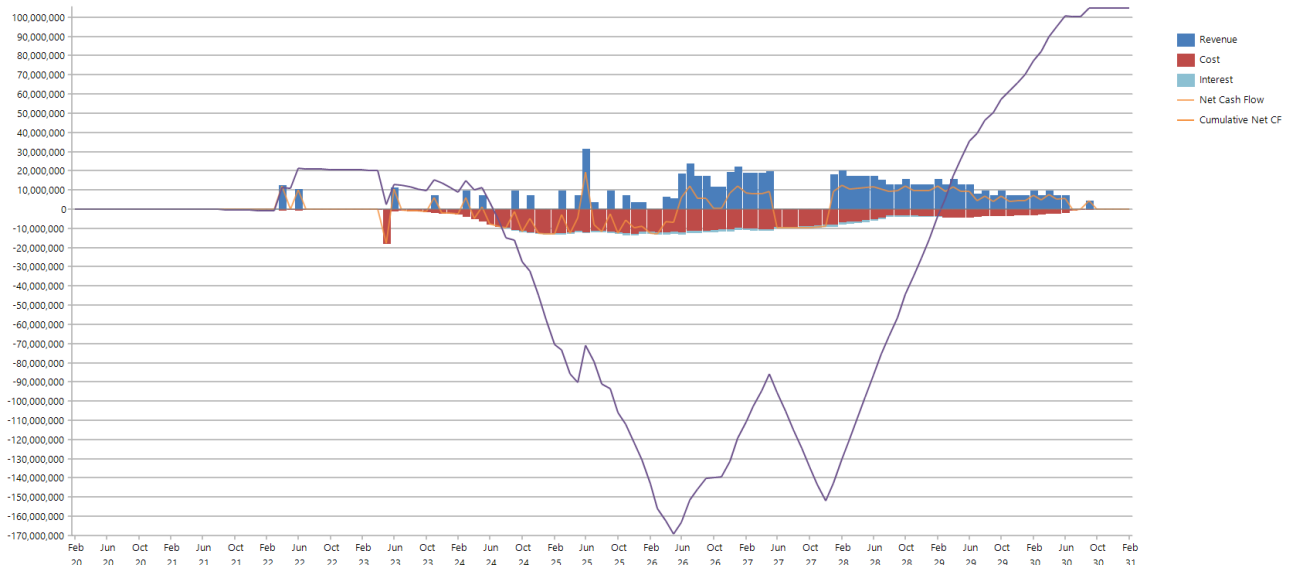
6.10 The finance costs within the financial model are calculated based on a detailed cash flow. The programme assumptions, set out in Table 11 below, are consistent with that adopted within the Planning Application.

Table 12 – Estimated Illustrative Construction Programme

Delivery Phase	Blocks	Units	Start Date	End Date	Duration
Phase 1	SW1, SW2, SW4, W01, B01, Gloriana Boathouse, Thames Path, River Works	Commercial	July 2021	April 29	92 months
Phase 1 (Residential)	B02, B04, B05, B08, B09	477	May 2023	July 2026	38 months
Phase 2 (Residential)	T01, T03, B06	466	March 2024	June 2028	50 months
Phase 3 (Residential)	B03, B07, T02, T04	545	September 2025	October 2030	60 months

- 6.11 The construction period is based on a site-specific project construction programme. The private sales period assumes the private units are sold over a 6-month period after practical completion. This assumption supports the residential values proposed. An increase in sales rate would require sales values to be reduced.
- 6.12 Figure 2 below provides an illustration of the scheme costs, revenues and interest. It illustrates the scheme has a peak debt of c.£170m. The total cost of finance however equates to less than 5% of total cost.

