Quod

Matter 4

Housing

Ealing Local Plan

Statement prepared by Quod on behalf of Berkeley Homes (Southall) Limited

15TH MAY 2025

Matter 4: Housing

1.1 On behalf of Berkeley Homes (Southall) Limited ('Berkeley'), Quod submits a hearing statement in respect of Matter 4 Housing. Our hearing statement responds to EX16 Matters, Issues and Questions (MIQs) issued by the Inspectors on 8th April 2025.

1.2 This submission is cognisant of EX2 Initial Questions, dated 20th December 2024, relating to housing, and the Council's response to questions IQ 4, 10 & 11.

1.3 Berkeley is the applicant for The Green Quarter, one of the borough's largest regeneration mixed use housing schemes comprising c.8,100 homes and c.17,400 sqm of commercial and community floorspace and extensive areas open space and public realm across the whole site (Phase 1-9). Out client received a resolution to grant planning permission for a revised masterplan (Phase 4-9) in November 2024 and is working towards engrossment of the legal agreement.

1.4 The Green Quarter is subject to emerging site allocation reference '11 SO'. Our client submitted representations at Regulation 18 and 19 stage of the review and continues to be engaged at Regulation 22 stage (the 'Plan').

1.5 Our client has not been asked to enter into a statement of common ground by the Council.

Matter 4 - Issue – Whether the Plan has been positively prepared and whether it is justified, based on up-to-date and reliable evidence, effective, consistent with national policy and in general conformity with the London Plan in relation to housing development management policies.

1.6 We do not consider that the Plan has been shaped by early, proportionate and effective engagement [1] and is not sound[2] as it is not effective and justified.

M4, Q1&Q11-20 – Does the Plan accurately and clearly set out a housing target that reflects the ten-year targets for net-housing completions referred to at Policy H1(A) of the London Plan? Is the approach to setting the housing target after 2028/29 justified?

5YHLS

1.7 EX2 IQ4 sought details of the 5YHLS Statement [EB73], and IQ10 & IQ11 seek further clarification regarding the Council's 5YHLS.

1.8 A Five-Year Housing Land Supply Position Statement and Housing Trajectory is attached and includes a cover report [EB73] and the housing trajectory [EB73A].

[1] Framework (2023), paragraph 16(c)
[2] Framework (2023), paragraph 35

1.9 EB73 demonstrates that for the next 5 years, demand is calculated as taking into account the London Plan (2021) annualised delivery of 2,157 homes, under delivery and current shortfall (3,109 homes), and a 20% buffer (2,779 homes). There is a cumulative need for 16,673 net-additional homes over the next five years.

1.10 EB73 however reports a five-year supply of 13,016 homes equating to only 78% of the minimum target. Of the 5YHLS pipeline (EB73B) of 8,015 homes; 1,512 (19%) of these homes are identified at The Green Quarter.

1.11 The Framework[3] expects planning policies to identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of specific, deliverable sites for five years following the intended date of adoption.

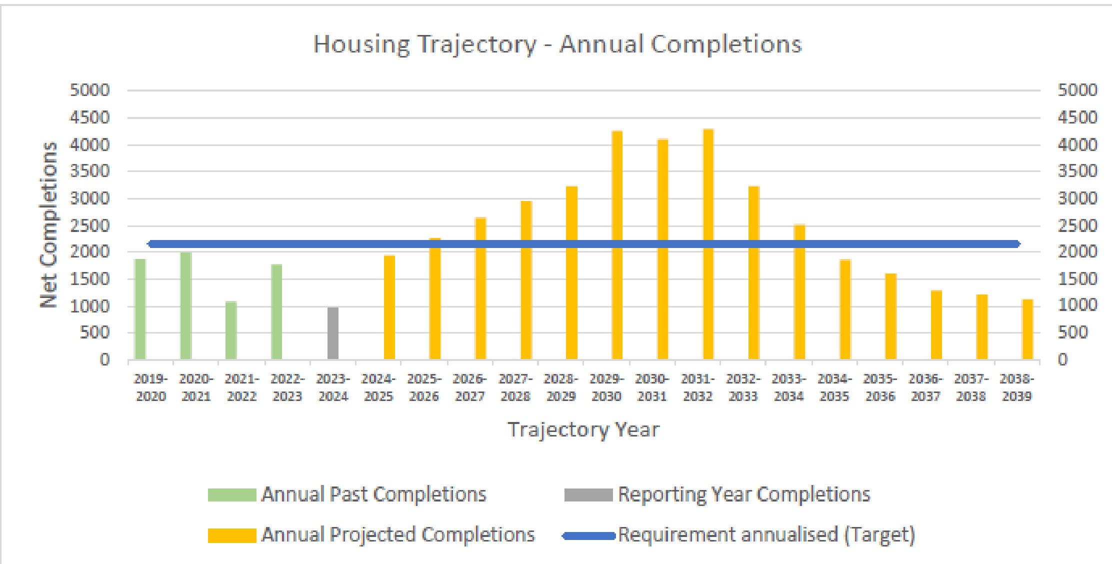
1.12 The Council's evidence base (EB73) demonstrates a supply of only 3.9 years. This fails to conform with the Framework that requires a 5 year supply. On this basis alone, the Plan should be considered unsound on the basis that it fails to meet this mandatory requirement and should be paused to allow a more appropriate review to take place.

5 Year Housing Assumptions

1.13 Figure 1 shows the 'Annual Housing Completions by Year (Net)' within EB73 which include annual past completions, projected completions and annualised requirements derived from EB73A 'Housing Trajectory'.

Figure 1 - EB73 (Extract of Figure 1 – Annual Housing Completions by Year (Net))

Figure 1 – Annual Housing Completions by Year (Net)



1.14 The HDT (20/21 up to March 2023) identifies average delivery at 1,616 dpa, which is reflected in the data.

[3] Framework (2023), Paragraph 69

1.15 The standard method data HDT (December 2024) (21/22-23/24) is less at 1,449dpa.

1.16 It is widely accepted that there is a housing emergency and housing delivery has *'fallen off a cliff'*. EB73A reports 966 completions for 2023/24, and the GLA London datastore[4] records 134 completions for 2024/25.

1.17 Conversely, Figure 1 projects annual completions of 1,994 for 2024/25 (nearly x15 the actual amount) rising to nearly 4,253dpa by 2029/30.

1.18 Between 24/25 (start year) to 28/29 (5 year period), EB73A projects completions of 13,016 homes at an average of 2,603dpa, well above any completion rate in the last six years. This simply is not credible, and there is no evidence to support this projection, either by way of EB73 or through policies in the Plan, which extort additional burdens on housing development (including through an affordable housing Fastrack of 40%) which stakeholders such as the GLA have objected to. The implications of the draft CIL Charging Schedule have also yet to be adequately considered, and the Building Safety Levy of £33.24/sqm for PDL.

1.19 EB73 'D- Deliverable capacity on large (Conventional) sites' (page 9), recognises that the Framework and NPPG require sites to be *'achievable with a realistic prospect that housing will be delivered',* which means that they should remain viable, and for outline schemes that there is clear evidence of deliverability. There is no evidence that this is the case in the context of these additional burdens.

6+ Year Housing Assumptions

1.20 The Plan assumes the annualised version of the 2021 London Plan target, equating to 2,157 homes up to 2038/39.

1.21 The Mayor issued his 'Towards London Plan' consultation document on 9th May 2025 which indicates that the new plan will be adopted by 2027. The Mayor has confirmed that the strategic target of c.88,000dpa will be adopted as a need and capacity figure derived from the Government's standard method. For Ealing, the standard method is 3,407dpa, significantly above the London Plan figure.

1.22 Whilst EB73 Figure 1 maintains the annualise LP figure for the next 14 years, when the new London Plan housing targets are adopted (2027), this Plan will be out of date[5], and the 6 year + projections will be materially deficient. It is remiss that this Plan is not seeking to respond to this change in housing need as a *'real world issue'* now.

1.23 The Prime Minister and Secretary of State have issued multiple Written Ministerial Statements to accelerate housing delivery and have set an ambitious plan to get Britain building.

1.24 The GLA in response to other local plan reviews has made clear that it expects more than the minimum at local plan reviews *"The Mayor considers that it is important for LBH to recognise that the LP2021 does not meet London's identified housing need and furthermore - given the context that London is now working towards delivering 80,693 homes per annum – this means*

[4] https://data.london.gov.uk/dataset/residential-starts-dashboard
[5] S38(5) Planning and Compulsory Purchase Act 2004

that the overall amount of housing required annually should not be expected to reduce beyond 2029"[6].

1.25 Whilst not currently a statutory obligation to deliver beyond the LP2021 housing targets, there *"is not only a professional responsibility but a moral obligation to see more homes built"*[7]. This Plan does not meet that national objective.

1.26 At the very least, in order to correct its course, the Borough (and should it be adopted the Plan) must commit to reviewing its housing target to align with the new London Plan (the Standard Method) and other circumstantial changes to the area within two years of adoption of the new Local Plan. The need to review its housing target, will necessitate an in-depth review and likely allocation of additional development sites, alongside the optimisation of housing on available and sustainable sites, such as The Green Quarter.

1.27 However, as we identify below, our fundamental concern, as evidenced by the continued below par housing completions over many years in the borough, is that the policy burdens applied by the adopted local plan, and cumulatively the London Plan, have constrained development, rendering it impossible to meet *'as a minimum, the area's objectively assessed needs*[8]'. The Plan further compounds this issue.

1.28 In our opinion, reapplication of the same / more onerous policies, placing greater burden on housing development, will not have a positive effect and will continue the decline of housing delivery in the borough (and London).

M4, Q5 – Affordable housing

Q5 (h) – The 40% threshold

1.29 Quod previously raised concern with the Council's proposed local Fast-Track threshold set at 40%, as this is inconsistent with the London Plan, and was not supported by sufficient evidence. It was previously suggested that the affordable housing threshold revert to 35% in accordance with the London Plan Policy H6, albeit the Mayor now proposes to review this.

1.30 The Council responded stating that *"The policy is tested as viable by the whole plan viability assessment and is a valuable albeit only partial measure to meet overwhelming affordable needs identified in the LNHA"*[9].

1.31 The fast-track route introduced via the London Plan is supposed to incentive developers to take a long-term view of development viability encouraging many schemes to make a fast-track compliant affordable housing offer (35% by habitable room), which in pure viability terms, is beyond the maximum reasonable level.

1.32 The application of a local fast-track threshold that exceeds the London Plan will only serve to slow down the planning process (as viability negotiation is required), whilst depressing

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[6] GLA representations to the Hounslow Local Plan R19, dated 25th October 2024
[7] Secretary of State letter to all local authority leaders and chief executives in England, 30th July 2024
[8] Framework (2023), paragraph 35
[9] Ealing Council Consultation Response, November 2024

affordable housing delivery across Ealing as developers will either elect to take the viability tested route (<35%) with review mechanisms thus generating lower levels of affordable housing or will redirect their capital to more Boroughs whose policies are consistent with the London Plan.

1.33 Neither of these outcomes are desirable if Ealing is to address its affordable housing needs.

1.34 The GLA have raised similar concerns to the Council as set out below.

"We are concerned that the intention to set the threshold at 40% is likely to result in larger numbers of residential planning applications not being able to achieve that level. This would result in more proposals following the Viability Tested Route, which, on average, provides less affordable housing and takes longer to determine residential planning applications when compared with Fast Track Route schemes…As such, in practice, there is a significant risk that the borough would secure fewer affordable homes through a blanket 40% requirement than could be achieved through the 35% threshold for sites that are not on public or industrial land. The Mayor is therefore concerned that, in reality, a headline threshold target would achieve less than a more feasible, lower one."[10]

1.35 Even with policies in place for higher amounts of affordable (as per the adopted Local Plan), the Council's latest AMR (interim report October 2021) for the period 2014/15-2018/19 (Table 2.15) found that that more affordable housing is not delivered.

