

Committee	STRATEGIC PLANNING COMMITTEE	
Report Title	LEWISHAM GATEWAY	
Ward	LEWISHAM CENTRAL	
Contributors	HELEN MILNER	
Class	PART 1	4 July 2017

Reg. Nos.

(A) DC/16/98461

Application dated

26.09.2016

Applicant

Quod [on behalf of Lewisham Gateway Developments Limited]

Proposal

An application submitted under Section 73 of the Town & Country Planning Act 1990 for Minor Material Amendments in connection with the planning permission DC/06/62375 (granted on 8 May 2009) for the comprehensive mixed use redevelopment of the Lewisham Gateway Site, SE13 (land between Rennell Street and Lewisham Railway Station) for up to 100,000m² comprising retail (A1, A2, A3, A4 and A5), offices (B1), hotel (C1), residential (C3), education/health (D1) and leisure (D2) with parking and associated infrastructure, as well as open space and water features **comprising amendments to the floorspace allocated to the approved uses (no increase in total floorspace), amendments to the physical parameters of Blocks C1, C2, D1, D2 and E including raising the height of blocks, changes to the footprints and massing, omission of Block F and basement car parking, and associated changes.**

Applicant's Plan Nos.

AA5575-2001, 2002, 2003, 2004, 2005, 2006, 2007 & 2008; Design & Access Statement; Planning Statement; Delivery Statement received 27th September 2016

PRP document which responds to reason for deferral 2 (community benefits); PRP document which responds to reason for deferral 3 (public realm); Quod 'Sustainable Mix' note which addresses reasons for deferral 4 (sustainable mix of uses) and 5 (loss of business space); Quod healthcare note that addresses reason for deferral 6 (GP capacity); LGDL note that

addresses reason for deferral 9 (overspend on infrastructure) received 9th June 2017

EIA verification report (In response to the proposed amendment for flexible B1/D1 floorspace) received 12th June 2017.

Background Papers

- (1) Case File LE/152/Z/TP
- (2) Local Development Framework Documents
 - Core Strategy
 - Lewisham Town Centre Local Plan
 - Development Management Local Plan
- (3) The London Plan

Designation

Designation Core Strategy – Strategic Site Allocation 6

Screening

The existing planning permission was EIA development with an Environmental Statement and therefore it was accepted that an addendum to this report would be required. A scoping report was submitted to the council in July 2016, to which the Council responded in August 2016, which is attached in Appendix 2.

In connection with amendment to include flexible B1/D1 floorspace the applicant submitted an EIA verification report, which concluded that the changes to the floorspace proposed do not result in any new or different adverse environmental impacts relating to the above environmental disciplines. The impact of these changes is therefore not considered significant and will not require further assessment. Officers raise no objection to this conclusion.

1.0 Context for the Current Application

Introduction

- 1.1 On 8 May 2009 planning permission was granted subject to conditions and a s.106 agreement for the comprehensive mixed use redevelopment of the Lewisham Gateway Site for up to 100,000 m² comprising retail (A1, A2, A3, A4 and A5), offices (B1), hotel (C1), residential (C3), education/health (D1) and leisure (D2) with parking and associated infrastructure, as well as open space and water features. The permission was in outline with all matters reserved other than works comprising the realignment of the public highway and diversion of the existing Ravensbourne and Quaggy rivers that were approved in detail.

- 1.2 The planning permission has been implemented, with the majority of the site-wide infrastructure works and two of the four Phase 1 buildings now complete. The construction of a third building is entering the later stages and construction of the fourth building is underway.
- 1.3 On 26th September 2016 an application was submitted under s.73 of the Town and Country Planning Act 1990 to vary the development parameters for Phase 2. In summary the proposed changes comprise:
 - amendments to the physical parameters (height, massing and layout) of Blocks C1, C2, D1, D2 and E including raising the height of blocks, changes to the footprints and massing.
 - changes to the amount of floorspace allocated to the approved uses without increasing the total amount of floorspace allowed by the 2009 Permission.
- 1.4 The effect of the changes under the s.73 application are to enable reserved matters to come forward within the maximum approved floorspace of 100,000m² but incorporating changes to the mix of uses on the site and to the building footprints, massing and heights.
- 1.5 In terms of floorspace the proposed changes include increasing the maximum residential floorspace from 57,000m² (gross external area, GEA) to 79,475m², increasing the maximum hotel floorspace from 3,000m² to 5,850m² GEA and amending the amount of office, education and health space. The s.73 application also omits Block F located on the east side of Lewisham High Street, and omits the residential car parking resulting in a 'car-free' development. The changes proposed to the land use mix in the s.73 application are set out in the table below:

	2009 Approved Scheme Maximum Floorspace	Phase 1 (Phase 1A + 1B) Approved Floorspace	Phase 2 Maximum Floorspace	S73 Proposed Scheme (Phase 1 + Phase 2)	Difference between the S73 Proposed Scheme and the 2009 Approved Scheme
Residential (C3)	57,000	30,185	49,290	79,475	+22,475
Shops & Financial & Professional Services (A1&A2)	12,000	1,086 (A1/A3)	7,164	8,250	-7,750
Restaurants & Cafés/ Drinking Establishments (A3&A4)	4,000				
Hot Food Takeaways (A5)	1,000	-	1,000	1,000	-
Offices/ Education (B1/D1)	17,500	-	-	-	-17,500
Leisure (D2)	5,000	-	4,600	4,600	-400
Hotel (C1)	3,000	-	5,850	5,850	+2,850
Non-residential Institutions (D1)	500	-	825	825	+325
TOTAL	100,000	31,271	68,729	100,000	-

