

PLANNING COMMITTEE C

Date of Meeting: **THURSDAY, 2 AUGUST 2018 TIME 7.30 PM**

PLACE: **COMMITTEE ROOMS 1 & 2 - CIVIC SUITE**

Members of the Committee are summoned to attend this meeting:

**Membership
Councillors:**

Olurotimi Ogunbadewa (Chair)

Stephen Penfold (Vice-Chair)

Bill Brown

Aisling Gallagher

Leo Gibbons

Louise Krupski

Jim Mallory

Hilary Moore

Sakina Sheikh

Alan Smith

The public are welcome to attend our committee meetings, however, occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

Ian Thomas
Chief Executive
Lewisham Town Hall
London SE6 4RU
Date: Tuesday, 24 July 2018

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Committee	PLANNING COMMITTEE (C)	
Report Title	DECLARATIONS OF INTERESTS	
Class	PART 1	Date: 02 AUGUST 2018

Members are asked to declare any personal interest they have in any item on the agenda.

(1) Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct :-

- (a) Disclosable pecuniary interests
- (b) Other registerable interests
- (c) Non-registerable interests

(2) Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person* for profit or gain.
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:-
 - (a) that body to the member's knowledge has a place of business or land in the borough; and
 - (b) either
 - (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or

- (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

(3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council;
- (b) Any body exercising functions of a public nature or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party;
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25.

(4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

(5) Declaration and Impact of interest on member's participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.

- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

(6) Sensitive information

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

(7) Exempt categories

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception);
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt;
- (d) Allowances, payment or indemnity for members;
- (e) Ceremonial honours for members;
- (f) Setting Council Tax or precept (subject to arrears exception).

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Committee	PLANNING COMMITTEE (C)	
Report Title	MINUTES	
Ward		
Contributors		
Class	PART 1	Date: 02 AUGUST 2018

MINUTES

To approve the minutes of the meeting of Planning Committee (C) held on the 21st June 2018.

LONDON BOROUGH OF LEWISHAM

MINUTES of the meeting of the PLANNING COMMITTEE (C) held in The COUNCIL CHAMBERS CIVIC SUITE, LEWISHAM TOWN HALL, CATFORD, SE6 4RU on 21st June 2018 at 19:30.

PRESENT: Councillors Ogunbadwa (Chair), Brown, Gallagher, Gibbons, Mallory, Moore, Sheikh and Smith.

OFFICERS: Helen Milner – Planning Service, Paula Young – Legal Services and Georgia McBirney – Committee Co-ordinator

APOLOGIES: Councillors Penfold and Krupski

1. DECLARATION OF INTERESTS

There were no declaration of interests.

2. MINUTES

The minutes of the meeting Planning Committee (C) held on the 29th March 2018 could not be agreed as no current members of the committee were at the last meeting.

3. 222-222A Trundley's Road, SE8 5JE

The presenting officer outlined that the application is for demolition of the existing buildings at 222 – 222A Trundley's Road, SE8, and the construction of a new part 3, part 4 residential building comprising of 7 self-contained units (3x1 bed and 4x2 bed), with associated outside amenity space, landscaping and cycle storage.

The presenting officer highlights that all of the proposed units would be dual aspect and that the flat roofs would not be accessible to residents for use as terraces. It has highlighted that the Environment Agency initially had concerns in regards to the proposal but these were overcome through the use of conditions. The presenting officer also highlighted that there are Highways concerns over the Construction Management Plan but that measures to address the concerns can be secured through conditions.

The presenting officer outlined that three objections and one comment were received during the consultation period. The objections and comment were in regards to the loss of the existing building, the loss of character, the scale of the proposal is out of

character, impact on parking and that the proposal is contrary of Article 8 of the Human Rights Act.

Councillors Ogunbadwa (Chair) asked if Article 8 of the Human Rights Act can be clarified. Paul Young –Legal Services clarifies Article 8 of the Human Rights Act. The Committee received verbal representations from Anthony Frendo and Peter Swain who represent the applicants. Peter Swain outlined that they had been through the pre-application process and that they have nothing further to add to that which is included in the officer report.