"Examining average delivery over the report period, total affordable housing provision in terms of permissions has averaged just under 20% of the total conventional supply of homes, with actual delivery (completions) being slightly higher with a 5 year average just in excess of 20%. This represents a significant shortfall when measured against the 50% strategic target." [11]

1.36 This would suggest that in practice the policies are not effective, either by way of not reflecting the evidence of delivery, or by not putting policies in place as a whole to enable the affordable policy to be effective.

1.37 In lieu of other available evidence and whilst we appreciate it has limitations, the GLA's London Datastore indicates that for the latest five-year period 2020/21-2024/25, the following affordable homes have been delivered in the borough.

	20/21	21/22	22/23	23/24	24/25	Total
Low Cost	272	221	135	144	84	856 (171dpa)
Intermediate	898	185	186	409	8	1686 (337dpa)
Total	1,170	406	321	553	92	2,542 (508dpa)

[10] GLA R19 response, 10th April 2024
[11] AMR 2021, page 40

1.38 Again, this would suggest a minor improvement to the 2014/15-2018/19 affordable provision, but only at c.25%, and does not provide evidence to demonstrate that the 35% threshold or the 40% threshold will be effective in maximising affordable housing provision in Ealing. With the application of review mechanisms, it appears to demonstrate quite the opposite.

1.39 Where the affordable need is the greatest, for low cost rent, reflected in the Council's tenure policy weighting, the GLA London Data Hub states that for the 20 years period 2004/5 to 2024/25707 – only 707 (net) low cost rent home were started.

1.40 For the recent 5 year period 2018/19-2024/25 only 858 low costs homes were delivered, at an average of 172dpa, when the R19 Plan reports almost 7,000 applicants on the council's housing register (paragraph 2.58). The Council's EB76 Housing Need Assessment (2022) reports an affordable need of 1,632dpa. The policies are not therefore working effectively.

1.41 We note that the Council's response to IQ7 (3rd March 2025) on this issue states that the change from 35% to 40% is *"well evidenced in local policy as being both necessary in relation to local housing needs, and viable."* … *"Ealing's whole plan viability assessment is the most relevant available evidence, and this suggests that the policy is viable and therefore likely to be delivered."*

1.42 The Council's whole plan viability appraisal (EB120, December 2023) is dated, and has been subject to significant representations as part of the parallel process that Ealing are undertaking in respect of their CIL review upon which fundamental concerns have been raised given the inappropriate sequential process of undertaking a CIL examination before a local plan review.

1.43 We enclose these representations at **Appendix A-D,** and in particular draw the Inspector's attention to the most recent representation made to the Draft CIL Charging Schedule (May 2025).

1.44 The approach taken by the 2023 Viability Appraisal fails to meet the requirements of national Planning Practice Guidance (PPG). In particular:

- The adopted costs and values are not realistic or aligned to local evidence / the nature of sites within the plan. Evidence is provided to clearly demonstrate that the assumed costs are significantly understated and do not reflect a development of the nature, quality and complexity of the Green Quarter, nor do they account for recent changes in building regulations or design risk. As a result, the proposed CIL rates and wider local plan policies are not realistic and deliverable (Paragraph: 004 Reference ID: 10-004-20190509).
- Ealing Council makes clear that London Living Rent is the preferred Intermediate tenure, and Shared Ownership is not considered to be genuinely affordable. The 2023 Viability Appraisal assumes that all intermediate housing is delivered as Shared Ownership, which commands a significantly higher value, meaning Gross Development Value is overstated and does not reflect the approach being taken by the Council.
- The study is out of date and does not reflect the worsening viability environment, which is supported by market indicators (housing delivery is at unprecedented lows in London

as a result of weakened market conditions, persistently falling since 2022). Data also indicates that Ealing faces unique challenges for development viability and delivery compared to neighbouring boroughs: this is not reflected in the proposed rates.

- The specific circumstances of strategic sites such as The Green Quarter (and indeed any strategic site larger than 500 homes) are not taken into account. Viability testing has no regard to the costs, complexity and programme of such sites and as such incorrectly indicates viability (Paragraph: 005 Reference ID: 10-005-20180724).
- Through the shortcomings above, viability is not appropriately addressed at plan making stage, ensuring policies are realistic and that the total cumulative cost of these will not undermine deliverability of the plan. This will cause viability to be required at decision taking stage (Paragraph: 002 Reference ID: 10-002-20190509).
- The failure to include any abnormal costs within the 2023 Viability Appraisal means that the assumed position for most strategic sites will be inaccurate, which will curtail the housing delivery aspirations of the emerging Ealing Local Plan, as has been evidenced by the housing market.
- To aid understanding of the impact of abnormal costs, an Infrastructure Cost Diagram (Appendix B) has been produced.
- The study pre-dates the introduction of the Building Safety Levy (£33.24/sqm for Previously Developed Land in Ealing), which introduces a significant additional cost for sites such as The Green Quarter, and must be considered.
- The finance rate assumed does not reflect funding conditions, resulting in a significant understatement of costs both now and into the medium to long-term.
- The target return of 17.5% on GDV for residential development does not reflect the level of risk incurred by the developer on a scheme such as The Green Quarter.
- The 2023 Viability Appraisal viability study does not test any scale of development above 500 homes. As an indication of the impacts on strategic sites, if the per unit cost for the abnormal set out above of £42,000 were applied to the 2023 Viability Appraisal for the 500 unit typology, the maximum viable level of affordable homes applicable to The Green Quarter would be 20%. The maximum viable level incorporating wider comments from the previous Quod representations would be further reduced to c.10%.

1.45 Taken together, the value overstatements and cost understatements in BNPP's assessment (EB120) result in a very substantial delta between the output of their assessment and one which reflects actual costs and values.

1.46 This is not a new issue. Quod has consistently raised these concerns at many local plan reviews and in respect of Whole Plan Viability Appraisals which overstate viability, and do not accord with the PPG. The *'reasonable test'* of testing the affordable housing with delivery evidences by itself that the approach taken in Whole Plan Viability Appraisals is flawed, and intervention is required.

1.47 We suggest that the evidence requires updating to align with the PPG, as at present it does not reflect guidance requirements and overstates the viability of development, and likely affordable housing provision.

1.48 The affordable housing completion rates that we set out are one consideration which demonstrate this to be the case.

Q 5(f) – In terms of Policy HOU, are the expectations in terms of mix and tenure clear?

1.49 Policy HOU: Affordable Housing proposes an affordable housing tenure split of 70% low-cost rented at social rent levels and 30% intermediate provision, a change from 60% provision of social/affordable rented accommodation and 40% intermediate provision (Ealing 2012, Policy 1.2).

1.50 London Plan 2021, Policy H6, proposes a minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared Ownership.

1.51 London Plan 2021 paragraph 4.6.3 states that the Mayor is committed to delivering genuinely affordable housing. Within the broad definition of affordable housing, the Mayor's preferred affordable housing tenures are:

- Homes based on social rent levels, including Social Rent and London Affordable Rent;
- London Living Rent; and
- London Shared Ownership.

1.52 The Plan should refer to these tenures, as reference is only made to *'intermediate'* tenures. The Mayor's most recent 'Towards a London Plan' consultation document confirms that *'different types of affordable housing meet different needs, and it is important to get the balance right between low-cost rent and intermediate homes. Low-cost rent are homes available to people on low incomes to rent, usually social housing. Intermediate homes may be to rent or buy and are for people on moderate incomes who cannot afford market homes. Intermediate homes include intermediate rent (provided at a discount to market rent) and Shared Ownership housing, a part-buy part-rent product*'.

1.53 Representations were made at Regulation 19 stage to amend the wording of policy HOU from *'social rent'* to '*low cost rent'* to ensure sufficient flexibility.

1.54 The continued application of 70% Social Rent without flexibility towards other low-cost rented tenures will only serve to depress affordable housing levels when accounting for the difference in values generated by Social Rent and other low-cost affordable rent tenures. This approach is contrary to the Local Plan's strategic ambition to deliver 50% affordable across the plan period and should therefore be revised.

1.55 There remains an absence of policy guidance in respect of an appropriate affordable housing mix because the R19 plan states that it will be informed by an up-to-date needs assessment, but this has not yet been produced beyond EB76[12], and given the failures of the Whole Plan Viability Appraisal, the tenure split should therefore remain at 60%:40%.

1.56 Notwithstanding, the Local Plan should apply flexibility when prescribing an affordable housing mix for the Borough to ensure that developments can respond to their context in order to optimise housing delivery across Ealing, as what may be appropriate for a low-density, windfall site in Northolt may not be appropriate for an allocated site in the Southall Opportunity Area.

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[12] Figure 4 – Ealing Local Housing Need Assessment Update (November 2022)

Q8 (b) – Does the evidence base support the position that there is no identified local need for shared living in Ealing, taking a restrictive approach, and limiting it to Ealing Metropolitan Town Centre?

1.57 Shared living is an important and rapidly growing alternative residential product which is able to actively contribute to meeting Ealing's housing needs alongside conventional and other specialist housing types. London Plan paragraph confirms that "*All other net non-self-contained communal accommodation should count towards meeting housing targets on the basis of a 1.8:1 ratio, with one point eight bedrooms/units being counted as a single home".*

1.58 In support of its approach, the Council's evidence base (EB73) uses data from 2018 and earlier, which largely pre-dates the recent growth in the shared-living sector, and adoption of the London Plan and the Mayor of London's LPG in February 2024.

1.59 EB73 makes only limited reference to shared-living (co-living) but identifies that *"Purpose built co-living could meet the needs of some single people and couples as a short-term lifestyle choice"*[13].

1.60 Evidently, the expansion of the shared-living sector in recent times demonstrates there is a growing need for this type of housing across-London, which is reflective of the growth in single person households across the country. Single person households are expected to grow from 7m in 2016 to 8.8m by 2041 of which 30% of households in London will be single-person occupation by 2041[14].

1.61 EB73[15] corroborates this in forecasting that single person households will grow from 37,200 (2021) to 43,500 by 2041 (+6,300).

1.62 The Council's proposed geographical restriction of shared living housing within Ealing Metropolitan Town Centre isn't sound, because the evidence base does not indicate that need is focussed on a specific part of Ealing. It is also contrary to Policy H16 of the London Plan and negates other sustainable locations from being considered. It is therefore unjustified.

1.63 To remedy this issue and to ensure that shared living can be provided where there is demand (i.e. need), the policy should be revised to align with the London Plan Policy H16, which directs shared-living development to areas that are well-connected to local services and employment. The draft policy should therefore be expanded to support co-living in town centre location or in areas with high PTAL.

1.64 It may also be appropriate to require planning applications proposing shared living uses to be accompanied by a needs assessment to demonstrate the associated local need.

[13] Ealing Local Housing Needs Assessment Update (November 2022)
[14] Office for National Statistics: Household projections for England – household type projections: 2016 based
[15] Ealing Local Housing Needs Assessment Update (November 2022)

Appendix A – Draft Hearing Statement to Ealing CIL Charging Schedule (May 2025)

Quod

Ealing CIL Charging Schedule Examination

Hearing Statement on behalf of Berkeley Homes (Southall) Limited

MAY 2025

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1 Introduction

1.1 Quod submitted representations on behalf of Berkeley Homes (Southall) Limited at each stage of the CIL process, with the most recent submission being via the Quod letter dated 12th November 2024.

1.2 Berkeley Homes (Southall) Limited is the developer of the Southall Gasworks site (now known as The Green Quarter) which is a significant strategic housing delivery location within Ealing, totalling c.8,100 homes. To date 850 homes have been completed at the site and 418 are in progress. The wider Berkeley group is one of London's largest developers, completing 19,608 homes over the last 5 years.