Figure 2: Cost, Revenue & Interest Analysis



Landowner Return

- 6.13 In determining the Benchmark Land Value specific regard has been given to the guidance contained in the NPPF, NPPG and RICS Guidance Note, and recognition that scheme viability should consider competitive returns to a willing landowner to enable land to be released for development to be deliverable.
- 6.14 The NPPG states that to define land value for any viability assessment, a benchmark land value should be established on the basis of the Existing Use Value (EUV) of the land, plus a premium for the landowner, or Alternative Use Value (AUV) if the AUV fully complies with up to date development plan policies. The RICS Guidance Note on Viability in Planning provides further confirmation that Site Value should have regard to both current and alternative use values (Paragraph 3.4.5).
- 6.15 In respect of the AUV approach, the Mayor's adopted Affordable Housing SPG (2017) confirms that an AUV can be used where there is no existing implementable permission for that use provided: i) it would fully comply with development plan policies; ii) it could be implemented on the site in question; and iii) there is market demand for that use (Paragraph 3.51).
- 6.16 When considering what is policy compliant, the NPPG notes that this means the development "fully complies with up to date plan policies" and a decision maker "can give appropriate weight to emerging policies" (ID 10-002-20190509).

- 6.17 In accordance with the above policy and professional guidance, the benchmark land value of the Application Site has been established based on its Alternative Use Value (AUV) assuming it is retained for continued industrial use with the erection of replacement warehouses. The AUV approach has been adopted given that the Application Site is an allocated strategic industrial site/safeguarded wharf which has not been fully utilised only as a consequence of the current mixed-use proposals. Establishing a BLV based on the EUV of the land would not therefore accurately represent the minimum return required for the landowner to release the site for mixed use development.
- 6.18 The AUV of the site has been assessed by CBRE. The CBRE Red Book Valuation report notes:-
- An alternative industrial scheme has been fully designed and costed;
 - The alternative scheme would fully comply with development plan policies;
 - There is strong market demand for the alternative scheme;
 - The value of the site based on the alternative scheme is c.£47.6m (c.£3.23m Per Acre);
 - The land value falls at the lower end of the range achieved for industrial development sites (c.£2m - £7.4m per acre).
- 6.19 The AUV is not presently being progressed because: i) the decision to proceed with a mixed-use scheme was made back in 2016 when the outlook for the industrial market was not as strong; ii) emerging planning policy promotes mixed use development incorporating wider placemaking benefits not secured by industrial development; and iii) the applicant remains confident of long-term growth in the residential market.

Developer Return

- 6.20 The Applicant has considered the minimum level of Developer Return required to bring forward the Application Scheme with its advisory team having regard to factors such as: the complexity and risk associated with this scheme compared with other schemes; the competitiveness of the local residential market and risks associated with the UK's decision to leave the European Union; and the absence of pre-lets for the commercial elements of the scheme.
- 6.21 On this basis the Developer Return adopted in the financial model is 20% of GDV for Private sale, 12.5% for Commercial and 6% for Affordable Housing. This provides a blended developer return of 17% of GDV. The target level of return adopted considers the risk profile of the land uses proposed and the other risk factors including: –
- **Unknown Market Risk:** The scheme is reliant on market growth to become viable. Recent data shows a significant downturn in the private sales market and increase in risk. The number of complete but unsold residential units in London has recently risen to an all-time high of c.2,600 units with discounts of 10-15%+ being widely reported.
 - **Unknown Cost Risk:** The baseline financial appraisal includes no allowances for neighbourly costs or a developer's contingency for unknown costs and costs which have been excluded from the cost plan.
- 6.22 This approach is consistent with the recently published NPPG (2019) which specifically states that a developer return of up to 20% on GDV is a reasonable assumption to make for the purposes of viability assessments.

Appraisal Results

6.23 A baseline development viability appraisal has been run on the basis of the present-day cost and value assumptions set out in this report and 35% Affordable Housing. A headline summary of the appraisal is summarised in Table 12 below.