1.6 The changes to the heights of buildings in Phase 2 are set out in the table below:

Blocks	2009 Approval		S.73 Proposal	
	Heights*			
	Max low zone	Max High zone	Max low zone	Max High zone
C1	14 – 20m	34m	20m	41m
C2	20m	47m	20m	47m
D1	28m	47m	28m	62m
D2	20m	77m	20m	104m
E	20m		20m	
F	11M		Building omitted	

* All heights are measured from ground level

1.7 The application is accompanied by an Illustrative scheme that, if delivered, would deliver less than the maximum 100,000m² permitted under the 2009 planning permission. The Illustrative scheme would provide around 150 additional residential units (950 across the development as a whole) compared with the 800 envisaged in Strategic Site Allocation 6 in the Core Strategy.

Strategic Planning Committee 21 March 2017

1.8 At its meeting on 21 March 2017 the Strategic Planning Committee considered a report on the proposed amendments. The application was recommended for approval

subject to amended and updated conditions and s.106 Agreement. A copy of the report and appendices is included as Appendix A to this report.

1.9 Following representations at the meeting from the applicant and objectors and consideration of the report, the Committee resolved to defer a decision on the application. Members raised particular concern regarding the lack of affordable housing and business space within the scheme as well as the impact on the town centre and local community of the physical changes in terms of the increased height and mass of the buildings and increased population. The reasons for deferral are summarised below.

1. No affordable housing within the scheme – more details, options and justification required.
2. Clarity around extra benefit to community following increase in height, density, massing and scale.
3. Further information on the quality of the public realm – what will the public experience be? How comfortable will it be considering the daylight/sunlight, overshadowing and wind study results? What will be the quality of the public space? How will the impacts be mitigated?
4. How sustainable is the mix of uses being offered – is this a sustainable offering of mixes for the wider community?
5. Loss of business space (B1) – what other uses have been explored?
6. Clarity of impact on healthcare – access to doctors surgeries / GPs.
7. To what level would the height and massing of the blocks need to be for scheme to be viable and provide affordable housing (policy compliant tenure mix or London Living Rent)?
8. Include a clear obligation for the delivery of the cinema.
9. Details of overspend on infrastructure – why should the developer's overspend be at the Council's/local community cost.

1.10 The applicant has made a number of submissions in response to the reasons for deferral and these are;

- PRP document which responds to reason for deferral 2 (community benefits)
- PRP document which responds to reason for deferral 3 (public realm)
- Quod 'Sustainable Mix' note which addresses reasons for deferral 4 (sustainable mix of uses) and 5 (loss of business space).
- Quod healthcare note that addresses reason for deferral 6 (GP capacity).
- LGDL note that addresses reason for deferral 9 (overspend on infrastructure).

1.11 In addition to the documents as outlined above the applicant also submitted further details regarding scheme viability and sensitivity testing to address the financial implications of including affordable housing. This information is considered in section 2.0 below in response to the deferral points 1 and 7. Deferral point 8 related to a planning obligation for the inclusion of a cinema, which Officers will include within the variation to the Section 106 agreement.

Deferral Response Item 2

1.12 This document assess the different elements of the scheme as currently proposed to outline how the amendments being considered provide extra benefit to the community (following increase to height, density, massing and scale).

- 1.13 The document focuses on the improvements to the public realm and how the amendments have provided the opportunities to revisit the spaces provided within the development to enhance their design / scale. In addition the document cites the improvements in design development that have taken place, particular in respect of Block E and its relationship to the public realm.

Deferral Response Item 3

- 1.14 This document outlines the further technical work carried out since the March committee in relation to the environmental conditions that will be created for the public realm within the development. The document further explains the changes in the environment between the 2009 approved scheme and proposed s73 amendments. It also provides an overview of the individual public realm areas within the scheme and seeks to demonstrate how they have been modified and enhanced as part of the s73 submission for the benefit of the community interacting with these spaces.
- 1.15 The document provides an update on daylight/sunlight and overshadowing studies for the site as well as testing on wind conditions across the site. The updates explores the impact from the proposed illustrative scheme rather than the maximum scheme as submitted. The document seeks to demonstrate that the public realm areas, specifically Confluence Place will have an appropriate environment fit for use during the late spring and summer months even though during the winter months is does not accord with BRE guidance.

Deferral Response Item 4 and 5

- 1.16 The submitted note seeks to summarise how the proposed mix of uses on site will make a sustainable contribution to the local area and wider community and contribute to the Council's policy aspirations for the site. It states how the location of the development will not only provide greater connectivity through the town centre, but how the proposed uses will provide a new offering within the town centre. The document notes the strategic objectives for the site as designated within policy, specifically its contribution in Lewisham receiving Metropolitan Centre status.
- 1.17 The document emphasises how the mix of uses, specifically leisure and food and beverage units will provide an offering of uses that currently are not widely available in Lewisham. It also details the success Muse have had when developing a number of sites nationwide and the understanding they have gained of the market and demand for uses through delivering these developments.