1.3 Whilst the CIL Examiner's confirmation that further representations are not required is acknowledged, it is considered appropriate to (i) highlight continuing concerns about the CIL process and its relationship to the ongoing Ealing Local Plan process (ii) confirm the impact of the recently introduced Building Safety Levy and (iii) provide further up to date evidence which indicates that issues previously highlighted with the viability inputs have only worsened in the period since the previous representations.

1.4 As evidenced within this statement, the request made by Quod throughout the process that strategic brownfield regeneration sites should be NIL rated for CIL remains valid. Indeed it is essential to do this (or an alternative financially equivalent approach) to enable such sites to come forward and deliver a large proportion of the local plan housing targets.

2 CIL and the Local Plan Process

Timing of the CIL and Local Plan Processes

2.1 Ealing is currently progressing a new local plan which is currently at submission (Regulation 22) stage, with an Examiner appointed and examination sessions scheduled through June and September 2025. It is understood that extensive representations have been received on matters including housing, infrastructure and viability (including from Berkeley Homes).

2.2 The key purpose of a CIL charging schedule is to fund infrastructure in support of an up to date local plan. National Planning Practice Guidance is clear that:

- *"Charging schedules should be consistent with, and support the implementation of, up-to-date relevant plans" (Paragraph: 011 Reference ID: 25-011-20190901).*
- *"Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken when preparing the relevant plan (the Local Plan and the London Plan in London) and their CIL charging schedules. This is because the plan identifies the scale and type of infrastructure needed to deliver the area's local development and growth needs" (Paragraph: 017 Reference ID: 25-017-20190901).*
- *"The Community Infrastructure Levy examination should not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant plan" (Paragraph: 017 Reference ID: 25-017-20190901).*

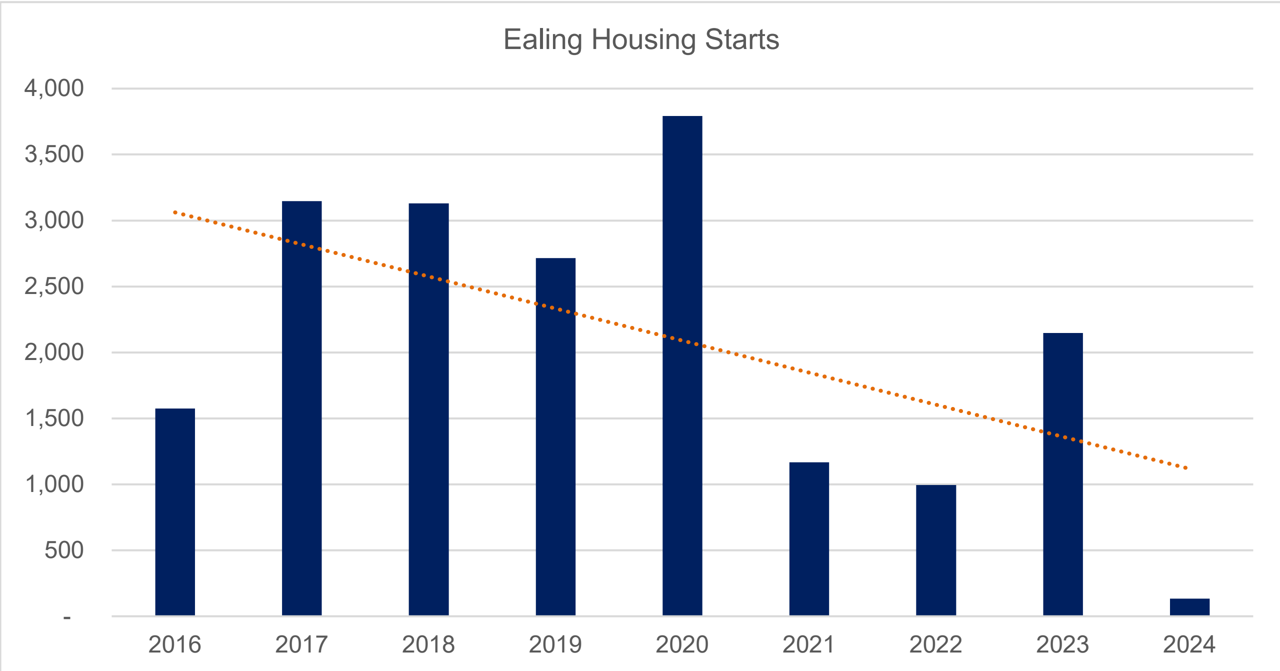
2.3 Given the above, it is critical that a final and sound local plan is in place as this determines which infrastructure a CIL charging schedule needs to fund. In this case the Ealing Local Plan is some way away from adoption and has not yet been found sound (in fact many objections exist). As such the final infrastructure requirement is unknown and the CIL process should not progress until this is known.

3 Viability Context and Market Change

3.1 The BNPP viability study supporting the CIL charging schedule is dated December 2023 and necessarily draws on evidence prior to this date. The latest representations submitted by Quod are from November 2024. As has been widely reported, the current environment for housing delivery is extremely challenging and this situation has continued to worsen since 2023/24 to the current day. The following sections briefly evidence the worsening environment and therefore the fact that the BNPP study supporting the CIL charging schedule is out of date.

3.2 Housing delivery is at unprecedented lows in London as a result of weakened market conditions; persistently falling since 2022. Construction starts fell to their lowest level in 14 years in 2024 – down 68% from 2015[1] (see Figure 1). The GLA reported that there were over 6,000 homes were under construction but were stalled at the time of reporting in London. This figure included some of the London Borough of Ealing's own development schemes, as publicised on the Council's website.

Figure 1: Ealing Housing Starts



3.3 Figure 2 illustrates the continuing decline of new build sales in Ealing, now falling to just a handful of units in the most recent period.

[1] Molior January 2025 Quarterly Report

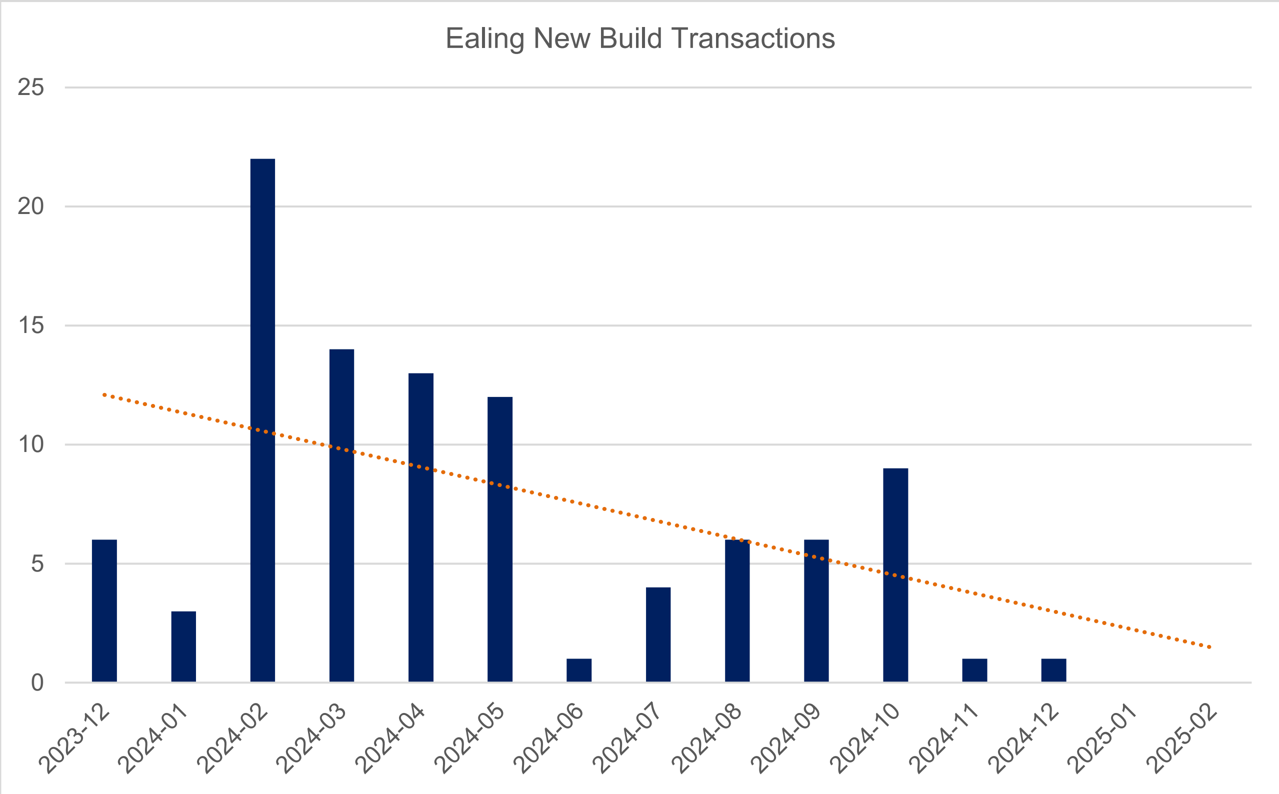


Figure 2: Ealing New Build Sales

3.4 The results of the most recent Housing Delivery Test (for 2023, published in December 2024) are shown in Table 1 below. Whilst neighbouring boroughs have similar or lower CIL rates, Ealing is outperformed by all – in most cases by a significant margin – and is the only borough requiring an action plan to increase delivery going forward. Quod maintain that indicates that Ealing faces unique challenges for development viability and delivery.

Table 1: Housing Delivery Test 2023

LPA	Homes Required 20/21- 22/23	Homes Delivered 20/21- 22/23	Measurement	Consequence
Ealing	5,750	4,847	84%	Buffer
Brent	6,198	8,136	131%	None
Hammersmith & Fulham	3,689	5,258	143%	None
Harrow	2,138	2,169	101%	None
Hillingdon	2,887	2,617	91%	Action plan
Hounslow	4,330	4,694	108%	None

4 Viability Evidence

4.1 As noted within the Quod representations dated 12th November 2024 (and representations at previous stages of the process), Berkeley consider that the BNPP viability study supporting the CIL charging schedule falls significantly short of the requirements set out in Planning Practice Guidance. In particular the adopted costs and values are not realistic / evidence based, The Green Quarter has not been tested despite being a strategic site and the total cost of policy burdens will undermine deliverability of development.

4.2 The following sections provide further up to date evidence supplementing that from previous representations in 2023 and 2024 and confirm costs associated with the recently introduced Building Safety Levy.

Build Costs

4.3 The costs included by BNPP in the viability study (£2,745/sqm / £255/sqft for flatted development with 6+ storeys, inclusive of 10% externals) are lower than what is generally achievable for a development of the nature, quality and complexity of the Green Quarter. The figure, based on the BCIS database, does not account for recent changes in building regulations, design risks, or the specific challenges of high-density London developments, and should be treated only as a starting point – not a definitive benchmark.

4.4 The table below sets out build costs for a range of schemes in London that have been agreed by BNPP and developers / independent assessors. As can be seen, all of these site-specific assessments for larger brownfield regeneration schemes have concluded figures well in excess of that adopted by BNPP in the Ealing viability study. This provides clear support for the case that BNPPs build costs are unrealistic.

Table 2: Build Costs Agreed by BNPP in Recent Site-specific Assessments

Development	Date	£/sqft all in
BNPP Ealing CIL Study Figure	*Dec-23*	*£269*[2]
Twelvetrees	Oct-25	£349
Beckton Riverside Ph1	Jan-25	£340
Bromley By Bow	Nov-23	£399
Stag Brewery	Oct-24	£343

4.5 Berkeley has also commissioned cost consultants Core5 to prepare a benchmarking report to provide further evidence in support of establishing realistic cost inputs. This uses data from

[2] This is an all-in cost, reflecting the £255/sqft referred to in paragraph 4.3 plus policy costs (Biodiversity Net Gain, Zero Carbon etc.)

comparable schemes and indicates a rate of c.£341/ft2[3] (including external works), provided at Appendix 1.