Councillor Smith asked for clarification on the provision of the collection of rain water, how access to the green roofs will be prohibited and for confirmation if the windows are the rear are to be obscure glazed. Peter Swain confirmed that there would be an attenuation tank on site to deal with rain water. Peter Swain clarified that a window will provide maintenance access only and will not be accessible to residents and that a condition can be added to prevent access. Peter Swain also highlighted that in regards to the windows on the rear elevation, the windows serving the bathrooms, stairwells and kitchens can be obscure glazed if needed.

Councillor Sheikh asked clarification on the construction design. The presenting officer highlighted that this is not a planning consideration and this is incorporated in the Building Regulations process. Councillor Sheikh also asked for clarification on the concerns raised by the Environment Agency, the presenting officer outlined that the initial concern was in regards to floor levels and that this has been addressed and that a condition will also be added to a permission.

Councillor Kelleher spoke under standing orders in support of the objections that were received.

The committee received verbal representation from Kenny Wong, Yolanda Atkins and Shawl who are local residents who object to the proposed development. The residents outlined that they are concerned about the impact of the proposed development on privacy, the height of the proposal, overshadowing and loss of light, a loss of local history and impacts on standards of living. Concern was also raised in regards to the proposed development being located on the corner of road due to speeding cars.

Councillor Gallagher asked for clarification from the presenting officer if traffic and structural issues are material planning considerations. The presenting officer clarified that structural damage and Party Wall agreements are not material planning considerations but that there are separate channels that cover this. The presenting officer highlighted that highways safety is a planning consideration and that the issues raised by the objectors are wider issues beyond the impacts of the application and that Highways raised no concerns in relation to safety. Legal services explained that planning permission is only one of the consents that the applicant will be required to gain.

Councillor Smith affirmed that the traffic speeding issues is not an issue that is specific to the application. Councillor Smith moved a motion to accept the officer's recommendation. Councillor Gallagher asked for clarification if the motion included additional conditions, the presenting officer confirmed that additional two conditions

are to be added to the recommendation. One condition is for the windows on the rear elevation to be obscured glazed and fixed closed and the second was to modify the landscaping condition so that permeability and drainage details are provided. The motion was seconded by Councillor Gallagher.

Members voted as follows:

FOR: Councillors Smith, Gallagher, Ogunbadwa, Brown, Gibbons and Moore.

AGAINST: Councillor Sheikh

RESOLVED: That the application DC/17/101678 be approved with additional conditions.

Councillor Mallory joined the meeting.

4. 2 Radlet Avenue, SE26 4BZ

The presenting officer outlined the details of the case for the construction of a double garage to the side of 2 Radlet Avenue, SE26, together with the construction of a first floor side extension. The presenting officer outlined that the application property is adjacent to the Forest Hill Conservation Area and that the double garage has been allowed on appeal by the Planning Inspectorate. It was outlined by the presenting officer that the Council's Conservation Officer raises no objection to the proposed development.

The presenting officer outlined that three objections were received in regards to the size of the proposal, impact on outlook, impact of the proposal on the Forest Hill Conservation Area and the impact of the construction of the proposal.

The committee received verbal representations from James Taylor who is the applicant. James Taylor outlined that permission has already been granted for the double garage and he does not view the addition of a first floor side extension to be harmful considering the number of alterations that already exist on the road.

No questions were put to the applicant by members.

No representations were received from any objectors.

Councillor Smith moved a motion to accept the officer's recommendation and this was seconded by Councillor Sheikh.

Members voted as follows:

For: Councillors Smith, Sheikh, Ogunbadwa (Chair), Brown, Gibbons, Mallory and Moore.

RESOLVED: That application DC/18/105608 be approved.

5. 318 Queens Road, SE14 5JN

The presenting officer outlined the details of the case for the conversion of a single family dwelling into three self-contained flats at 318 Queens Road SE14, Comprised of x1 3bed, x1 2bed and x1 1bed properties, together with the replacement of a window with timber French doors in the rear elevation at lower ground floor. The presenting officer clarified that a family unit is a unit with three or more bedrooms.

The presenting officer outlined that an objection was received from Councillor Millbank, which was supported by Councillors Bell and Sorba as the proposal is detrimental to the council's needs. The presenting officer clarified that DM Policy 3 seeks to prevent the loss of family units and as three bedroom unit is proposed it is not considered there to be an overall loss of family sized units on the site.