Deferral Response Item 6

- 1.18 The note submitted in response to concern about access to healthcare sets out additional information on the assessment of the potential impact arising from the Lewisham Gateway Section 73 application on the provision of GP services in the local area. The document advises that the standard recommended list size is 1,800 patients per GP, as set out by the Healthy Urban Development Unit (HUDU). Information is provided about the GP surgeries around the site and provides patient number lists. Then going on census data there has been a calculation of the number of people expected to reside on the development this equates to demand for approximately one GP.
- 1.19 The document concludes that growth in demand beyond current capacity, arising from this and other developments, may require new or expanded health facilities in

the wider area. However this will be considered by the Lewisham Clinical Commissioning Group (CCG) as part of overall plans for the borough. In addition it notes that Community Infrastructure Levy (CIL), arising from new developments within the area will assist in covering the costs of impacts on infrastructure including healthcare.

Deferral Response Item 9

- 1.20 This document provides a brief overview of the reasons and timescales of the delays on site to the delivery of the infrastructure works. It states that with a commencement date of 14 April 2014 it was planned to have the works completed by 15 February 2016, however works were not finally completed until 17 March 2017. It outlines the reasons for this 57 week delay and explains that due to these issues the time delays and restrictions on the work impacted both the programme, and costs.
- 1.21 Outlined below is the consideration of the information submitted in response to the deferral reasons and further analysis of the application in relation to the issues raised by Members at the Strategic Planning Committee of 21 March 2017. Officers note that there is some overlap in the deferral reasons and these are considered together below. For clarity each section below identifies which reason for deferral is being addressed.

2.0 Affordable Housing and Development Viability (Deferral Reasons 1 & 7) including Infrastructure Costs (Deferral Reason 9)

- 2.1 Core Strategy Policy 1 states that the Council will seek the maximum provision of affordable housing in schemes, with a strategic target of 50% from all sources on qualifying sites across the borough. In the case of the Lewisham Gateway development the existing s.106 (in connection with the 2009 permission) includes provision for up to 20% affordable housing (based on floor area) on site, subject to viability. This level of provision acknowledged that site development costs including up front expenditure on infrastructure were high and would impact on the delivery of affordable homes. What has emerged is that even with land cost at zero and improved sales values compared with 2005, Phase 1 of the development was unable to support the delivery of affordable housing on viability grounds.
- 2.2 The Council's adopted Planning Obligations SPD (February 2015) states (para. 3.1.30) that in the event that planning permission is granted for a mixed-use scheme and a subsequent application seeks to vary a use from a non-residential element to residential use, such as is the case of the current application, this will trigger a reassessment of the requirement for affordable housing to be provided on the site. The financial appraisal for Phase 2 of the Gateway development concludes that the scheme is unable to support the delivery of affordable housing on viability grounds. It is relevant to note that the return to the Applicant at 12.4% profit on cost is below the 15% on which they committed to deliver the Gateway project, and is considerably below the 20%+ typically achieved on other housing and mixed-use development projects.
- 2.3 Notwithstanding this conclusion the Applicant has examined options to provide affordable housing within Phase 2 of the development. This has been assessed in terms of:
- i. substituting affordable for open market homes in Phase 2 and the consequential impacts on scheme viability of doing so

- ii. delivering affordable homes within Phase 2 and the additional floorspace required to support this to achieve a 15% return on cost

2.4 This assessment has been undertaken based on two affordable housing tenure mixes:

- 70% Affordable Rent / 30% Shared Ownership
- 100% London Living Rent

The Financial Impact of Providing Affordable Housing in Phase 2

- 2.5 Phase 2 as currently proposed would provide 588 market units, with Phase 1A and 1B already approved in detail for 362 market units. The Applicant has examined the impact on scheme viability of substituting one floor of open market flats in Building D1 (16 flats) with affordable homes. 16 flats is equivalent to around 6% of the residential floorspace and units that could be accommodated on the site as part of the s.73 application. The assessment has been based on the values of the different housing tenures in the Council's independent viability consultant's report on the s.73 application (Appendix 6 of the 21 March Committee report) and an estimate of the value of London Living Rent tenure flats. These are £6,996/m² for Open Market housing; £6,355/m² for Private Rented Sector (PRS); £2,583/m² for a 70% Affordable Rent / 30% Shared Ownership mix; and £3,507/m² for London Living Rent.
- 2.6 Using these values the Applicant has calculated that substituting 16 affordable homes (with a 70:30 split of affordable rent and shared ownership) for 16 open market flats would reduce the overall value of the residential floorspace in Phase 2 by approximately £4.2m. This would result in the return (calculated in terms of profit on cost) reducing from 12.4% to 10.6%. If the affordable homes were provided at London Living Rent values the reduction in value is approximately £3.4m, reducing the return from 12.4% to 11%.
- 2.7 The s.73 development appraisal includes an element of PRS accommodation. As noted above this has a lower value than open market housing (but higher than affordable). Accordingly if affordable housing (of any tenure) replaced an equivalent area of PRS rather than open market housing the impact on scheme viability would be less significant. The amount by which the level of return is reduced would be lower, however it would still result in a return below 12.4%.
- 2.8 Under either tenure mix therefore, it is evident that the substitution of market flats in Phase 2 with affordable homes would reduce the level of return below 12.4% and further below the 15% return agreed between the parties in 2009. If 20% of the additional flats were provided as affordable (i.e. the maximum to be delivered under the current s.106 Agreement) with an equivalent reduction in the number of open market flats, it is calculated that this would result in a reduction in value of around £25m and reduce the return to the Applicant in terms of profit on cost to less than 2% and it follows achieving above 20% affordable provision would further increase this loss.
- 2.9 The NPPF (para. 173) states that sites should not be subject to a scale of obligations and policy burdens such that their ability to be developed viably is threatened. To ensure viability the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should provide competitive returns to enable the development to be deliverable. The proposed amendments the subject of the current application