4.6 Given the above, the CIL study viability would under-state costs by at least c.£70/ft2 (£340/ft2 current market figure less £270/ft2 BNPP input) which would amount to £410m over a development of the scale of The Green Quarter.

Abnormals / Infrastructure

4.7 Quod raised the principle of the abnormal costs omission in April 2024; BNPP's viability assessment excludes abnormal costs, which is a significant omission given the scale and nature of The Green Quarter i.e. a former gasworks site with extensive remediation requirements. This will also apply to other strategic developments. The Plan itself acknowledges the major public benefit of regenerating this contaminated land, recognising the substantial costs involved.

4.8 Failure to include any abnormal costs within the assessment means that the assumed position for most strategic sites will be inaccurate, ultimately curtailing the housing delivery aspirations of the emerging Ealing Local Plan.

4.9 Quod submitted further evidence in November 2024, showing that the infrastructure, abnormals, and financial contributions to make the development acceptable amount to c.£343m (equating to an approximate figure of £42,000 per dwelling across 8,100 homes).

Regulatory Costs

4.10 The Building Safety Levy rate, published in March 2025, is set at £33.24/sqm for Previously Developed Land in Ealing. The rate is to be applied to all new dwellings and purpose-built student accommodation which require a building control application. The rate would amount to c.£10.9m over the remaining homes to be delivered at The Green Quarter.

Intermediate Housing Tenure

4.11 Ealing's Housing Strategy Consultation Draft states *"the only three genuinely affordable tenures housing for the majority of households on average incomes are Social Rent, London Affordable Rent, and London Living Rent… We recognise the potential value that other tenures, such as shared ownership, can bring to housing markets but this does not meet our definition of 'genuinely affordable' across most of the borough"* (page 15, para 2.5 and page 21, para 3.4).

4.12 There is a clear preference for intermediate housing to be delivered as London Living Rent, however BNPP are working on the assumption of Shared Ownership delivery (valued at £435/sqft). As stated by the Council in their draft strategy, London Living Rent is more affordable than Shared Ownership, and this is reflected in a lower achievable capital value

[3] This reflects the residential value (indexed to current day) adopted by BNPP in their assessment.

(c.£241/sqft). The affordable housing modelled by BNPP does not align to the Council's tenure preference, and is overstating the GDV.

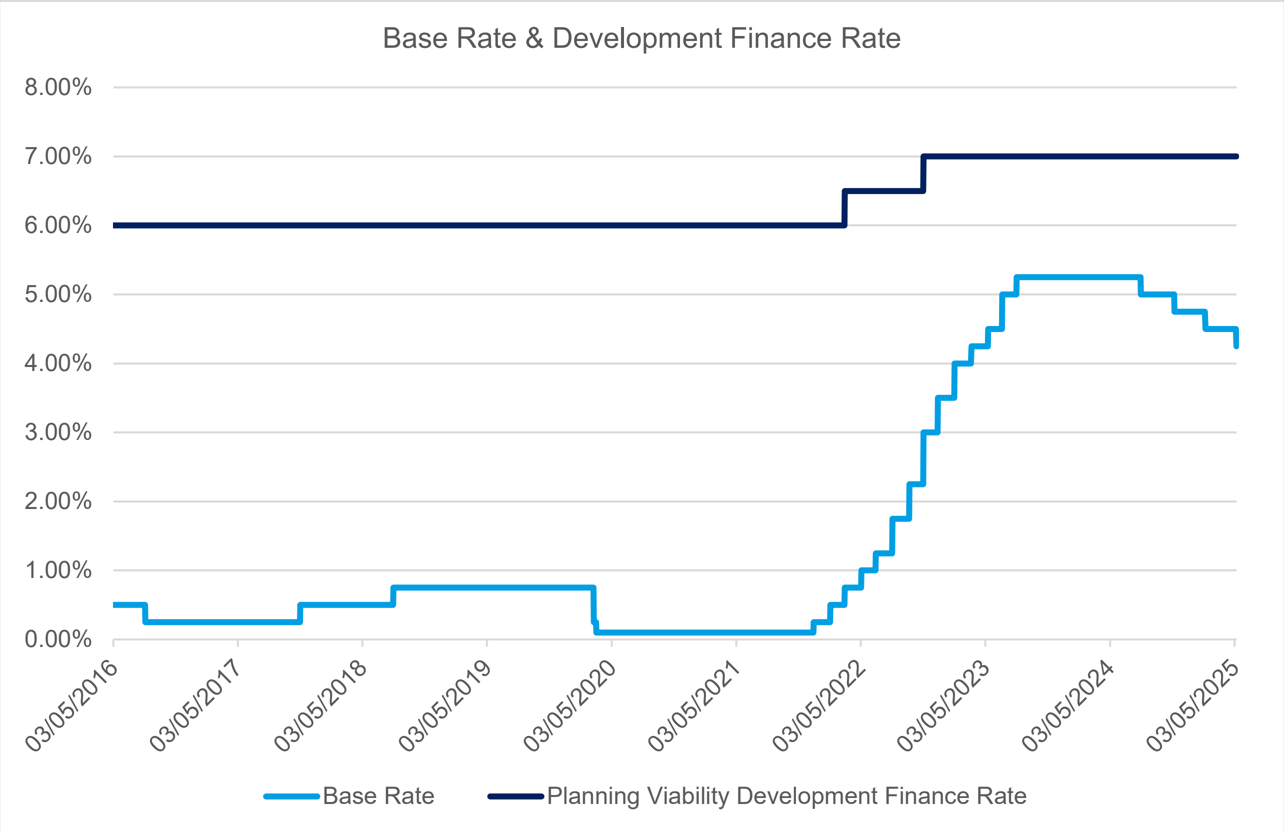
Finance Costs

4.13 BNPP assume that development finance can be secured at a rate of 6%, inclusive of arrangement and exit fees. They contend this is reflective of medium-term funding expectations.

4.14 Pre-interest rate growth (starting in 2022) when the base rate was 0.1%, development finance was typically agreed at 6%, equating to a margin in the region of 5-6%. The margin is the additional percentage points a lender adds to the base rate to determine the final interest, which reflects the lender's operating costs, profit, and assessment of risk.

4.15 When the Viability Study was first published in December 2023 the rate of 6% left a margin of 0.75% above the base rate, increasing marginally to 1.75% as of 9th May 2025 as it has fallen from its peak. This is significantly smaller than the margin that which has been widely accepted by both developers and LPAs in for a sustained period of time preceding interest rate growth.

4.16 BNPP state that the 6% rate is reflective of medium-term funding conditions. The Base Rate is expected to stabilise around 3-3.5% in the mid to long term; equating to a margin of 2.5-3%. Such a rate – specifically the margin it implies – is simply not reflective of past, present, or future financing conditions.



4.17 Furthermore, a number of schemes have agreed finance rates well in excess of 6%, which clearly evidences a consensus between developers and LPAs / their independent assessors that the finance rate should be increased beyond 6% to reflect financing conditions. A selection of schemes where viability has been agreed is set out below.

Table 3: Agreed Finance Rates

Scheme	Date	Agreed Finance Rate
Friars Close, Bear Lane, Southwark	July 2024	7.5%
Colebrook Court, 75 Sloane Avenue, RBKC	July 2024	8.5%
Bridge House, Bridge Close, North Kensington, RBKC	July 2024	7.5%
28-34 Queensway & Olympia Mews, Westminster	Sept 2023	9.5%
Highwood Farm, Stortford Road, Great Dunmow, Uttlesford	Sept 2023	8.25%
66-68 London Road, Tooting, Merton	July 2023	9.50%
32-44 Keeley Road & 31-57 Drummond Road ('Citiscape'), Croydon	March 2023	7-8.5%

Risk and Profit

4.18 BNPP have adopted a target return of 17.5% on GDV for private residential housing. The developer return allowed for reflects the level of risk incurred by the developer; PPG states that 15-20% of GDV may be considered a suitable return to developers.

4.19 Schemes of the size, nature, and location of The Green Quarter are fundamentally different from the majority of schemes due to the fact that there is a need to create a new destination and market and an inherent risk in achieving this: 20% on GDV for private residential is the minimum net return for such a scheme.

4.20 The Mayor's Affordable Housing and Viability SPG (2017) also allows for consideration of IRR as an approach to measuring profit, alongside profit as a factor of GDV or GDC. An IRR threshold of 17.5% is necessary to adequately reflect the risk profile and capital exposure associated with this type of development (as set out above). A 17% IRR is consistent with market expectations for schemes of comparable scale, complexity, and risk, for example Greenwich Peninsula which also includes a similar level.

Viability Testing

4.21 In summary, BNPP's appraisal is unrealistic in a number of areas as identified in previous representations. As evidenced within this note, the position has only worsened recently.

4.22 Quod have tested the lower end of the ranges evidenced within this note to illustrate the scale of the difference between BNPP's assumptions and realistic market levels for larger urban brownfield regeneration in Table 4 below (appraisals provided at Appendix 2).

Table 4: Sensitivity Testing Overview

Input	BNPP Assumption (Dec 23) Underpinning the CIL viability study	Appropriate Input as Evidenced within this Report	Impact on the 500-Unit Scheme Tested by BNPP
LLR / SO	£430/sqft Shared Ownership	£241/sqft London Living Rent	- £7.9m
Build Costs	£270/sqft (all in)	£340/sqft (all in)	- £30m
S106	c.£6,000/unit	£42,000/unit	- £18m
Abnormals, Infrastructure	£0/unit		
Building Safety Levy	Excl	£	-£0.8m
Finance	6%	7.5%	- £7.7m (minimum)[4]
Total			**£64.4m**

4.23 On the basis of the inputs set out above – which are at the lowest end of the ranges evidenced within those note – there is a £56.5m cost understatement and £7.9m value overstatement in a 500-unit appraisal (totalling a £64.4m worsening in the appraisal output). The scaled-up difference, on the basis of the 6,832 homes that are yet to be constructed at The Green Quarter, is £880m.

[4] Once the Residual Land Value becomes negative, the finance cost accrued on land value becomes negative (i.e. treated as revenue), therefore the full extent of the finance cost increase is understated in the model.

5 Conclusion

5.1 As evidenced within this note:

- The CIL charging schedule process has been progressed in advance of certainty as to what infrastructure is required to support the Local Plan. This is procedurally incorrect and the CIL rates should be set following adoption of the plan.
- The BNPP viability study underpinning the CIL charging schedule is flawed, does not meet the requirements of PPG and over-states the viability of a site such as The Green Quarter by over £880m.
- Market indicators since the BNPP viability study underpinning the CIL charging schedule and the previous Quod representations have continued to decline. Development and residential sales have stalled in Ealing, indicating worsening viability challenges.

5.2 The above demonstrates that Quod's previous conclusions made in representations to date are correct; the addition of the proposed CIL would seriously threaten the delivery of brownfield regeneration and strategic sites which the local plan is reliant on.

5.3 <u>The charging schedule should be amended to apply a NIL rate to strategic brownfield regeneration sites within the Borough such as The Green Quarter.</u>

Appendix 1

Core 5 Cost Benchmarking

core five

THE GREEN QUARTER, SOUTHALL

Report on Residential Benchmarks

May 2025

Contents

Section	Page
1. Executive Summary	1
2. Notes, Assumptions & Exclusions	2
Appendices	
A Benchmark Residential Build Cost Rates	A
B Basis of the Report	B

core five

1. Executive Summary

This report contains our review of BNP Paribas Real Estate build-cost for Green Quarter based on the reports and information as listed on the schedule of information included in Appendix B of this report.

The below BNP Paribas costs have been adjusted for inflation from Q4 2023 to Q2 2025 to align with the the C5 Benchmark current day costs. The inflation has been calculated using BCIS TPI as below:

BNP Paribas Build-cost dated December 2023		**£2,495 /m²**
BCIS Q4 2023 TPI	386	
BCIS Q2 2025 TPI	401	4%
Adjusted BNP Paribas Build-cost (Q2 2025)		**£2,592 /m²**

The below table summarises the comparative construction build-cost rates between the information provided in BNP Paribas Real Estate report dated December 2023 and the benchmark information in Appendix A of this report.