Table 13 – Appraisal Summary

Scheme Revenue	Assumption	Amount
Private and Affordable Revenue	£642 PSF	£675,692,427
Commercial / Other Revenue	-	£93,049,456
Purchaser Costs	6.8%	(£5,507,487)
Total Revenue	-	£763,234,395
Scheme Revenue	Assumption	Amount
Construction Costs	Fixed Sum	£508,625,770
Contingency	5%	£24,809,867
Professional Fees	11%	£58,677,920
CIL	Fixed Sum	£11,374,223
S106	Fixed Sum	£6,344,124
Residential Marketing	2%	£12,975,976
Letting Agent & Legals	15%	£530,680
Disposal Fees	1.5%	£9,127,191
Finance	6.5%	£25,877,737
Total Costs	-	£658,343,487
Output Return		
Total Return	-	£104,890,908
Return Benchmarks		
Landowners Return	Industrial Land Value	£47,600,000
Developers Return	c.17% of GDV	£130,000,000
Total Return Benchmark		£177,600,000

6.24 Based on present day market conditions the output return (c.£105m) is below the return benchmark for the site (c.£178m).

6.25 The financial appraisal therefore evidences the scheme is constrained and, as a consequence, the provision of 35% by habitable room in the proposed mix of tenures and unit sizes far exceeds the maximum reasonable level required in accordance with the RBG Core Strategy Policy H3 (Affordable Housing), Policy 3.12 of the adopted London Plan (2016) and Policy H5 of the Draft London Plan (2019).

Sensitivity Testing

6.26 A sensitivity assessment has been undertaken to measure the impact of changes in costs and residential values. The assessment illustrates that the appraisal is sensitive to small changes in costs and residential values.

Table 14 – Sensitivity Assessment

	-5% Revenues	-	+5% Revenues
-5% Build Costs	£101m	£137m	£173m
-	£69m	£105m	£141m
+5% Build Costs	£35m	£72m	£109m

6.27 In view of this, and a range of other factors, the applicant has confirmed that they are prepared to take an internal commercial view to deliver the scheme with the proposed 35% Affordable Housing.

Review Mechanisms

6.28 Notwithstanding the significant commitment to the overprovision of Affordable Housing, the applicant has confirmed that they would be willing to accept an Early Stage Review Mechanism which will enable the amount of Affordable Housing to increase up to 50% in a compliant mix of tenures subject to future viability and delivery timescales. This provides the Council and the Mayor with certainty that the applicant is committed to delivering the scheme quickly.

6.29 The applicant has also confirmed they are prepared to consider a mechanism in the s106 agreement to increase the overall proportion/mix should GLA grant become available in the future. A late stage review mechanism is not proposed in view of the significant risk being taken to commit to the overprovision of affordable housing upfront.

7 PROPOSAL ASSESSMENT

7.1 This section of the Statement provides an overview of the proposed approach to Affordable Housing delivery alongside an analysis of the proposals against the Development Plan and other material considerations set out within Sections 2 to 5 of this Statement.

Amount

7.2 It is proposed that 35% (by habitable room) of the homes be provided as on-site affordable housing and will be retained as affordable housing in perpetuity (subject to Shared Ownership staircasing). The number of units which would be provided based on the maximum outline parameter is set out in Table 14 below. If fewer than 1,500 units are delivered the amount of affordable housing will be maintained at 35% (by habitable room).

Table 15 – Affordable Housing Amount (illustrative scheme)

Housing Tenure	Units	% (Habitable Room)
Affordable Housing	469	35%
Market Housing	1,019	65%
Total	1,488	100%