deliver a return on cost to the Applicant of around 12.4%. This is already below the return (15%) on which they committed to deliver the scheme and considerably below the 20%+ typically achieved on other housing and mixed-use development projects. Reducing the return further to secure affordable housing in the scheme would put the delivery of the project as a whole at serious risk.

- 2.10 The principle of securing the maximum affordable housing provision subject to viability is set out in the London Plan as well as the Core Strategy and para. 3.1.37 of the Planning Obligations SPD notes that ultimately the proportion of affordable housing in a development will be determined by the Council on a site-by-site basis.
- 2.11 In this context it is relevant to note that the Lewisham Gateway development is delivering significant infrastructure works of benefit to the town centre and borough as whole. Strategic Site Allocation 6 in the Core Strategy identifies a number of essential infrastructure projects that must happen if the land use priorities and/or urban design principles of that policy are to be met in full. These are:
- re-location of bus layover and increase in capacity
 - re-modelling of Lewisham Interchange (removal of roundabout and creation of 'Low H' layout)
 - channel re-profiling
 - new 2,250 square metres public open space at confluence of Quaggy and Ravensbourne Rivers
- 2.12 Therefore whilst the Gateway development is not providing affordable housing it is delivering each of these essential infrastructure projects, and at significant cost. These site-wide infrastructure works amount to around £40m of in kind investment in the site. The Applicant has calculated that this is equivalent to delivering around 20% affordable housing across the development as a whole.
- 2.13 The development has already implemented the bus layover relocation, Low H road layout and river works. The provision of the open space within Phase 1 is secured through the original permission and related S106 Agreement pursuant to which, unless otherwise agreed by the Council, the open space known as Confluence Place is to be delivered within 6 months of practical completion of Block B1 and in any event not later than 30 September 2018.
- 2.14 The Applicant has already incurred significant up front costs in undertaking these site-wide infrastructure works, and in advance of receiving the major revenues from the housing and other uses approved on the site. In addition, since the original 2005 development appraisal the cost of the infrastructure works has increased significantly. In addition delays in carrying out the works, due to events beyond the control of the Applicant, has put further pressure on scheme viability.
- 2.15 The site wide infrastructure works commenced in April 2014 with a planned completion date for the whole of the works of 15 February 2016. Works were finally completed on 17 March 2017, a delay of over a year. This delay was caused by two principal factors:
- i. an embargo and additional works instructed by Thames Water Utilities Limited (TWUL)
 - ii. additional works to the utility services

- 2.16 The most significant cause of delay and cost implications was the 'works embargo' introduced by TWUL and the additional works carried out under their instruction when this was lifted. This embargo was introduced due to a leak on a 'supply critical' main on TWUL's network outside of the limits of the Gateway site resulting in the suspension of all works to their assets within the immediate vicinity including on the Gateway site. Although works were allowed to proceed following this suspension, TWUL imposed restrictions on what works could be carried out on or adjacent to their assets and the way in which these works could be carried out. Together this meant that the site-wide infrastructure contractor was delayed in progressing critical works on the Gateway site including preventing progress on the new culverts for the Quaggy and Ravensbourne rivers.
- 2.17 In addition to the delay to the site wide infrastructure works, additional works have been required to various utility services. These arose as a consequence of the identification, removal/relocation and diversion of existing utilities as well as the performance of particular utility contractors. The delay to the project has also resulted in increased construction costs of Blocks A1 and B2 (together with fee costs associated with them) and the cash flow implications of delayed receipts. These unforeseen costs to the project, due to circumstances beyond the Applicant's control, were not factored into the original development appraisal and in the circumstances it is considered reasonable and appropriate that these are included in the financial appraisal of Phase 2. The effect of this is that Phase 2 and the development as a whole is unable to viably provide any affordable housing.