The committee received verbal representations from Steven and Amy Waterman who are the applicants. Steven Waterman outlined that they utilised the pre-application process and amended the scheme to provide a family unit by means of three bedroom unit. Steven Waterman highlighted how they view the location to better suited to flats rather than a single family dwellinghouse and that there is a clear distinction with the character of the Telegraph Hill Conservation Area. It was also outlined that the units would exceed space standards.

Councillor Gallagher asked for clarification in comparison to space standards how big the third bedroom is. The presenting officer outlined that the third bedroom complies with the space standards.

Councillor Moore moved a motion to accept the officer's recommendation and this was seconded by Councillor Smith.

Members voted as follows:

FOR: Councillors Moore, Smith, Ogunbadwa (Chair), Brown, Gallagher, Gibbons, Mallory and Sheikh.

The meeting ended at 20:45

21st June 2018

Committee	PLANNING COMMITTEE (C)	
Report Title	86-92 Bell Green SE26	
Ward	Bellingham	
Contributors	Geoff Whittington	
Class	PART 1	2 August 2018

Reg. Nos.

DC/17/102792

Application dated

27 July 2017

Applicant

IMA Projects Two Limited

Proposal

Demolition of the existing building and the construction of a part 6/ part 7/ part 8-storey mixed use development comprising 23 self-contained residential units, and 59sqm (GIA) commercial ground floor space (Use Class A1 (Retail), A2 (Financial and Professional Services) & B1 (Business), 5 car parking spaces, 40 cycle parking spaces, refuse stores, and private residential balconies and communal amenity area at 86-92 Bell Green SE26.

Applicant's Plan Nos.

1535-01 V10; 1535-03 V10; 1535-04 V10; 1535-05 V10; 1535-06 V10; 1535-07 V10; 1535-08 V10; 1535-09 V10; 1535-16 V10; 1535-31 V10; 1535-33 V10 Planning Statement; Architectural Drawings; Marketing Assessment; Daylight & Sunlight; Phase 1 Habitat Survey Report; Transport Statement; Noise & Vibration Assessment; Geo-Environmental Desk Study; Sustainability and Energy Statement Rev A Received 30 August 2017;

1535-10 V11; 1535-14 V11; 1535-15 V11; 1535-21 V11; 1535-26 V11; 1535-27 V11; 1538-28 V11; 1535-32 V11; 1535-33 V11; 1535-36 V11; 1535-37 V11; Design and Access Statement; Air Quality Assessment; Transport Note: Response to Highways Comments Received 14 December 2017;

1535-02 V12; 1535-10 V12; 1535-11 V12; 1535-12 V12; 1535-13 V12; 1535-18 V12; 1535-19 V12; 1535-20 V12; 1535-23 V12; 1535-24 V12; 1535-25 V12; 1535-29 V12; 1535-30 V12; 1535-34 V12; 1535-35 V12 Received 9 February 2018;

1535-50 V12; 1535-51 V12 Received 26 June 2018.

Background Papers

- (1) Case File LE/214/46/TP
- (2) Local Development Framework Documents
- (3) The London Plan (2016 as amended)
- (4) The NPPF

Designation

Area of Archaeological Priority
PTAL 3
Flood Risk Zone 3

2.0 Property/Site Description

- 2.1 The application site is a 3-storey mixed use building located on the western side of Bell Green, near the junction with Sydenham Road, Staunton Way and Southend Lane. At ground floor are four unoccupied commercial units, comprised of two former retail (A1), a *Sui Generis* and a Hot-food takeaway (A5) uses. On the upper floors are four residential units that are currently occupied.
- 2.2 The site lies adjacent to a pedestrian footpath that links Bell Green to Holmshaw Close to the west, which is an area comprising mostly two-storey housing. A part single/ part 2-storey health centre building is located directly to the rear of the site.
- 2.3 The adjacent site to the immediate north is comprised of a part two/part three/part four storey building – Cippa House - that provides a commercial unit on the ground floor and 23 flats (4, one bedroom, 5, two bedroom self-contained flats, 8, two bedroom, 4, three bedroom and 2, four bedroom self-contained maisonettes).
- 2.4 To the east is the former Bell Green gas works site, which has been largely redeveloped since the early 1990s to accommodate mixed use residential and commercial units. On the western side fronting Bell Green is a residential development (Orchard Court) that rises from 3 to 8-storeys (being between 5 & 6 storeys where directly opposite the application site).
- 2.5 The application site is not located within a conservation area or subject to an Article 4 direction, but is situated within an Archaeological Priority Area and Flood Risk Zone 3.
- 2.6 Bell Green (A212) is a busy highway with restricted on-street parking, and is served by six bus routes. The PTAL rating is 3, where on a scale of 1-6, 3 represents a moderate access to public transport. Lower Sydenham Train Station lies approximately 0.5 miles to the south of the application site.