	BNP Paribas	**C5 Benchmark**
Build cost (incl. MC Prelims and OH&P) £/m2	**£2,592**	**£3,337**
Build cost (incl. MC Prelims and OH&P) £/ft2	**£241**	**£310**

When preparing this report a number of assumptions have been made, which are included in Section 2 of this report. It should be noted that the above excludes external works, contingency, professional fees, VAT, and other items listed in Section 2 of this report.

Further detail regarding examples of comparable prohjects that have been utilised as the source of our benchmarking dataand key design metric can be found in Appendix A of this report.

core five

2. Pricing Notes, Assumptions & Exclusions

2.1 Pricing Notes & Assumptions

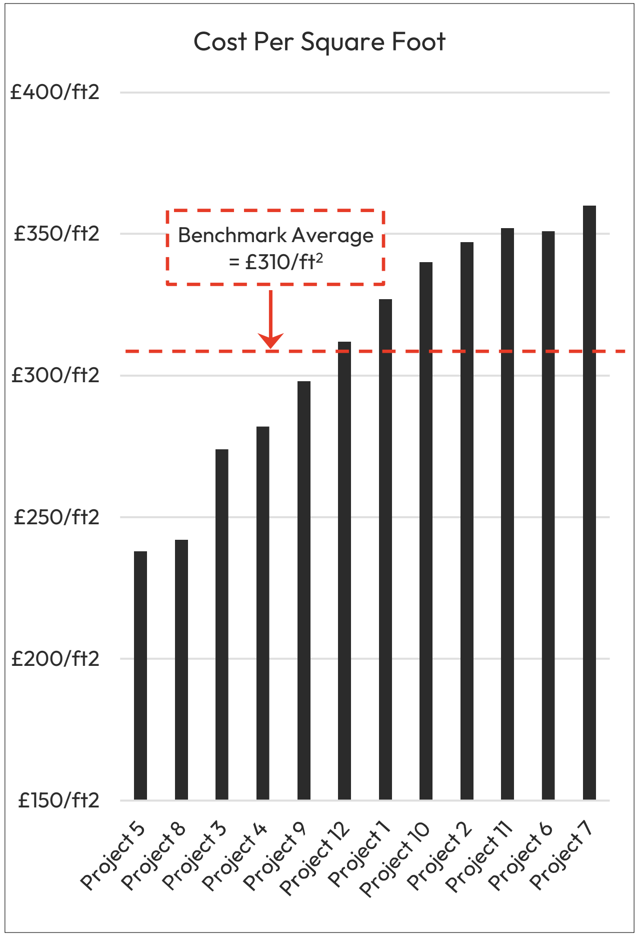
- This report is based upon the information listed in Appendix B of the report.
- The benchmark cost rates have been updated to current day fixed price basis (Q2 2025 price levels) and have been adjusted to a common location factor of Outer London, Southall
- Benchmark cost rates are for residential build costs (above ground shell & core and fit-out) based on a sales value of circa £800 / sqft NSA and include for main contractor on-costs (i.e. preliminaries and OHP), but exclude items as listed in Section 2.2 below.

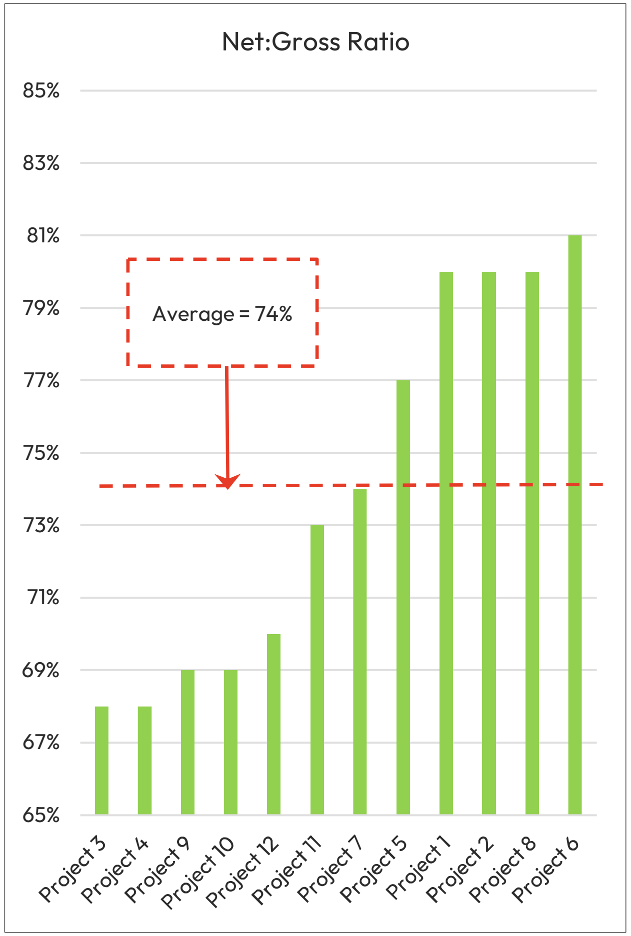
2.2 Exclusions

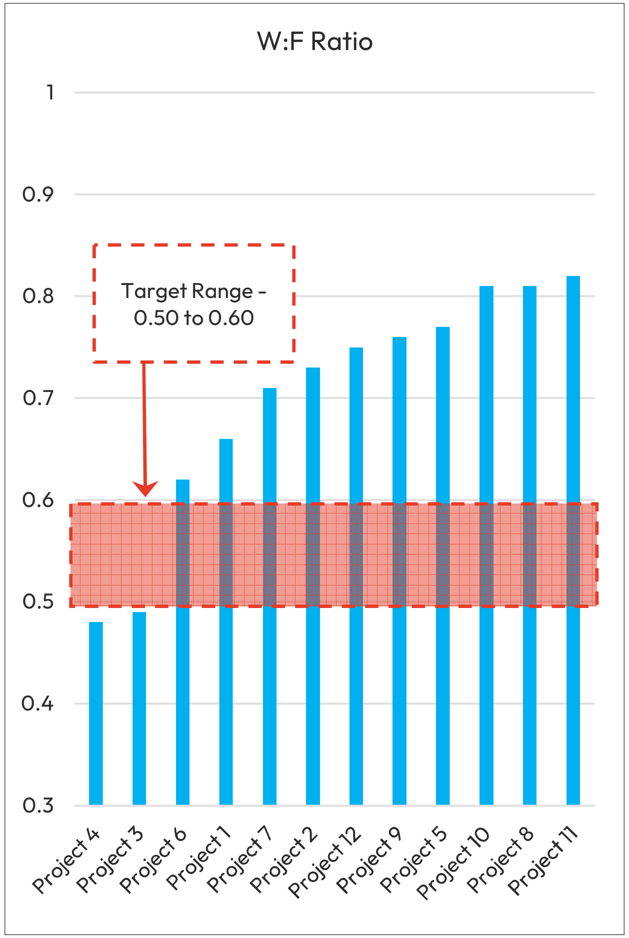
- Future Inflation to start on site beyond Q2 2025
- External works, landscaping and infrastructure costs
- Site acquisition fees / costs
- Client Finance charges, developer's costs and profit
- Project and other Client insurances
- NHBC / BLP type warranties
- Post completion maintenance agreements
- Planning consultant fees
- Pre-Contract Design & Post Contract Client Monitoring Team Fees
- Third party fees/costs
- Legal advisor fees
- Statutory fees
- Building control fees
- Clerk of works
- Independent Commissioning Management / Validation Engineer
- Site surveys incl. topographical survey
- Monitoring of adjacent buildings/structures over and above standard noise, dust and movement monitoring.
- Wind studies
- Archaeology works (including Consultants fees, investigation and attendance costs or resultant delays/ disruption)
- Flood risk assessment
- Transport plan
- Geotechnical surveys
- Environmental surveys
- Rights of Light Award incl. fees
- Party wall awards
- Pre-application meeting fees
- Planning application fee
- Planning condition discharge fees & costs
- Works & payments associated with Section 106 and 278 agreements; road stopping up, public art, CIL payments etc.
- Local Authority charges, road closures and diversions, etc.
- Value Added Tax
- Non-Recoverable VAT
- Credits for capital allowances or other incentives/grants
- Carbon Tax
- Show floors, show apartments, room mock-ups and marketing suites; any other marketing costs (including brochures, etc.)
- Marketing/letting costs, legal fees, presentation material, tenant contributions.
- Oversailing licences
  Feature cladding to hoarding
- Loose fixtures, furnishings and equipment to apartments such as sofas, beds etc to make them habitable & amenity
- Design and Construction Risk Contingencies
- Any necessary reinforcement / upgrade and diversion of services infrastructure
- Out of hours working, construction voids and the like.
- Changes to statutory authorities or buildings regulations beyond those know at the time of the estimate.

Appendix A - Benchmark Residential Build Cost Rates

	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 11	Project 12
GIA - ft²	34,713	34,735	43,918	44,736	52,252	90,525	99,257	126,242	91,117	59,590	42,367	40,010
Cost Per ft²	£327	£347	£274	£282	£238	£351	£360	£242	£298	£340	£352	£312
Net:Gross Ratio	80%	80%	68%	68%	77%	81%	74%	80%	69%	69%	73%	70%
Wall: Floor Ratio	0.66	0.73	0.49	0.48	0.77	0.62	0.71	0.81	0.76	0.81	0.82	0.75







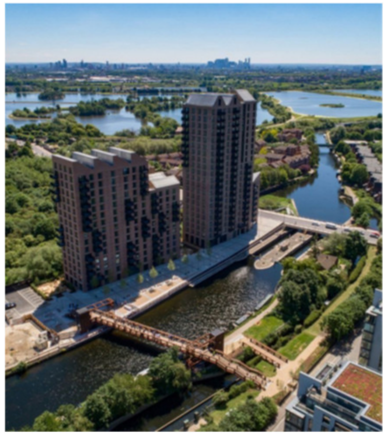
Appendix A - Residential Benchmarks - Comparable Projects

Grand Union,
London
Client: St George

Wandsworth Exchange,
London
Client: L&Q

Woolwich Central,
London
Client: Meyer Homes

Alperton Yards,
London
Client: Greenstone / Telford Homes



Hale Wharf,
London
Client: Muse Developments

Britannia Residential,
London
Client: London Borough of Hackney

Woodberry Down,
London
Client: Berkeley Homes

Kindred House,
London
Client: Meadow Partners

Appendix B - Basis of Information used for preparation of Report

Source	Document Type		Title	Date Received
	PDF	DWG		
BNP PARIBAS	▪		Local_Plan_Reg_19_and_CIL_Viability_Assessment_Dec_2023_acc3	23/04/2025
JTP	Excel		TGQ Revised Masteprlan Area Schedule Apr 25	28/04/2025
JTP	▪		DESIGN_AND_ACCESS_STATEMENT-4083124	28/04/2025

Appendix 2

BNPP and Quod Appraisals

TGQ
BNPP Inputs

Development Pro Forma
Quod
May 14, 2025

PROJECT PRO FORMA	**QUOD**

TGQ
BNPP Inputs

Project Pro Forma for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Flats (Private)	300	203,438	755.86	512,569	153,770,836
Flats (Social Rent)	140	94,938	194.45	131,862	18,460,694
Flats (Shared Ownership)	60	40,688	434.97	294,964	17,697,842
Totals	**500**	**339,064**			**189,929,372**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Supermarket	1	1,830	25.55	46,758	46,758	46,758
Light Industry	1	9,149	20.44	187,014	187,014	187,014
Totals	**2**	**10,979**			**233,772**	**233,772**