Providing Affordable Housing in a Viable Scheme

- 2.18 The applicant has also assessed the amount of additional floorspace necessary to support the delivery of affordable homes within Phase 2 whilst achieving a return of 15% profit on cost. Given that the return on cost on Phase 2 is currently 12.4%, achieving a 15% return with the proposed mix of uses will require additional floorspace. This is likely to amount to at least 2 additional floors on each of Blocks C2, D1 and D2 to that proposed in the current application. This is beyond the scope of the current s.73 maximum height parameters
- 2.19 Given the lower value of affordable to open market housing, to achieve a 15% profit on cost and support the delivery of affordable homes necessitates the provision of a significant amount of additional market housing within the scheme. The Applicant has calculated that based on a 70% affordable rented and 30% shared ownership mix, achieving a 15% return and providing 45 affordable homes (equivalent to around 5% across the Lewisham Gateway development as a whole) would add around 20,000m² (GEA) of residential floorspace, equating to around 8 additional floors to each of Blocks C2, D1 and D2. This would result in significant additional building height, which is considered to be unacceptable in urban design terms.
- 2.20 Although the scheme is currently unable to viably support the provision of affordable housing, or do so viably in a way that would be acceptable in design terms, it is appropriate that a final scheme review is undertaken when the final costs and values have been established. It is proposed that the s.106 Agreement is amended to ensure that should that review identify a return in excess of 15% on cost then the surplus would become an affordable housing financial contribution. This would be treated as a development cost and any payment due under this clause would be used to provide additional affordable housing within the borough. This goes beyond the scope of the existing s.106 and if Members are minded to approve the current

application it is recommended that the final wording of the agreement is delegated to Officers to conclude.

- 2.21 In making an assessment of the application against the affordable housing provision as currently proposed Officers must consider the adopted policies on housing provision and affordable housing. The adopted (2011) Core Strategy for Lewisham contains the Council's strategic policies for development within the Borough with the provision of new housing being a key objective and one which is supported in Core Strategy Policy 1 – Housing provision, mix and affordability. The policy sets a strategic target for 50% affordable housing from all sources, equating approximately to 9,082 net new dwellings between 2010/11 and 2025/26. The policy identifies that contributions to affordable housing will be sought on sites capable of providing 10 or more dwellings, with the starting point for negotiations being a contribution of 50% affordable housing. However the policy acknowledges that this would be subject to a financial viability assessment.
- 2.22 Whilst the policy does seek to achieve 50% on all qualifying sites to achieve the target number of affordable housing, the Core Strategy clarifies that it is important to consider the affordable housing target in its proper context. It is a strategic target for delivery across all sites in the borough, noting that many will deliver 100% affordable housing, but that the adoption of a 50% affordable housing target will be applied sensitively, taking account of individual site circumstances.
- 2.23 There has been intense redevelopment within Lewisham since the publication of the Core Strategy, as a number of sites have come forward for development. Within the town centre and on its edges this redevelopment has been particularly visible. Sites along Loampit Vale, Jerrard Street, Thurston Road and Lewisham Road (listed 1 - 5 on map below) have delivered 1,340 new flats, of which 500 (37%) are affordable. Furthermore looking beyond the centre the redevelopment of the Heathside & Lethbridge estates provides a new 6-phase development of 1,132 flats, delivering approximately 50% as affordable. There have also been smaller, but more unique developments such as Pocket Living on Marischal Road and Place Ladywell that have been delivered to meet a specific housing need.



Map 1: Developments sites surrounding Lewisham Gateway
(sites in orange currently in planning or student accommodation)

- 2.24 The strategic policy designation for Lewisham Gateway emphasised the importance of redeveloping the site and claiming it back from the road network to provide much needed commercial, leisure and residential space for the town centre. The policy highlighted that the Lewisham Gateway site presents a significant opportunity to redefine Lewisham Town Centre as a hub for the local community and, given the site's prominent location, its development is likely to have a catalytic effect in regenerating the surrounding area.
- 2.25 The priorities of the policy focused primarily on delivering the infrastructure works and an improvement to the commercial / retail offering in the town centre to support the Council's aspiration of securing Metropolitan Town Centre Status. The policy also included a priority of housing provision on site, with a proportion of on-site affordable housing. Whilst the site has not been able to support on site provision of affordable housing, it has served to contribute to other strategic objectives for the Town Centre.
- 2.26 Officers acknowledge that whilst other developments in the locality have delivered affordable units these schemes have not had the same requirement to deliver major infrastructure works or wider commercial uses. Although Officers are seeking to secure the delivery of affordable housing, if the scheme becomes viable, it is acknowledged that within the context of the wider area that whilst Gateway may not deliver affordable housing, it will deliver and contribute towards wider town centre improvements.
- 3.0 Land Use Mix (Deferral Reasons 4 & 5), Community Benefits (Deferral Reason 2) and Ensuring the Provision of a Cinema (Deferral Reason 8)**
- 3.1 The Lewisham Town Centre Local Plan sets out a number of key objectives for the Gateway site:

- Promote high quality mixed use development befitting a metropolitan town centre
- Provide a safe, pleasant and convenient pedestrian and cycle environment connecting the Lewisham transport interchange to the High Street and Lewisham Shopping Centre
- Improve the transport interchange between buses, trains and DLR
- Celebrate the confluence of the rivers Quaggy and Ravensbourne