3.0 Relevant Planning History

- 3.1 No relevant planning history on the application site.
- 3.2 Planning permission was granted in 2010 to the adjacent site for the demolition of the existing buildings at 50-84 Bell Green for the development referred to at paragraph 1.3 above.

4.0 Current Planning Application

- 4.1 The current application proposes the demolition of the existing building, and the construction of a part 6/ part 7/ part 8-storey building (overall height of 25.2 metres).
- 4.2 The building would accommodate 59sq.m of commercial floorspace at ground floor, with flexible use proposed including A1 (Retail), A2 (Financial and Professional services) and B1 (Business).

- 4.3 23 no. self-contained residential units would be provided on the upper floors, comprised of:
- 10 one bedroom units;
 - 8 two bedroom units;
 - 5 three bedroom units.
- 4.4 Each unit would be afforded individual amenity space by way of balconies, with the first floor rear facing 1 bedroom unit provided with a 9sqm 'winter garden'. A 3 bedroom unit on the 7th floor would have access to a 38sqm private garden, whilst there would be a communal roof terrace adjacent. The top floor 'penthouse' would benefit from a 107sqm private roof terrace. Each floor would be served by a lift.
- 4.5 No affordable housing units would be provided within the development. This will be discussed in the Housing and viability section of this report.
- 4.6 3 x two bedroom wheelchair accessible units would be provided.
- 4.7 The predominant facing material would be grey brick, with an element of patterned perforated brickwork at ground floor.
- 4.8 Fenestration would be grey coloured composite aluminium and timber, with upper floor balconies enclosed by black steel balustrades. Coloured glass block windows would run vertically on the south elevation serving the communal stairs.
- 4.9 5no. residential car parking spaces would be provided to the rear within the ground floor footprint of the building, including 3 disabled bays and 2 electric vehicle charging points. The parking bays and 40 cycle spaces (38 residential and 2 commercial) would be accessed from Holmshaw Close.
- 4.10 The residential refuse store would be located adjacent to the car-park area, whilst the commercial refuse and cycle stores would be sited within the footprint of the unit, and accessed from the existing pedestrian access.

5.0 Consultation

- 5.1 This section outlines the consultation carried out by the Council following the submission of the application and summarises the responses received. The Council's consultation exceeded the minimum statutory requirements and those required by the Council's adopted Statement of Community Involvement.
- 5.2 A site notice was displayed, letters were sent to residents in the surrounding area and the relevant ward Councillors. The application was also advertised in the local newspaper.

Written Responses received from Local Residents

- 5.3 Two neighbour letters have been received, objecting to the proposed development, on the following grounds:
- The current building height should not be exceeded because it will block out the light;
 - the building so close to other tall buildings will provide additional hiding places for the gangs that the police are currently finding hard to control on the estate;
 - parking and traffic congestion;