Investment Valuation

Supermarket					
Market Rent	46,758	YP @	4.7500%	21.0526	
(6mths Rent Free)		PV 6mths @	4.7500%	0.9771	961,797
Light Industry					
Market Rent	187,014	YP @	5.0000%	20.0000	
(1yr Rent Free)		PV 1yr @	5.0000%	0.9524	3,562,166
Total Investment Valuation					**4,523,963**

GROSS DEVELOPMENT VALUE **194,453,335**

PROJECT PRO FORMA — QUOD

TGQ
BNPP Inputs

TOTAL PROJECT REVENUE				**194,453,335**
DEVELOPMENT COSTS				
ACQUISITION COSTS				
Residualized Price (1.44 Acres @ 1,508,933.09 /Acre)			2,172,864	
				2,172,864
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Supermarket	2,153	214.98	462,852	
Light Industry	10,764	128.30	1,381,021	
Flats (Private)	271,251	231.79	62,873,269	
Flats (Social Rent)	126,584	231.79	29,340,905	
Flats (Shared Ownership)	54,250	231.79	12,574,607	
Totals	**465,002 ft²**		**106,632,655**	
S106 - Resi	500 un	5,000.00 /un	2,500,000	
S106 - Commercial	12,917 ft²	2.32	29,967	
S278 - Resi	500 un	1,000.00 /un	500,000	
S278 - Commercial	12,917 ft²	2.32	29,967	
BCIL - Resi	271,251 ft²	29.22	7,925,954	
BCIL - Supermarket	2,153 ft²	33.87	72,922	
BCIL - Industry	10,764 ft²	12.96	139,501	
MCIL2	284,168 ft²	6.00	1,705,008	
				119,535,976
Other Construction Costs				
External Works		10.00%	10,663,266	
Zero Carbon and BREEAM		5.00%	5,331,633	
M4 (2) accessible and adaptable		1.15%	1,205,071	
M4 (3) (a) wheelchair adaptable			583,463	
M4 (3) (b) wheelchair accessible			396,940	
Biodiversity Net Gain		0.20%	213,265	

PROJECT PRO FORMA			QUOD
TGQ			
BNPP Inputs			
Affordable Workspace Contribution		46,848	
Urban Green Factor / green roof		48,730	
			18,489,216
PROFESSIONAL FEES			
Professional Fees	10.00%	10,663,266	
			10,663,266
MARKETING & LEASING			
Resi Marketing & Agent Fees	2.50%	4,748,234	
Resi Legal fee	0.25%	474,823	
Commercial Sales Agent Fee	1.00%	45,240	
Commercial Sales Legal fee	0.50%	22,620	
Commercial Letting Agent & LegalFee	15.00%	35,066	
			5,325,983
MISCELLANEOUS FEES			
Profit - Private	17.50%	26,909,896	
Profit - Affordable	6.00%	2,169,512	
Profit - Commercial	15.00%	678,594	
			29,758,003
TOTAL COSTS BEFORE FINANCE			**185,945,306**
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		266,569	
Construction		6,901,536	
Other		1,339,923	
Total Finance Cost			8,508,028
TOTAL COSTS			**194,453,335**

PROJECT PRO FORMA	**QUOD**

TGQ
BNPP Inputs
PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.12%
Equivalent Yield% (Nominal)	4.95%
Equivalent Yield% (True)	5.10%
IRR% (without Interest)	4.66%
Profit Erosion (finance rate 6.000)	N/A

TGQ
Input Sensitivity

Development Pro Forma
Quod
May 14, 2025

PROJECT PRO FORMA	QUOD

TGQ
Input Sensitivity

Project Pro Forma for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Flats (Private)	300	203,438	755.86	512,569	153,770,836
Flats (Social Rent)	140	94,938	194.45	131,862	18,460,694
Flats (LLR)	60	40,688	241.00	163,428	9,805,688
Totals	**500**	**339,064**			**182,037,217**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Supermarket	1	1,830	25.55	46,758	46,758	46,758
Light Industry	1	9,149	20.44	187,014	187,014	187,014
Totals	**2**	**10,979**			**233,772**	**233,772**

Investment Valuation

Supermarket					
Market Rent	46,758	YP @	4.7500%	21.0526	
(6mths Rent Free)		PV 6mths @	4.7500%	0.9771	961,797
Light Industry					
Market Rent	187,014	YP @	5.0000%	20.0000	
(1yr Rent Free)		PV 1yr @	5.0000%	0.9524	3,562,166
Total Investment Valuation					**4,523,963**

GROSS DEVELOPMENT VALUE	**186,561,180**

PROJECT PRO FORMA				QUOD
TGQ				
Input Sensitivity				
TOTAL PROJECT REVENUE				**186,561,180**
DEVELOPMENT COSTS				
ACQUISITION COSTS				
Residualized Price (Negative land)			(58,909,287)	
				(58,909,287)
CONSTRUCTION COSTS				
Construction				
	ft²	**Build Rate ft²**	**Cost**	
Supermarket	2,153	214.98	462,852	
Light Industry	10,764	128.30	1,381,021	
Flats (Private)	271,251	340.00	92,225,340	
Flats (Social Rent)	126,584	340.00	43,038,560	
Flats (LLR)	54,250	340.00	18,445,000	
Totals	**465,002 ft²**		**155,552,773**	**155,552,773**
Infrastructure / Abnormals / S106	500 un	42,000.00 /un	21,000,000	
BCIL - Resi	271,251 ft²	29.22	7,925,954	
BCIL - Supermarket	2,153 ft²	33.87	72,922	
BCIL - Industry	10,764 ft²	12.96	139,501	
MCIL2	284,168 ft²	6.00	1,705,008	
				30,843,386
Other Construction Costs				
Affordable Workspace Contribution			46,848	
Building Safety Levy	271,251 ft²	3.08	835,453	
				882,301
PROFESSIONAL FEES				
Professional Fees		10.00%	15,555,277	
				15,555,277

PROJECT PRO FORMA			QUOD
TGQ			
Input Sensitivity			
MARKETING & LEASING			
Resi Marketing & Agent Fees	2.50%	4,550,930	
Resi Legal fee	0.25%	455,093	
Commercial Sales Agent Fee	1.00%	45,240	
Commercial Sales Legal fee	0.50%	22,620	
Commercial Letting Agent & LegalFee	15.00%	35,066	
			5,108,949
MISCELLANEOUS FEES			
Profit - Private	17.50%	26,909,896	
Profit - Affordable	6.00%	1,695,983	
Profit - Commercial	15.00%	678,594	
			29,284,474
TOTAL COSTS BEFORE FINANCE			**178,317,873**
FINANCE			
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)			
Land		(8,074,643)	
Construction		14,622,053	
Other		1,695,900	
Total Finance Cost			8,243,310
TOTAL COSTS			**186,561,182**
PROFIT			
			(2)
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		

PROJECT PRO FORMA QUOD

TGQ

Input Sensitivity

Development Yield% (on Rent)	0.13%
Equivalent Yield% (Nominal)	4.95%
Equivalent Yield% (True)	5.10%
IRR% (without Interest)	6.28%
Profit Erosion (finance rate 7.500)	N/A

Appendix B – Representation to Draft CIL Schedule (02 August 2024)

Our ref: Q230574
Your ref: London Borough of Ealing - Draft Charging Schedule Consultation
Email: ben.ford@quod.com
Date: 02nd August 2024

Samuel Cuthbert
Principal Planner
London Borough of Ealing
Perceval House
14-16 Uxbridge Road
London
W5 2HL

By Email: CuthbertS@ealing.gov.uk

Dear Samuel,

Quod submitted representations to Ealing's Draft Charging Schedule Consultation on behalf of Berkeley Homes (Southall) Limited on the 10th April 2024 (appended) to which we have yet to receive a response from the London Borough of Ealing.

We would be grateful if you could provide a timeline for a formal response in respect of the matters raised within our representations.

We now have further information beyond what was included in our representations which we would like to discuss with you. We would be grateful if you could make contact to review our representations and material as soon as possible.

As you may be aware, we are engaged in detailed discussions with the Council regarding planning application reference 234110OUT in particular a significant Section 106 obligation package which is material to the Council's proposed CIL charging schedule.

For clarity, we intend to appear at the forthcoming Examination in Public in respect of the Draft CIL Charging Schedule.

Yours faithfully,

Ben Ford
Senior Director

Enc.
Quod Reps obo Berkeley Homes (Southall) Limited - 10th April 2024

Appendix C – Representations to CIL Charging Schedule (12th November 2024)

Date: 12th November 2024

CIL CONSULTATION
Strategic Planning Team
Perceval House
14-16 Uxbridge Road
London, W5 2HL

For the attention of CIL Consultation team

Dear CIL team

Ealing CIL Charging Schedule, Modifications Consultation
Representations Submitted on behalf of Berkeley Homes (Southall) Limited

Quod submitted representations to the previous Ealing CIL consultation dated 10th April 2024, setting out concerns on behalf of Berkeley Homes (Southall) Limited ("Berkeley"). This letter provides further representations on behalf of Berkeley following its review of the Modifications Statement published in October 2024.

Berkeley retains its concern that the modified CIL charging schedule continues to present a substantial barrier to the delivery of strategic housing sites across the Borough and will curtail the delivery of much needed housing including affordable homes.

Both Quod and Berkeley Homes request to appear at the examination of the charging schedule.

Context

Berkeley is developer of the Southall Gasworks site, now referred to as The Green Quarter. On the 6th November 2024, Ealing's planning committee resolved to grant outline planning permission for the new masterplan at The Green Quarter which would support up to circa 5,500 new homes of which 35% would be affordable homes. The scheme also includes 10.7ha of new public open space, a new primary school, new sports hall and substantial financial contributions towards local facilities and services to be secured via the Section 106 agreement. In total, the new masterplan and consented phases (1-3) have the ability to deliver 8,100 homes across The Green Quarter site.

The wider Berkeley Group is one of London's largest developers, with particular expertise in the delivery of large-scale, complex brownfield regeneration. The group has delivered 19,608 homes over the last 5 years, 87% of which have been on brownfield land.

The Berkeley Group continues to be a major investor in housing delivery across London, and over the last two decades have delivered three significant developments in Ealing including The Green Quarter, Dickens Yard and Filmworks.

Given Berkeley's positive track record in the Borough, it is likely that additional sites within Ealing will be explored should opportunities arise, and importantly local policies enable viable development to come forward.

The Modified Charging Schedule

The updated charging schedule dated October 2024 confirms a revised "*Rest of LPA*" residential rate of £150/m2 (previously £200) and maintains the previous *"Central Ealing"* rate at £300/m2.

The Modifications Statement (October 2024) seeks to justify the revised *"Rest of LPA"* rate, appending a response prepared by BNPP in relation to previous representations received.

Quod's previous representations to the draft CIL Charging Schedule (Appendix A) provided extensive evidence on the shortcomings of the viability study supporting the previous CIL charging schedule. This included details on build costs, abnormals, developer return, finance costs and sales values.

The BNPP statement within the October 2024 Modifications Statement provides no substantive response to the points raised by Quod, instead suggesting that because Berkeley is delivering homes in some other boroughs with higher CIL rates, the proposed Ealing rate must be viable - this position is simplistic and fundamentally flawed for a number of reasons.

The approach taken by BNPP fails to meet the requirements of national Planning Practice Guidance (PPG). In particular:

- The adopted costs and values are not realistic or aligned to local evidence / the nature of sites within the plan. As a result the proposed CIL rates and wider local plan policies are not realistic and deliverable (Paragraph: 004 Reference ID: 10-004-20190509).
- The specific circumstances of strategic sites such as The Green Quarter (and indeed any strategic site larger than 500 homes) are not taken into account. Viability testing has no regard to the costs, complexity and programme of such sites and as such incorrectly indicates viability (Paragraph: 005 Reference ID: 10-005-20180724).
- Through the shortcomings above, viability is not appropriately addressed at plan making stage, ensuring policies are realistic and that the total cumulative cost of these will not undermine deliverability of the plan. This will cause viability to be required at decision taking stage (Paragraph: 002 Reference ID: 10-002-20190509).