- 3.2 The original masterplan for Lewisham Gateway, prepared over 10 years ago, provided for up to 100,000m² of floorspace on the site incorporating a range of uses including office and/or education as well as leisure, restaurant, hotel and health. However without identified tenants for the development there was no guarantee that the wide range of uses identified in the application would come forward. Accordingly the s.106 Agreement includes a land use review mechanism that requires evidence to be submitted at Reserved matters stage if minimum levels of non-residential and non-retail uses are not provided for. The purpose of that provision is to ensure that every effort is made to support the delivery of a genuinely mixed-use development. The land use review mechanism has an ultimate fall back position of a solely residential and retail. Such a scenario would not deliver the Council's aspirations for the site and the wider town centre.
- 3.3 Since the original scheme (and mix of uses) was conceived there have been a number of changes in the office and retail sector as well as to Lewisham Town Centre itself. The office market has seen a shift towards existing centres across London with locations such as Lewisham missing out on new investment, and on-line shopping has challenged the traditional high street.
- 3.4 Lewisham town centre has a thriving market, a popular and diverse mix of small-scale retail and restaurants as well as a new leisure centre all with very good access by public transport and walkable from the surrounding area. However the town centre lacks a number of features to attract more people there, extend the viable operating hours of the town centre and support a mix of food and beverage outlets that will complement the town centre's existing facilities.
- 3.5 A significant gap in Lewisham's offer is the lack a cinema, with residents having to travel to neighbouring Greenwich and Southwark. Providing leisure uses, in particular a cinema, would enable the town centre to offer a more complete experience – from shopping, to entertainment and dining. The lack of a cinema is also a major weakness in Lewisham's ambitions to become a major metropolitan centre. Restaurants are increasingly important to town centres as they shift towards a broader leisure offer, and a cinema is the biggest single factor that can underpin an improved restaurant offer. The provision of a hotel and gym would further diversify the sources of footfall in the town centre and bring people to the town centre at different times, which is important for a successful town centre. The mix of uses gives people more reasons to visit and stay, increasing the critical mass of the Lewisham as a destination. Increased footfall, particularly in the evening, will also assist in improving perceptions of safety and security.
- 3.6 The Lewisham Gateway development has the potential to fill this gap with the combined effect of cinema, hotel, gym and additional restaurants increasing Lewisham's offer as a retail and leisure destination. This will make an important contribution towards rebalancing of the mix uses and extending the town centre's appeal to existing and new residents as well as visitors. If Members are minded to

approve the current application it is recommended that the inclusion of a cinema in the development is secured through a planning obligation, with its provision being triggered by progress on the rest of Phase 2.

- 3.7 In terms of other uses within the development the original proposals for the site included up to 17,500 m² of office/education space. At the time of the original planning application there was the possibility that Lewisham College would re-locate to the site, with the flexibility of this space being used for office purposes should the College not take up the space and an alternative occupier could be found. In the event the College moved elsewhere. Since the financial crisis in 2007/8 the office market in London has changed fundamentally and undergone major structural changes that alter the need for and viability of large office space.
- 3.8 Whilst the central London office market has expanded to previously fringe areas such as Bankside, Paddington and Canary Wharf it has not extended to town centres outside the Central Activities Zone such as Lewisham. Much of the existing office stock outside central London dates from the 1960s and has been in decline for a number of years and there is little demand for substantial new-build office space in these secondary locations. Instead, existing large offices are increasingly suffering vacancy, demolition or conversion. In Lewisham the conversion of the former Citibank building to residential as well as other buildings around the town centre are direct evidence of this change.
- 3.9 In contrast to the large office market, smaller firms and start-ups are more dispersed in locations outside the prime central London areas as many are seeking lower-cost premises. Locations such as around Deptford and in Catford have seen former industrial buildings being converted plus some small-scale new build, creating an attractive home for small businesses. The s.73 application initially proposed that the approved office/education floorspace was changed to residential, with 825 m² of D1 space being retained. The expectation was that this space could be used for a new library however that proposal is no longer going ahead.
- 3.10 In response to this changing scene the Applicant is now proposing that this space could also be used for office purposes to improve options for occupation and also seek to meet office demand. This could provide small-scale start up accommodation for new firms but it is also big enough to provide move-on space for larger local start-ups looking for their second office. This change is welcomed and will add to the mix of uses and activities on the site the permission therefore seeks to allow for a flexible B1/D1 use of this space.

4.0 Public Realm (Deferral Reason 3)

- 4.1 The s.73 application proposes changes to the height, massing and footprint of buildings as well as the reallocation of floorspace to different uses within the overall 100,000m² cap permitted by the 2009 planning permission. The Illustrative scheme shown in the application documents also shows how the building parameters and public realm could be shaped, refined and designed to ensure a high quality development that will meet the Council's expectations for the site.
- 4.2 In terms of the increase in building height and mass this is located primarily in Buildings D1 and D2. The changes to Block C involve re-positioning the higher elements to the northern and southern ends of the building and allowing for a re-shaping of the building footprint. The maximum height of Building C2 (at the southern

end) is as approved in 2009 with a proposal to increase Building C2 to the north by 7m (two floors). In terms of Building D1 it is proposed that the footprint is amended, increasing its length towards the DLR station but also changing its relationship with Molesworth Street to allow for a more generous space along side the bus stops. The maximum height of Building D1 is also increased. The Illustrative scheme shows a stepped form, increasing in height to the south towards Building D2.