7.3 The quantum of affordable housing is appropriate having regard to the following factors: -

- **Local Planning Policy:** The provision of 35% affordable housing (by habitable room) is aligned with the local policy target for individual sites (35%) in accordance with Policy H3 of the Greenwich Core Strategy. It is also significantly higher than the average proportion of affordable homes delivered over the last 3 years (21%).
- **Strategic Housing Need:** The provision 469 new affordable homes in the illustrative scheme will contribute to meeting London's annual affordable housing target, as set out in the draft London Plan (2019). It is equivalent to c.50% of the annual target (35% of annual housing target in Local Plan) which is significant from a single site.
- **Local Housing Need:** The provision 469 new affordable homes (illustrative scheme) will contribute to meeting both the Council's objectively assessed need for affordable housing and the Council's annual affordable housing target of which only 48% was met during the last 3 years.
- **Financial viability:** The scheme is providing more Affordable Housing than required by RBG Local Plan Policy H3, Policy 3.12 of the adopted London Plan (2016) and Policy H5 of the draft London Plan (2019) due to financial viability.
- **Review Mechanism:** The inclusion of an Early Review Mechanism (as detailed in the Mayors Affordable Housing SPG) will enable the quantum of affordable housing proposed to increase up to 50% in a complaint tenure mix (subject to future viability and delivery timescales).

Tenure Mix

7.4 The scheme will provide 35% affordable housing split 70% London Affordable Rent and 30% Shared Ownership, in accordance local planning policy. A full breakdown is provided in the Table 15 below.

Table 16 – Product Mix by Unit (Illustrative Scheme)

Tenure	Homes	Overall Split % (Habitable Room)	Overall Split % (Units)	Product	Homes	Affordable Split % (Habitable Room)
Market Housing	1,019	65%	32%	Private Sale (PS)	1,019	-
Affordable Housing	469	35%	67%	London Affordable Rent (LAR)	316	70%
			33%	London Shared Ownership (LSO)	153	30%
Total	1,488	100%	100%	-	1,488	100%

7.5 The proposed product mix is appropriate having regard to the following factors:-

- **Strategic Housing Need:** The tenure mix is compliant with Policy H7 (Affordable Housing Tenure) of the Draft London Plan (2019) as informed by the London SHMA 2017.
- **Local Housing Need:** The tenure mix is aligned with RGB Local Plan Policy H3 when measured by habitable room. The affordable housing products proposed will also ensure a broad range of local housing need can be met.

The London Affordable Rent housing will meet priority needs households who have low incomes and/or may be either fully or partly reliant on housing benefits for their income (c.55,000 households).

The Shared Ownership will provide housing for the growing number of households (c.50,000) who are unlikely to be eligible for social/ affordable rented housing but who are unable to access private sale housing due to large deposit and mortgage repayment requirements (i.e key workers).

- **Mixed & Balanced Community:** The provision of a range housing types and tenures, in an area with very low levels of existing intermediate housing, will assist in creating a more mixed and balanced community. This is supported by Policy 3.12 of the adopted London Plan (2016).

Unit Size Mix

7.6 The affordable housing illustrative unit mix is set out in Table 16 below.

Table 17 – Unit Size Mix (Illustrative Scheme)

	1B1P	1B2P	2B3P	2B4P	3B5P	4B5P	Total
Affordable Rent (Units)	0	69	0	151	81	15	316
Affordable Rent (%)	0%	22%	0%	48%	26%	5%	100%
Shared Ownership (Units)	0	57	0	90	6	0	153
Shared Ownership (%)	0%	37%	0%	59%	4%	0%	100%
Affordable Total (Units)	0	126	0	241	87	15	469
Affordable Total (%)	0%	27%	0%	51%	19%	3%	100%