- this will now be the 6th tall block of flats within a small radius built with no additional facilities - this is how ghettos are formed as planners take no consideration of this;
 - the road dirt noise and dust is impossible as access and egress with cranes, lorries building materials the well being of current dwellers is being jeopardised;
 - there is no reason why the current building cannot be refurbished and provide adequate living.
- 4.4 The building is interesting, although too high in the current context with the low profile of the surgery. Bell Green can certainly cope with tall buildings, but we need to have a planning review of the area, so it can develop into an attractive area.
- 4.5 The Sydenham Society have objected to the planning application. Extracts of their response are as following:
- 5.6 The Sydenham Society objects to the above proposal on a number of grounds. In design terms, the building, if constructed, would appear as a monolith totally out of context with its surroundings. The applicant's Design & Access statement provides images of the Bell Green gas holders, Orchard Court, Haseltine School and residential blocks in Bell Green Lane as reference points. In the Society's view the existence of these buildings does not support the applicant's case as they are on the other side of the road and were all designed with some regard for the local context – in a reference to the Bell Green gas holders, Orchard Court is circular. Haseltine School is a fine example of late Victorian architecture and the Bell Green residential blocks sit within pleasant landscaped grounds away from a busy road on the northern approach to Home Park.
- At 8 storeys plus the proposed building is totally out of context in relation to neighbouring buildings located to the side and rear of the proposed development.
 - The proposed design is not of high quality nor is it complementary to the local area being a monolithic grey brick and glass slab of disproportionate height compared to its surroundings.
 - The proposed building will at its closest point be less than 2m from the kerb (less than 1.8m taking into account street furniture, traffic lights and railings) of the busy road at Bell Green (A212) and at eight storeys it will visually dominate the streetscape from every angle viewed.
 - The proposed design is incongruous in relation to the surrounding residential neighbourhood on the left-hand side of Bell Green which is mostly composed of two-storey houses with private gardens and sloping roofs plus the health centre.
 - There is no precedent on the left-hand side of Bell Green or Sydenham Road for an eight-storey building. The developer is disingenuous in referencing other similar height buildings as provenance for the proposal (eg Haseltine School and the two residential blocks to the front of the Bell Green site). All the buildings cited in the vicinity are located on the opposite side of Bell Green and Sydenham Road, and were designed with some architectural ambition to act as 'landmark' buildings.
 - Proposing a building of eight storeys comprising 23 units is a severe over-development of the small site and plot which will firmly give the impression of cramming. Given Lewisham is already ahead of its housing targets (original and revised) and is projected to remain so (with development approvals in place) for several years to come such overdevelopment is unnecessary and contrary to *Core Strategy Objective 10: Protect and enhance Lewisham's character* which states Lewisham's distinctive local character will be protected through sensitive and appropriate design. This means: a) ensuring that new development achieves high standards of urban design and

residential quality, and contributes to a sense of place and local distinctiveness informed by an understanding of the historic context; b) ensuring that new development and alterations to existing buildings are sensitive, appropriate to their context, and make a positive contribution to the urban environment.

- Erecting an eight-storey building to within 1.8m of Bell Green highway is neither sensitive or appropriate and is totally at odds in terms of the largely residential context of the immediate surrounding low-rise urban neighbourhood with its modestly scaled housing.
- The proposed development lacks adequate amenity space for families. A communal amenity space located on the sixth floor does not provide meaningful facilities for children and is considered dangerous given the open access provided by the stairs and lift.
- The development is not accessible to local open space as Home Park, the closest green space, is on the opposite side of Bell Green/ Sydenham Road. This very busy A road presents a formidable obstacle to access for both children and adults.
- The proposed development will overlook surrounding properties resulting in a severe loss of privacy.
- Whilst understanding the need for increased use of public transport by design the construction of 23 flats with only 5 spaces for cars will inevitably lead to increased parking stress in the immediate vicinity as the number of vehicles and vehicle movements in Holmshaw Close substantially increases. There is also the distinct probability of competition for spaces within the site of the Health Centre.
- Substantial additional service vehicle movements will cause additional noise and pollution leading to loss of amenity for existing residents in the neighbourhood as the local roads are narrow.

4.7 32 letters of support for the proposal have been received. One support letter states;

- This building presents a significant improve (sic) to the Bell Green roundabout; provides a significant and positive contribution towards increasing housing stock in the area; and would set a new benchmark for improving the build-quality and design of high-density housing in this area.
- The visual impact of the development is positive. It is an improvement on the current building.
- It is lower than the gas holders and nearby developments, and therefore cannot be considered in any sense to be "out of keeping" or overshadowing.
- The building materials - in particular the patterned brickwork and recessed windows - are of high quality and improve the area.

(Letters are available to Members)

5.8 Transport for London: Raise no objections, subject to conditions.

5.9 Environment Agency: No objections

5.10 Metropolitan Police: Refers to anti-social issues experienced within the immediate area, and requires a planning condition to ensure the scheme achieves the security requirements of Secured by Design with the guidance of Secured by Design Homes

2016 and Commercial Developments 2015 as well as recommendations from the SE Designing Out Crime office.