- 4.3 The changes to the parameter plans, and as applied in the Illustrative scheme, are considered to result in an improved building mass as well as the ground level pedestrian experience. More detailed modelling of the revised scheme demonstrates that conditions for pedestrians are consistent with the intended uses of the routes and spaces. Further analysis of the impact of the change to the dimensions of Building D1 show that direct sunlight to Confluence Place will be reduced from that under the 2009 parameters and slightly below the BRE guidance level. However, it will achieve the BRE guidance level between late April and late August when the open space is likely to be in greatest use, with direct sunlight in the afternoon. Given the urban character of the area this is considered to be to be an acceptable level of sunlight for this type of town centre location.
- 4.4 Building D2 is increased in height by 27m (9 floors) and the mass is also increased. The Illustrative scheme demonstrates that with shaping and refinement of the building mass as well as trimming of its height from the maximum proposed in the parameter plans the design of this building can achieve a distinctive built form.
- 4.5 Whilst the s.73 application amends the development parameters, the Illustrative scheme does not seek to utilise the full volume represented by the parameter plans. Whilst this would result in a slightly reduced floorspace than the approved 100,000m², and a slightly reduced return to the Applicant, they have chosen however to commit to the Illustrative scheme. This is welcomed and would be secured by condition.

5.0 Healthcare Impacts (Deferral Reason 6)

- 5.1 The additional residential accommodation that the s.73 application proposes will increase the total population on the site and increase demand for a range of services including healthcare. In the light of the deferral of the application the Applicant has reviewed the current levels of service and the implications of the increased population in terms of increased demand. Whilst the healthcare needs of an area can vary dependent on the characteristics of the population the NHS does not publish specific targets for Lewisham. However the Healthy Urban Development Unit (HUDU) recommends a list size is 1,800 patients per GP.
- 5.2 There are four GP surgeries within approximately 10 minutes' walk of the development site: Morden Hill Surgery, St Johns Medical Centre, Belmont Hill Surgery and Triangle Group Practice. Based on NHS Choices data for these surgeries and using the HUDU guidelines, whilst one is over-subscribed the other three have capacity to take on additional patients.
- 5.3 The final number of residents in the Gateway development will be dependent on the mix of flats sizes however based on the indicative mix it is estimated that the increased demand is equivalent of approximately one GP. Whilst NHS Choices data indicates there is currently capacity in some of the existing GP surgeries to accommodate additional residents, growth in demand beyond current capacity,

arising from this and other developments, may require new or expanded health facilities in the wider area. This is a matter that will be considered by the Lewisham Clinical Commissioning Group (CCG) as part of overall plans for the borough.

- 5.4 The Council are continuing to work with the NHS and CCG to review healthcare provision at the local level and assess how changes to how healthcare is delivered can address changes in demand. Consideration to location of services and times when these services are available are key. Officers acknowledge that availability of GP and healthcare services is not a fixed situation and with a growing population services within Lewisham are experiencing pressure on resources. However in addition to the ongoing review of services the Community Infrastructure Levy (CIL) includes public healthcare facilities as part of its Regulation 123 list of infrastructure to support the development of the area. Accordingly this will seek to facilitate any need to mitigate the impact of this and other developments on local healthcare provision would be through CIL contributions.

6.0 Consultation

- 6.1 In response to the deferral by committee the applicant submitted further documentation which sought to answer the questions raised by members and provide assurances and justifications for areas which were identified as being of concern. Whilst the majority of new information submitted did not raise any new issue or changes to the scheme the applicant did also propose to amend the currently proposed 825m² of D1 floorspace to flexible B1/D1 floorspace. This amendment seeks to provide flexibility for an element of office space, which was included within the 2009 scheme.
- 6.2 In accordance with the Council's Statement of Community Involvement amendments that are submitted to a planning application following the initial notification the re-notification of such changes to an application will be undertaken at the discretion of the Council having regard to the nature and extent of the change and its impact on the local area and those who have made representations. The proposed amendment to include office space is only considered very minor given the floorspace allowance and that such uses are already approved on site. However, given the level of interest in the scheme notification letters were sent to all those who had previously commented on the submission.
- 6.3 In response to this further notification four letters of objection have been received and an objection from the Blackheath Society. The objections received in response to the deferral information are summarised below;
- Inadequate time to review and respond to newly submitted information
 - The applicants seem to have made little effort to respond the concerns voiced by residents and quality of the information submitted is poor
 - The alterations proposed to this scheme are of no extra benefit to anyone.
 - There is still no affordable housing with no proper details of costing and justification
 - Too much emphasis on the cinema and retail proposed, which may not be what people need or want
 - This issue of increased pressure on the social service infrastructure has still not been adequately addressed.