The points made within the Quod representations submitted on 10th April 2024, remain valid in the context of the modified £150/m2 CIL rate and are therefore not repeated here for brevity. As indicated within the previous representations, the failure to include any abnormal costs within the BNPP Viability Study means that the assumed position for most strategic sites will be inaccurate, which will curtail the housing delivery aspirations of the emerging Ealing Local Plan.

To aid understanding of the impact of abnormal costs, an Infrastructure Cost Diagram (Appendix B) has been prepared which indicates £251M of abnormal costs required to deliver The Green Quarter development; all of which would be in addition to the BCIS build costs / additions allowed for within the BNPP study.

In addition to the infrastructure cost, a number of other financial contributions will be secured via the Section 106 Agreement for the new masterplan which shall total £68.7M (including phases 1-3) with a further commitment of £14.6M for a new 3FE primary school, £3.1M for a community centre, £0.45M for affordable workspace and £5.4M for an indoor sports hall.

In total the infrastructure, abnormals, and financial contributions to make the development acceptable amount to c.£343M. This represents an approximate figure of £42,000 per dwelling across the 8,100 homes.

As noted within our previous representation, the BNPP viability study does not test any scale of development above 500 homes. As an indication of the impacts on strategic sites, if the per unit cost for abnormals set out above of £42,000 were applied to the BNPP viability appraisal for the 500 unit typology, the maximum viable level of affordable homes applicable to The Green Quarter would be 20%[1]. The maximum viable level incorporating wider comments from the previous Quod representations (Appendix A) would be further reduced to c.10%.

Required Amendments to the CIL Charging Schedule

Given the content of this letter and the previous Quod representations, the draft Ealing CIL Charging Schedule as currently proposed will be a barrier to the delivery of strategic brownfield sites (or require a reduced affordable housing level which does not meet Ealing's aspirations or local needs).

As such change must be made to ensure that the cumulative burden of policy requirements enables development to be deliverable, particularly for strategic sites which can deliver a substantial proportion of the Council's housing needs.

<u>The charging schedule should be amended to apply a NIL rate to strategic brownfield regeneration sites within the Borough such as The Green Quarter.</u>

[1] £8,136/m2 value typology aligned to current asking prices at The Green Quarter, which are well in excess of the average newbuild sales value within a 2 mile radius of the site at £6,006/m2. Source: Propertydata.co.uk

Appendix D – Representations to CIL Charging Schedule (10th April 2024)

Our ref: Q230574 Rev 2
Your ref: London Borough of Ealing - Draft Charging Schedule Consultation
Email: ben.ford@quod.com
Date: 10 April 2024

Strategic Planning Team
London Borough of Ealing
Perceval House
14-16 Uxbridge Road
London
W5 2HL

By Email: localplan@ealing.gov.uk

Dear Ealing Strategic Planning Team,

LONDON BOROUGH OF EALING – EALING'S DRAFT CIL CHARGING SCHEDULE CONSULTATION

REPRESENTATIONS SUBMITTED ON BEHALF OF BERKELEY HOMES (SOUTHALL) LIMITED

Quod is submitting representations on behalf of Berkeley Homes (Southall) Limited ("Berkeley") to the London Borough of Ealing's ('LBE') Community Infrastructure Levy Draft Charging Schedule (DCS). Consultation on the DCS commenced on 28 February 2024 and is due to conclude on 10 April 2024.

These representations are submitted alongside Berkeley's representations on the LBE new Local Plan and should be read in conjunction.

Berkeley Homes (Southall) Limited is a division of the Berkeley Group ('Berkeley') responsible for bringing forward the strategic redevelopment of the former Southall Gasworks site, now referred to as The Green Quarter.

The full context for The Green Quarter is set out in Berkeley's representations on the LBE new Local Plan and not duplicated here but, in summary, this site is of strategic importance; a *"major regeneration scheme*" and an "*opportunity to bring back into use a large parcel of previously contaminated land and support the long term regeneration of Southall*[1]".

Berkeley first became involved in The Green Quarter in 2014, and since then has invested substantially in Land assembly and CPO, site infrastructure, including remediation of the former gasworks, highway infrastructure including new junctions, bridge, and access roads and has built or in the process of building over 3,000 homes, including affordable homes.

[1] New Local Plan Regulation 19 Version page 431

Berkeley values its relationship with Ealing Council and welcomes the opportunity to meet with Ealing Council to discuss these challenges and provide further evidence based on its experience delivering homes in Ealing.

Both Quod and Berkeley would like to reserve the right to appear at the Examination.

1 Summary

1.1 Our analysis suggests that the adoption of the proposed CIL rates set out in the DCS would increase the CIL Liability of the new Green Quarter planning application (ref: 234110OUT) from c. £22m to an estimated £84m[2], an increase of £62m.

1.2 In the following sections we will outline Berkeley's concerns over the evidence used to justify the DCS, and that its adoption would not be compatible with Ealing's Local Plan objectives.

1.3 The proposed rates for Residential in Central Ealing (£300/sqm) and the rest of the borough (£200/sqm) represent a significant cost for a large development. The Green Quarter site is within the "rest of the borough" but Berkeley Homes has in the past, and may have in the future, land interests beyond this site. As the largest housebuilder in London, Berkeley is always looking for new sites and, if development can be shown to be deliverable and viable, other sites are likely to be come forward. However, the proposed CIL rates are a key factor that could affect the deliverability of the Green Quarter, and the likelihood of further investment elsewhere in the borough.

1.4 Whilst there are neighbouring boroughs with similar (and lower) Residential CIL rates, Ealing is unique among them in having failed the most recent housing delivery test by a large margin.

Neighbouring boroughs	2022 Housing delivery Test Result	Result
Hounslow	141%	Passed
Harrow	128%	Passed
H&F	149%	Passed
Brent	144%	Passed
Hillingdon	132%	Passed
Ealing	**86%**	**Action Plan**

1.5 This suggests that Ealing faces unique challenges for development viability and delivery, which have not been captured in the viability assessment which in large part uses a standardised methodology and set of assumptions, which are not suitable in the case of Ealing.

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[2] On the basis of phases 4-9 in isolation which are currently pending under a revised Outline Planning Application

1.6 Developments on the scale of The Green Quarter provide much of their essential enabling infrastructure directly, on-site or through Section 106. The extant Section 106 covers all of the mitigation for items (as listed later in this representation.)

1.7 To provide for this infrastructure through both Section 106 and CIL would be effectively double charging for the same infrastructure and putting a disproportionate burden on the development.

1.8 Berkely Homes values its relationship with Ealing Council and welcomes the opportunity to meet with Ealing Council to discuss these challenges and provide further evidence based on its experience delivering homes in Ealing.

1.9 These representations will set out in further detail:

- Guidance on setting CIL rates
- Berkeley's representations which are that:
  - **Representation 1:** The viability evidence which has been prepared to support the Regulation 19 Draft Local Plan and Draft CIL charging schedule is insufficient to determine the potential effects on the viability of development.
  - **Representation 2:** Viability evidence has not been informed by market indicators
  - **Representation 3:** The results of the viability study do not demonstrate how the proposed policies of the Regulation 19 Plan are consistent with the proposed rates.
  - **Representation 4:** CIL and S106 will be double counted on strategic developments that support their own infrastructure such as the Green Quarter.

2 Guidance on Setting CIL Rates

2.1 The National Planning Policy Framework (the 'Framework') and National Planning Practice Guidance ('PPG') sets out how Local Authorities should use proportionate financial viability evidence to support local plan policy requirements and CIL charging schedule rates. It expands on the statutory requirements set out in the Town and Country Planning Act (1990), Planning Act (2008), Localism Act (2011) and CIL Regulations (2010) as amended.

2.2 In respect of local plans, the Framework and PPG confirms in setting local policy requirements and site allocations, an authority must:

- Ensure the plan is 'justified' (based on proportionate evidence) and 'effective' (deliverable over the plan period) (NPPF Paragraph 35);
- Use a viability assessment to ensure that policies and allocations are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan (Ref ID: 10-002-20190509); and
- Be informed by a proportionate assessment of viability (ID: 10-001-20190509).

2.3 In respect of CIL levy rates, the Framework and PPG confirms that when setting levy rates, an authority must:

- Ensure they are fairly and reasonably related in scale and kind to the development (the Framework, Paragraph 57)
- Do not undermine the deliverability of the plan (the Framework, Paragraph 34)
- When deciding the levy rates, an authority must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments […] charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area (Paragraph: 010 Reference ID: 25-010-20190901)
- The regulations allow Charging Authorities to apply differential rates in a flexible way, to help ensure the viability of development is not put at risk. (Paragraph: 022 Reference ID: 25-022-20230104)
- If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area. The same principle should apply where the evidence shows similarly low viability for particular types and/or scales of development. (Paragraph: 022 Reference ID: 25-022-20230104)
- A charging authority must use 'appropriate available evidence' (as defined in the section 211(7A) of the Planning Act 2008) to inform the preparation of their draft charging schedule. (Paragraph: 020 Reference ID: 25-020-20190901)

2.4 The charging authority should adhere to this practice, characterised principally by transparent evidence-based assessments in consideration of Local Plan objectives, when setting out its proposed rates. Fundamentally it should: -

- Strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments.
- Show how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area.
- Be consistent with, and support the implementation of, up-to-date relevant plans.
- Ensure they are informed by a proportionate assessment of available viability evidence; and
- Avoid setting a charge at the margins of viability.

2.5 The charging authority should adhere to this practice, characterised principally by transparent evidence-based assessments in consideration of Local Plan objectives, when setting out its proposed rates.

2.6 We do not consider that the evidence base used to support the charging schedule meets these requirements, or that the proposed rates will have a positive effect on delivering existing and emerging policies.

3 Representations

Representation 1: The viability evidence which has been prepared to support the Regulation 19 Draft Local Plan and Draft CIL charging schedule is insufficient to determine the potential effects on the viability of development.

3.1 The Council has published a 'Local Plan Viability Assessment' (December 2023) in support of the DCS. This provides the evidence base for the impact of CIL and other obligations on development. This document is intended to meet the requirement for striking the right 'balance' to ensure that the delivery of the sites and scale of development in the Plan are not put at risk.

3.2 The inputs and assumptions used in the evidence base are not considered to be realistic in the current market and are not supported by proportionate evidence, thus not meeting the required threshold.

Typologies

3.3 The viability evidence assesses a range of residential and commercial typologies. The residential typologies vary from 1 to 500 home schemes at low and high density. The remaining phases of the Green Quarter are in excess of 5,000 homes – with c 8,000 across the site as a whole. This is demonstrably a different context than a development of 500 homes, which would rarely provide any of its own on-site infrastructure except access.

3.4 These and other related variables – relevant to The Green Quarter and other large-scale development - that are not covered in the viability testing, including:

- Enabling Site Works;
- Infrastructure Requirements; and
- Building Height & Construction Methodology.

3.5 We would like to see (and we believe and examiner should require) a much wider variety of large-scale development included in the viability review, or bespoke evidence for a development of this nature and scale, to better reflect the circumstances of the Green Quarter in its scale and strategic importance.

Abnormal costs

3.6 The viability assessment does not include abnormal costs in its testing. With respect to The Green Quarter, the Southall Plan itself recognises that it is:

> *An opportunity to bring back into use a large parcel of previously contaminated land and support the long term regeneration of Southall*

3.7 The Southall Plan recognises that bringing back into use this kind contaminated land is a major public benefit of the site because of the great costs associated with that process (that will all be borne by the developer). In line with Planning Practice Guidance, we would therefore welcome consideration for a reduced or nil CIL rate being proposed for strategic sites with high abnormal costs, including The Green Quarter.