Design Review Panel

- 5.11 A pre-application proposal for an 8-storey building with no commercial use at ground floor was presented to the Design Review Panel (DRP) in February 2017. The Panel welcomed the redevelopment of this site, and considered that the existing building makes little positive contribution to the character of the area, and its replacement with a building that would provide much needed residential accommodation of a higher quality was encouraged.
- 5.12 The Panel observed that the context to the site lacks coherence and a clearly defined character, with the hostile environment of the highways of Bell Green dominating, whilst the street elevation is fragmented with this site marking a point in the townscape between a neglected open space associated with the Health Centre to the south and the modern residential scheme, Cippa House, to the north.
- 5.13 The Panel stated, *'it is acceptable that the proposal takes the view that it should address the space of Bell Green and that the site offers an opportunity for a taller building. The proposed development optimises the residential accommodation on the site. Given the highly unusual nature of the site, its location facing Bell Green, terminating the view from the east, and the very mixed character of the area we think that a building of up to 8 storeys could be acceptable here.'*
- 5.14 However, this would be subject to a scheme of high quality design, with improved massing and articulation, whilst the Panel suggested a step-down in height to the west.
- 5.15 The Panel encouraged the applicants to explore alternative materials and finishes to the white render proposed, with a quality brick façade being more robust and respectful of the immediate context.

6.0 Policy Context

Introduction

- 6.1 Section 70(2) of the Town and Country Planning Act 1990 (as amended) sets out that in considering and determining applications for planning permission the local planning authority shall have regard to:-
- the provisions of the development plan, so far as material to the application,
 - any local finance considerations, so far as material to the application, and
 - any other material considerations.

A local finance consideration means:

- a grant or other financial assistance that has been, or will or could be, provided to a relevant authority by a Minister of the Crown, or
 - sums that a relevant authority has received, or will or could receive, in payment of Community Infrastructure Levy (CIL)
- 6.2 Section 38(6) of the Planning and Compulsory Purchase Act (2004) makes it clear that 'if regard is to be had to the development plan for the purpose of any determination to be made under the planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise.' The development plan for Lewisham comprises the Core Strategy, the Development Management Local Plan,

the Site Allocations Local Plan and the Lewisham Town Centre Local Plan, and the London Plan. The NPPF does not change the legal status of the development plan.

National Planning Policy Framework

6.3 The NPPF was published on 27 March 2012 and is a material consideration in the determination of planning applications. It contains at paragraph 14, a 'presumption in favour of sustainable development'. Annex 1 of the NPPF provides guidance on implementation of the NPPF. In summary, this states in paragraph 211, that policies in the development plan should not be considered out of date just because they were adopted prior to the publication of the NPPF. At paragraphs 214 and 215 guidance is given on the weight to be given to policies in the development plan. As the NPPF is now more than 12 months old paragraph 215 comes into effect. This states in part that '...due weight should be given to relevant policies in existing plans according to their degree of consistency with this framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given)'.

6.4 Officers have reviewed the Core Strategy for consistency with the NPPF and consider there is no issue of significant conflict. As such, full weight can be given to these policies in the decision making process in accordance with paragraphs 211, and 215 of the NPPF.

Other National Guidance

6.5 On 6 March 2014, DCLG launched the National Planning Practice Guidance (NPPG) resource. This replaced a number of planning practice guidance documents.

6.6 The London Plan (2016 as amended)

6.7 The London Plan was updated on 14 March 2016 to incorporate the Housing Standards and Parking Standards Minor Alterations to the London Plan (2015). The new, draft London Plan was published by the Mayor of London for public consultation on 29 November 2017 (until 2 March 2018). However, given the very early stage in this process, this document has very limited weight as a material consideration when determining planning applications, does not warrant a departure from the existing policies of the development plan in this instance and is therefore not referred to further in this report. The policies in the current adopted London Plan (2016) relevant to this application therefore are:-

6.8 The London Plan policies relevant to this application are:

Policy 2.15 Town Centres
Policy 3.4 Optimising Housing Potential
Policy 3.5 Quality & Design of Housing Developments
Policy 3.8 Housing Choice
Policy 3.9 Mixed and balanced communities
Policy 3.12 Negotiating Affordable Housing
Policy 3.13 Affordable Housing Thresholds
Policy 3.16 Protection and enhancement of social infrastructure
Policy 5.13 Sustainable Drainage
Policy 6.3 Assessing effects of development on transport capacity
Policy 6.9 Cycling
Policy 6.10 Walking
Policy 6.12 Road network capacity
Policy 6.13 Parking
Policy 7.4 Local character
Policy 7.5 Public realm
Policy 7.6 Architecture
Policy 7.14 Air Quality