- No clear evidence of community benefit from these increases is provided and disingenuous to cite the benefits of a hotel and cinema as somehow the result of the S73 changes as part of original scheme
- This further information about the quality of the public realm is of poor comfort. The justification is that by moving the reference date from 21 March to 21 April, it has been possible to show that Confluence Place will receive 2 hours sunlight over at least 50% of its space, however the wider picture throughout the year is not addressed.
- The overshadowing for much of the area, day and year due to the height and massing of Phase 2 buildings remains a major unresolved concern.
- The proposed mix of uses is not about long-term sustainability, but a response to market changes and cost overruns, with a large increase in residential space.
- The changed mix on which the original application fails to lead rather than follow market trends and regenerate Lewisham town centre as originally approved to do.
- The new mix of uses will not achieve the original vision, but serve as a commuter dormitory space for young City workers and congestion at the railway station with little benefit to sustainable growth and diversity for the local economy/community.
- While the inclusion of an element of B1 (office) is welcomed, it does very little to redress the imbalance between residential and other uses in the S73 application.
- A major development like this, should seek to influence the local market for the long-term benefit and regeneration of the local economy, rather than simply follow the market for purely short-term commercial developer benefit.
- The data for GP provision is not satisfactory and does not consider part-time working for GPs.
- No information has been provided publicly to respond to the reasonable request for sensitivity analysis on the trade-off between size and profitability.
- There is still no developer commitment to ensuring that Lewisham gets the cinema it wants and needs.
- They fail to address the question of why the community should pay the price (no affordable, larger blocks) for the increase in infrastructure spend.

6.4 In addition general comments were also received

- Concern that traffic flow round the development is already an issue and will likely be made worse by the new application
- Impacts on health and safety of tall buildings
- Pressure on transport infrastructure, specifically rail and concern that given other new developments this will increase further
- Pressure on local GP services
- Need for affordable housing

7.0 Conclusion

- 7.1 At its meeting on 21 March 2017 the Strategic Planning Committee decided to defer a decision on the application by Lewisham Gateway Developments Limited for amendments to the approved development parameters for the Lewisham Gateway site. The reasons for deferral are set out in paragraph 1.9 of this report and in response the Applicant has submitted additional information that seeks to address each reason for deferral. This information has been reviewed by Officers. In reaching a conclusion on the application as whole Officers have considered the application in the light of national, London-wide and local planning policy and guidance.
- 7.2 The development of the Lewisham Gateway site has long been identified as key to the wider regeneration of Lewisham town centre. The vision for the future of the town centre was set out in the Lewisham Gateway Planning Brief, adopted by the Council in 2002 and carried forward in the Core Strategy Strategic Site Allocation 6: Lewisham Gateway. The policy identified a number of essential infrastructure projects that the development must deliver if the land use priorities and development and urban design principles of the policy were to be met in full. These were:
- re-location of bus layover and increase in capacity
 - re-modelling of Lewisham Interchange (removal of roundabout and creation of 'Low H' layout)
 - channel re-profiling
 - new 2,250 square metres public open space at confluence of Quaggy and Ravensbourne Rivers
- 7.3 The Lewisham Gateway development has delivered these infrastructure improvements amounting to around £40m of works in kind. These costs have already been incurred by the project and the scheme as a whole has to carry the significant burden of these site wide infrastructure costs. The Applicant estimates that this level of expenditure is equivalent to providing approximately 20% affordable housing across the Gateway development as a whole.
- 7.4 The current s.73 application seeks to amend the approved development parameters to allow for changes to the land use mix and the layout and massing of Phase 2 of the development. These changes will support the delivery of a mix of uses on the site including a cinema, hotel, cafes, restaurant and gym whereas if the original 2009 planning permission was implemented there was the prospect that these uses would not be provided resulting in a solely residential and retail scheme. Such a scenario would not deliver the Council's aspirations for the site and the wider town centre and would not achieve a sustainable mixed-use scheme of significant benefit to the town centre and borough as a whole. Absorbing the cost of the infrastructure works as well as the cost of delivering this mix of uses means that the Applicant does not achieve the capped 15% profit margin on which it committed to the development. Notwithstanding a reduced level of return of around 12.4% the Applicant has committed to deliver Phase 2 of the development that will achieve the strategic objectives for the site and the town centre set out in the 2002 Planning Brief of "a major high quality, high profile, mixed-use development incorporating retail, residential, commercial and leisure uses". Providing affordable housing would reduce the level of return further and render the scheme even less viable. In the circumstances it is considered that an acceptable and appropriate balance has been achieved.

7.5 Officers have considered the additional information submitted by the Applicant in response to the reasons for deferral of the application as well as the original s.73 submission. In the light of the submission as a whole it is concluded that subject to conditions and an amended s.106 Agreement the proposals are acceptable and the application is recommended for approval.

8.0 RECOMMENDATIONS

8.1 The recommendations to the Committee are set out below.

RECOMMENDATION (A)

8.2 Authorise officers to enter into a further agreement under s.106 of the 1990 Act to ensure the obligations in the existing agreement together with such additions or amendments as are considered appropriate by the Head of Planning are applied to the new permission.

RECOMMENDATION (B)

8.3 If planning permission is not granted within 3 months from the date of a resolution to grant permission by this Committee, instruct the Head of Planning to report back on progress so that it can give further consideration to issues relating to the deliverability of the proposed development.

RECOMMENDATION (C)

8.4 Subject to completion of a satisfactory legal agreement, authorise the Head of Planning to GRANT PERMISSION subject to conditions including those set out in the report in Appendix 1, incorporating such amendments as the Head of Planning considers appropriate, to ensure the acceptable implementation of the development.

Upon the completion of a satisfactory Section 106 Agreement authorise the Head of Planning to Grant Permission subject to the following conditions:-