3.8 BNPPRE argue that it is not possible to provide a reliable estimate of what exceptional/abnormal costs might be, and therefore the analysis excludes exceptional costs stating that, to apply a blanket allowance would generate misleading results.

3.9 We believe that it is unrealistic to assume no abnormal costs would be incurred in a typical large scale residential development. As Berkeley's site is a former gasworks site and one of the very largest housing sites, the development is demonstrably atypical and ignoring exceptional costs is a significant omission.

Viability inputs

3.10 Berkeley is concerned that substantial rises to the CIL chargeable rates are being proposed at a time when viability of all housing-led development is deeply challenging due to the current interest rate, regulatory and inflation environment. Transaction volumes and values have decreased while financing costs and construction costs have risen. While things have stabilised somewhat there remains deep uncertainty around medium to long term inflation (and therefore base rates on which mortgages are based) and its impact on construction tender prices and home sales.

Profit Margin

3.11 The BNPPRE study notes at para 3 4.36 that returns of 17.5% are required for private sale. This is an extremely conservative estimate.

3.12 An acceptable profit margin in London will vary depending on the scale and complexity of the project and the risk involved. However, 20% is a minimum net return.

Build costs

3.13 The included build costs - £2,745 per sqm for flatted development with 6+ storeys - are lower than what is generally achievable for a development of the nature, quality and complexity of the Green Quarter. This assumption is derived from the RICS BCIS database which can have small sample sizes that represent a specific part of the market and lag behind actual costs, particularly with respect to recent changes in building standards and challenges including building fire regulations and sustainability.

3.14 It also excludes contractors design risk contingency which would form part of any present day tender price. It is for these exact reasons BNPPRE themselves do not rely on the BCIS database for the assessments of planning applications.

3.15 BCIS should only ever be used as a starting point, especially in the context of a London development with site specific challenges and opportunities. It does not reflect the complexity which is introduced into projects in London associated with design standards (lower building efficiency which arises from the standards); materials; Building Safety; quality of external areas; Future Homes Standards; complex and dense developments with high rise elements; podiums; basement etc, sustainability issues such as embodied carbon and all the other obligations which are incorporated into a design.

3.16 It also does not reflect the cost of preliminaries which are significant in an urban context.

Finance costs

3.17 Finance has become more costly as a result of the recent increases to interest rates. The study uses an assumption of 6%, however this market is unstable and rates over 8.5-10% have been common in the last year.

Private Residential Sales Values

3.18 No evidence is provided in the study to support the range of sales values adopted. Achievable residential revenues have reduced considerably as a result of increased interest rates which have reduced mortgage affordability. The revenues set out at Figure 2.22.1 are not substantiated.

4 Representation 2: Viability evidence has not been informed by market indicators

4.1 The results of the viability assessment do not appear to have been sense checked against any market indicators. For example, it has been widely reported that as a result of weakened market conditions housing delivery is at unprecedent lows in London. The GLA's most recent market report (February 2024) notes that residential starts are 36% down in 2023 and there are current 6,000 homes stalled in the capital. This includes some of the London Borough of Ealing's own development schemes as publicised on the Council's website.

4.2 The BNPPRE study indicates many forms of development should be viable with 40% affordable housing and could support an increased cost burden with the introduction of CIL payment. This is clearly out of kilter with actual market conditions. This further suggests the methodology used in the BNPPRE study needs to be carefully reviewed.

4.3 The outputs of the viability study have not been verified against case study data informed by more detailed up to date assessments of design efficiencies, construction costs and achievable value which would be available to the Council.

4.4 Our analysis of recent planning applications in LBE evidence that schemes are unable to afford to deliver in excess of 35% affordable housing prior to the introduction of any additional cost burden relating to CIL.

4.5 The Council's approach to propose CIL, and an affordable housing Fastrack route of 40% affordable housing, of which 70% is social rent, is not in general conformity with the London Plan, or supported by a robust evidence base. It is unclear at this stage, how such an approach can be justified. For Southall, Table 6.11.2 shows that even with the Council's optimistic assumptions and without abnormal costs, Type 19 typologies cannot support 35% affordable housing.

5 Representation 3: The results of the viability study do not demonstrate how the proposed policies of the Regulation 19 Plan are consistent with the proposed rates.

5.1 The emerging Local Plan identifies a pressing need to support the delivery of housing and affordable housing in the borough and sets a target for 2,157 homes per year (in line with the London Plan) of which 1,079 are targeted to be affordable housing (50%).

5.2 The GLA's Datahub evidences that in 2022/23 only 783 homes were completed in LBE (36% of the annual target) of which just 169 were affordable homes (21% of those delivered and just 15.6% of those targeted). This highlights the financial challenges already facing the delivery of housing and affordable housing in Ealing.

5.3 The results of the BNPPRE viability study itself appear to show that large scale residential schemes in the region of 300-500 homes would not be viable with more than c.10-25% affordable housing on brownfield sites in all areas with average values less than £8,136 per sqm. The study also shows at Table 7.17.1 that the introduction of the proposed Draft CIL rates alone could reduce the viable levels of affordable housing by up to c.6-7%.

5.4 On this basis, many schemes which have recently been consented in these areas (but not yet delivered) either with the maximum viable level of affordable housing or via the 35% Fast Track route will almost certainly become undeliverable as a result of the new Regulation 19 policy requirements and CIL charges.

5.5 Moving forward, while there is flexibility in policy for a lesser amounts of affordable housing to be provided (where supported by an application stage viability assessment) the BNPPRE study itself evidences the viable level of affordable housing is unlikely to exceed c.10-20% in many cases. This is less than the c. 21% average achieved in 2022/23 which was already substantially less than the 50% strategic target due to financial constraints.

5.6 The practice guidance on setting rates requires that due consideration is given to the impact of rates on Local Plan objectives.

5.7 Policies SP1 and SP4.1 of the New Regulation 19 Local Plan seeks to promote Good Growth through excellent place-making and sustainable development.

A. Uniting high quality design, placemaking, sustainability, a healthy environment, with the positive elements of character, heritage, and nature in delivering against planned development needs.

B. Directing development to sustainable locations that are well connected to sustainable transport modes or within close proximity to town centres, and thus deliver patterns of land use that reduce the reliance on the car and facilitate making shorter and regular trips by walking and cycling.

5.8 Berkeley takes pride in developing high quality homes with a particular focus on placemaking to deliver new communities. The high quality of design and location of the Green Quarter on brownfield land close to public transport, including Southall Station, makes it exemplar of the kind of site that needs to come forward viably if Ealing is to deliver on these policies.

5.9 The Green Quarter also sits within the Southall Town where policy S4 for West Southall seeks the following:

(iii) Providing a connected network of high quality green and open spaces to address deficiencies in the area.

(iv) Providing social and community infrastructure, including a new primary school, indoor sports hall, community buildings, and a health centre.

(v) Providing a significant proportion of genuinely affordable housing and other tenures/types to meet local needs.

5.10 The Southall Town plan is transparent on the centrality of The Green Quarter to the delivery of this policy objective.

5.11 Based on these Local Plan objectives it is therefore clear that any CIL charge that threatened the viability of The Green Quarter would threaten the delivery of the Local Plan.

5.12 In summary, the council has not achieved its housing targets in recent years due to a factors including financial viability constraints. The proposed policies and site allocations set out in the regulation 19 Draft Local Plan and the proposed Draft CIL charging schedule will further reduce the ability of sites to meet these targets and of the council to implement the relevant emerging local plan to achieve these objectives.

6 Representation 4: CIL and S106 will be double counted on strategic developments that support their own infrastructure such as the Green Quarter.

6.1 The consultation does not explain at all what infrastructure CIL will deliver, and what current Section106 planning obligations will be replaced in the future. As the Council does not have s.106 legal obligation guidance, there remains a significant evidence omission.

6.2 As indicated above, because the typologies only go up to 500 homes, the sample or test data will not reflect the burden of on-site and Section 106 infrastructure required. At c 8,000 homes, The Green Quarter will provide much of its own infrastructure, including the following, all paid for by Berkeley:

- Education
- Swimming Pool
- Shop Mobility
- Employment and Training
- Air Quality Strategy Development
- Air Quality Implementation and Monitoring
- Transport Management Fund

- Signage
- Parking
- CPZ
- Spencer Street Open Space
- Street Trees
- Public Realm
- Allotments
- Burial Ground

6.3 To levy a significant CIL liability in addition to this is effectively double charging – or mitigating an impact that Berkeley has already committed to mitigating. It is also important to have transparency for the community on what is being spent. We welcome a further discussion on how the local CIL allocation will be spent and how this will benefit the current and future population of Southall.

7 Recognise the bespoke nature of brownfield sites and make them CIL exempt

7.1 Urban regeneration sites are highly variable with their own challenges and opportunities. Many of these sites have huge potential but struggle for economic viability given their constraints. Negotiated S106 agreements remain the best route to maximising delivery on brownfield land, maximising the opportunities these sites provide, and directly delivering services and infrastructure that reflect the needs and aspirations of the local community.

7.2 These sites should be excluded from CIL and Infrastructure Levy payments in order to maximise the scope for the delivery of the direct tangible benefits to the local community which are a key element in securing local support for strategic sites.

8 Conclusions and recommendations

8.1 If the DCS is adopted the impact of the increase in CIL liability (c. £62m) would threaten The Green Quarter's deliverability.

8.2 If more realistic inputs (inc. land values, build costs and finance) were tested on a typology equivalent to The Green Quarter (inc. more than 500 homes and associated costs, as well as site specific abnormal costs) we are of the view substantial viability challenges would be revealed. This would also more accurately reflect Berkeley's experience of the challenge of delivering homes in this location, as evidenced by the difficulty Ealing has faced in meeting its housing targets.

8.3 As such we have three recommendations:

- Recommendation 1: The viability study underpinning the Regulation 19 Local Plan and Draft charging schedule should be revised and updated as necessary to ensure that: i) the inputs are robust and up-to-date; ii) the results are verified against recent application assessments and current applications; ii) the results are sense checked against.

- Recommendation 2: The introduction of CIL should be delayed until Regulation 19 has been adopted and the impact of policies on viability have been determined through application stage assessments. Introduction of CIL ahead of this would be premature.
- Recommendation 3: Significant further work is required to justify the application of CIL, and its relationship with how the Council seek s.106 obligations.
- Recommendation 4: Urban regeneration sites should be excluded from CIL and Infrastructure Levy payments in order to maximise the scope for the delivery of the direct tangible benefits to the local community which are a key element in securing local support for strategic sites.

8.4 Berkeley is very supportive of Ealing's ambitious Local Plan targets for the borough and sees The Green Quarter as an important part of that ambition. Were a CIL charge to be introduced it would be imperative that differential rates were applied to Strategic sites such as the Green Quarter because of their abnormal costs. This is inline with the requirements of the Planning Practice guidance.

8.5 Quod and Berkeley would like to reserve the right to appear at the Examination and would be happy to meet with you in the meantime to share relevant evidence or discuss the matters in this letter further.

Kind regards.

Yours faithfully,

Ben Ford
Senior Director

Appendix B – Infrastructure Cost Diagram

Cost Element	Total Costs
Eastern Infrastructure	24,443,621
Western Infrastructure	17,057,431
Roads and Utilities and Central Infrastructure	25,348,715
Central Gardens - Phase 1	7,754,295
Infrastructure Prelims	27,078,225
Earthworks, Remediation & Attenuation Works	42,588,709
CPO Land and Fees Total	26,813,559
Footbridges	12,000,000
Off site highways	50,870,000
Wetlands	2,562,393
Energy Centre and infrastructure	12,400,000
Dudley Road Underpass	100,000
Canal Towpath	956,595
Railway Boundary	1,200,000
Total	**£251,173,544**

MAP REFERRED TO IN THE GREATER LONDON AUTHORITY (REGENERATION OF SOUTHALL GASWORKS) COMPULSORY PURCHASE ORDER 2014