Nationally Described Space Standard

- 5.8 Technical housing standards – nationally described space standard (2015)

London Plan Supplementary Planning Guidance (SPG)

- 5.9 The London Plan SPG's relevant to this application are:-

Planning for Equality and Diversity in London (2007)

Shaping Neighbourhoods: Play and Informal Recreation (2012)

Accessible London: Achieving an Inclusive Environment (2014)

Sustainable Design and Construction (2014)

Housing Supplementary Planning Guidance (May 2016)

Affordable Housing and Viability (2017)

Core Strategy

- 6.10 The following lists the relevant strategic objectives, spatial policies and cross cutting policies from the Lewisham Core Strategy as they relate to this application:

Spatial Policy 1 Lewisham Spatial Strategy

Policy 1 Housing provision, mix and affordability

Policy 6 Retail hierarchy and location of retail development

Policy 7 Climate change and adapting to the effects

Policy 8 Sustainable design and construction and energy efficiency

Policy 13 Addressing Lewisham's waste management requirements

Policy 14 Sustainable movement and transport

Policy 15 High quality design for Lewisham

Policy 18 Tall buildings

Development Management Local Plan

- 6.11 The following lists the relevant strategic objectives, spatial policies and cross cutting policies from the Development Management Local Plan as they relate to this application:-

DM Policy 7 Affordable rented housing

DM Policy 16 Local shopping parades and corner shops

DM Policy 19 Shopfronts, signs and hoardings

DM Policy 22 Sustainable design and construction

DM Policy 23 Air quality

DM Policy 25 Landscaping

DM Policy 27 Lighting

DM Policy 29 Car parking

DM Policy 30 Urban design and local character

DM Policy 32 Housing design, layout and space standards

DM Policy 33 Development on infill sites, backland sites, back gardens and amenity areas

- 5.12 This document sets out guidance and standards relating to design, sustainable development, renewable energy, flood risk, sustainable drainage, dwelling mix, density, layout, neighbour amenity, the amenities of the future occupants of developments, safety and security, refuse, affordable housing, self-containment, noise and room positioning, room and dwelling sizes, storage, recycling facilities and bin storage, noise insulation, parking, cycle parking and storage, gardens and amenity space, landscaping, play space, Lifetime Homes and accessibility, and materials.

6.0 Planning Considerations

- 6.1 The main issues to be considered in respect of this application are:

- a) Principle of development;
- b) Design;
- c) Housing; including standard of proposed accommodation;
- d) Impact upon neighbouring properties;
- e) Highways and traffic issues;
- f) Employment;
- g) Sustainability and energy;
- h) Refuse;
- i) Children's playspace;
- j) Air quality;
- k) Planning Obligations.

Principle of Development

- 6.2 The National Planning Policy Framework (NPPF) in chapter 6 states that local planning authorities should, through their evidence base, objectively assess the needs of the housing market to ensure that affordable housing is delivered.
- 6.3 The London Plan (2016) outlines (in Policies 3.3, 3.5 and 3.8) that there is a pressing need for more homes in London, and that a genuine choice of new homes should be supported which are of the highest quality and of varying sizes and tenures in accordance with the Local Development Framework.
- 6.4 Lewisham Core Strategy Spatial Policy 1 '*Lewisham Spatial Strategy*' which links to Core Strategy Objective 2 '*Housing Provision and Distribution*' supports the delivery of new housing to meet local need. The Core Strategy recognises the Borough's need for housing and outlines the objectives to achieve 18,165 new dwellings between 2009/2010 and 2025.

Demolition of existing building

- 6.5 DM Policy 30 states that the retention and refurbishment of existing buildings that make a positive contribution to the environment will be encouraged and should influence the character of new development and the development of a sense of place. Their value and significance as a heritage asset will be assessed as part of any development proposal.
- 6.6 In addition to this, Part 1(c) and (d) of DM Policy 20 relates to the historical importance of buildings and highlights that an assessment of the buildings importance within the streetscape must first be assessed before the loss is accepted.