7.7 The proposed mix of affordable unit sizes is appropriate having regard to site specific factors including: -

- **Strategic Housing Need:** The proposed mix is supported by the London Plan SHMA (2017) which recognises the need for smaller, more affordable unit types across London for both newly forming and/or overcrowded concealed households who are unable to afford to buy or rent a good quality home. The provision of 78% of the Affordable Rented units as 2- bedroom 4 person and 3-bedroom homes will support the need to deliver additional family sized Affordable Rented housing.
- **Demand & Affordability:** Market data highlights that there is less demand for 3 bed flats within new build developments, primarily due to the local availability of affordable family housing with a front door and garden. It is also difficult for larger Shared Ownership units (3 Bed+) to be made meaningfully affordable to local households due to the minimum equity share requirement (25%). There is therefore limited need or demand for larger Shared Ownership homes.
- **Mixed & Balanced Community:** ONS data illustrates that there is a significant amount of 3 Bed+ housing in the local area. A smaller mix of units would therefore provide a more balanced community.
- **Financial Viability:** Smaller residential units create more value relative to their floorspace. The introduction of larger units would therefore result in a less efficient scheme constraining viability and the quantum of Affordable Housing.

Affordability & Eligibility

7.8 The proposed product terms and their affordability are set in Tables 17 and 18 below.

Table 18 – London Affordable Rent

Unit Type	Rent PW	Service Charge PW	Total Housing Cost PW	Outer SEL LHA PW	Market Rent PW	% of Market Rent	Income Required*
1 Bed	£155	£15	£170	£171	£345	50%	No Minimum Income
2 Bed	£164	£25	£189	£210	£506	42%	
3 Bed	£173	£35	£208	£257	£575	45%	

* London Affordable Rents are eligible for payment using welfare income.

Table 19 – Shared Ownership Affordability

Unit Type	Mortgage PCM	Rent PCM	SC PCM	Total Housing Cost PCM	Income Required*
1 Bed	£423	£739	£135	£1,297	£55,000
2 Bed	£591	£1,031	£175	£1,797	£77,000
3 Bed	£729	£1,156	£231	£2,117	£90,000

* Assumes 25% initial equity share 10% deposit and a 3.5% mortgage interest rate).

7.9 The affordability and eligibility of the proposed products is appropriate having regard to the following factors: -

- **Low Cost Rent Affordability:** The London Affordable Rent product terms are prescribed by the Mayor within the Affordable Homes Funding Prospectus (2017). The rents are set at capped Social Rents and are linked to CPI. All rents are below the Local Housing Allowance (LHA) rate and are therefore genuinely affordable to those reliant on welfare payments.
- **Intermediate Affordability:** The proposed Shared Ownership product terms will ensure the homes are genuinely affordable to a range of household incomes well below the

£90,000 household income cap in accordance with local policy and the Mayor's Housing Strategy. Unlike private sale housing, Shared Ownership units do not require a large equity deposit and have much lower mortgage repayments. As a result, the income required to access Shared Ownership housing is significantly lower than for private sale.

Therefore, Shared Ownership provides a suitable housing option for the growing number of local households (c.50,000+) who are unlikely to be eligible for council allocated housing but who are also unable to afford private sale housing. This includes many of the c.30,000 local frontline workers as illustrated ASHE 2017 income data.

- **Eligibility & Availability:** Eligibility for LAR will be determined by RBG in accordance with the local waiting list tenancy strategy. The Intermediate Shared Ownership homes will be made available through the Mayors Homes for London portal to households with incomes below £90,000 with priority given to those with the lowest eligible income who live or work in RBG.

Design, Distribution & Management

7.10 It is proposed that the housing products be distributed across the site as set out in the Table 19 below. Both the Affordable Rent and Shared Ownership affordable housing will be owned and managed by a Registered Provider of affordable housing.

Table 20 – Proposed Housing Distribution (Illustrative Scheme)

Block	Private Sale	London Affordable Rent	Shared Ownership	Total
B02	0	88	0	88
B03	0	44	0	44
B04	72	0	0	72
B05	0	38	48	86
B06	0	84	0	84
B07	0	62	0	62
B08	0	0	105	105
B09	126	0	0	126
T01	191	0	0	191
T02	279	0	0	279
T03	191	0	0	191
T04	160	0	0	160
Total	1,019	316	153	1,488

7.11 The proposed distribution of products is appropriate having regard to the following factors: -

- **Design Quality:** The Design Code establishes that all homes will be designed so they are tenure blind and meet or exceed the design standards set out in the Development Plan and Draft London Plan (2019), including the provision of more 10% wheelchair accessible homes. The design quality of the proposed homes is therefore appropriate.
- **Equality:** A range of single and mixed tenure buildings will be provided with service charges kept as affordable as possible. All residents will have the ability to access the same high-quality amenities and open space. This will support social cohesion and ensures everyone has the same management quality (i.e 'no poor doors'). The locations proposed for the products are considered appropriate having regard to site specific circumstances and the

need to accommodate separate servicing and management arrangements for Registered Providers.

Phasing & Delivery

7.12 The proposed illustrative phasing and delivery of affordable housing is set out in Table 20 below. It demonstrates that Phase 1 could deliver c.60% affordable housing.

Table 21 – Residential Phasing (illustrative scheme)

Phase	Plot	Total Homes	Private	Affordable	% Affordable (by unit)
Phase 1	B02, B04, B05, B08, B09	477	198	279	58%
Phase 2	T01, T03, B06	466	382	84	18%
Phase 3	B03, B07, T02, T04	545	439	106	19%
Totals	-	1,488	1,019	469	32%

7.13 The proposed delivery of products is appropriate in light of the fact that the following factors: -

- **Early Delivery:** c.58% of the homes delivered in Phase 1 will be affordable homes. Affordable Rented will be delivered in Plots B02, B03, B05 and B06 and B07. Shared Ownership will be delivered in Plots B05 and B08. This early delivery significantly exceeds the 35% local target and the 35% by habitable room being provided across the site.
- **Upfront Delivery:** At the end of each phase the scheme will have provided in excess of 35% affordable housing overall.

8 OVERALL CONCLUSIONS

- 8.1 This Affordable Housing & Viability Statement ('Statement') has been prepared by Quod to accompany a hybrid planning application for the development of Morden Wharf, Greenwich Peninsula ('Application Site'). The application is submitted on behalf of Cathedral (Greenwich Beach) Ltd and Morden College ('the Applicant').
- 8.2 A hybrid planning application has been submitted to the Royal Borough of Greenwich for the comprehensive redevelopment of the Application Site to provide new homes, flexible commercial uses, new public open spaces and associated access, landscaping and public realm works ('the Proposed Development').
- 8.3 The development proposals will support the continued regeneration of the Borough and have been subject to extensive pre-application discussions and consultation with the RBG, the GLA, statutory consultees, local stakeholders and members of the public.
- 8.4 The proposals include up to 1,500 homes of which 35% by habitable room will be provided as affordable housing split 70% London Affordable Rent and 30% Shared Ownership, in line with the local planning policy target (when measured by habitable rooms).
- 8.5 This statement also demonstrates the provision of 35% Affordable Housing (by habitable room) would far exceed what the scheme is required to provide, in accordance with the Adopted Development Plan due to financial viability.
- 8.6 The Affordable Rented Housing will provide housing options for c.55,000 households with low incomes, including the c.13,000 presently on the Council's waiting list at London Affordable Rents.
- 8.7 The Intermediate Shared Ownership homes will provide housing for the growing number of households (c.50,000+) who are unlikely to be eligible for Affordable Rented Housing but who are unable to access private sale housing due to large deposit and mortgage repayment requirements (i.e. key workers and/or first time buyers) responding to affordable housing needs in the borough.
- 8.8 The provision of smaller unit sizes will ensure the intermediate homes are meaningfully affordable to local people and will provide a more mixed and balanced community in an area with a high concentration of existing family homes.
- 8.9 Overall, the assessment contained within this Statement demonstrates that the affordable housing proposals are appropriate for the site and proposed development in accordance with the statutory Development Plan and other material planning considerations. The provision of 469 new affordable homes in the illustrative proposals, should therefore be afforded significant positive decision-making weight in the determination of this planning application.