- 6.7 The subject 3-storey 1960s building is not listed, and is not located within a conservation area. Having assessed the character and appearance of the building, officers consider it has no discernable architectural merit that would justify its retention, whilst its poor design detracts from the wider area.
- 6.8 In Planning terms, a heritage asset is ‘*a building, monument, site, place, area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest.*’
- 6.9 In this case, the existing building is not considered to be a heritage asset, therefore the principle of the proposed demolition is considered acceptable. Notwithstanding the loss, the proposed building would be required to be the highest standard of design, in compliance with core planning principles of the NPPF, Core Strategy Policy 15 and DM Policy 30.

Reduction in Existing Commercial Floorspace

- 6.10 London Plan Policy 2.15 (a and c) states that development proposals should ‘sustain and enhance the vitality and viability of the centre’ and ‘support and enhance the competitiveness, quality and diversity of town centre retail, leisure, employment, arts and cultural, other consumer services and public services’. Locally, CS Policy 6 (c) seeks to ‘protect local shopping facilities from change of use where there is an economic demand for such services’ and Policy LTC16 (3 a-d) Retail Area specifies criteria against which proposals resulting in the loss of A1 shops will be acceptable. The criteria outlines that loss of A1 may be acceptable where the change of use is to another A use class and it does not result in an over-concentration of non A Use Classes. The site does not lie within a defined town centre / retail area.
- 6.11 The four existing commercial units included retail, *sui generis*, and takeaway uses, prior to their closure in July 2016. The units are small, ranging between 34.2sqm – 43.2sqm, with an overall floorspace of 153sqm. In comparison, the proposed commercial unit floorspace would measure 58sqm, in addition to internal cycle and refuse stores.
- 6.12 Whilst there would be a net loss of 95sqm of commercial floorspace, officers are mindful that this would be due mainly to the significantly greater provision of residential accommodation on the site, which is supported.
- 6.13 The applicant has advised that the tenants had all accrued rental arrears, and subsequently had their leases forfeited. Subsequent to their closure, the units have not been formally marketed for further commercial use. Strettons Chartered Surveyors have assessed the commercial viability of the existing premises, and conclude that the units would be undesirable to potential occupiers for the following reasons:
- Poor external appearance of the building;
 - Limited size of each unit, being prohibitive and commercially unfeasible;
 - Fails to provide modern commercial facilities.
- 6.14 On balance, the proposed re-provision of a reduced commercial floorspace would be acceptable in this instance, considering the existing parade does not fall within a designated employment or shopping area. Given there is a high retail presence within the immediate area, including the ground floor of the adjacent Cippa House, and the Bell Green Retail Park opposite, officers raise no objection to the principle of the proposed development providing commercial A2 or B1 uses rather than A1, should there be no interest from a potential retail operator.

Existing Residential Units

- 6.15 No objections are raised toward the loss of the four existing residential units on the upper floors of the building, which comprises two undersized units that fail to accord with the minimum flat size guidance stated in the London Plan Housing SPG (2016). The proposal would provide a higher density of residential provision, which would also provide an improved standard of accommodation.

Design

- 6.16 Urban design is a key consideration in the planning process. The NPPF makes it clear that national government places great importance on the design of the built environment. Good design is a key aspect of sustainable development, is indivisible from good planning, and should contribute positively to making places better for people. The NPPF states that it is important to plan positively for the achievement of high quality and inclusive design for all development, including individual buildings, public and private spaces and wider area development schemes.
- 6.17 Paragraph 15 of the National Planning Policy Framework states: “local planning authorities should not attempt to impose architectural styles or particular tastes and they should not stifle innovation, originality or initiative through unsubstantiated requirements to conform to certain development forms or styles. It is, however proper to seek to promote or reinforce local distinctiveness.”
- 6.18 The London Plan also places great importance on design and local character. Policy 7.4 (Local Character), states that development should have regard to the form, function, and structure of an area, place or street and the scale, mass and orientation of surrounding buildings. Policy 7.6 ‘Architecture’, reinforces the emphasis on good design and provides that architecture should make a positive contribution to a coherent public realm, streetscape and wider cityscape. It should incorporate the highest quality materials and design appropriate to its context.
- 6.19 In accordance with national and regional policy, the Core Strategy and the Development Management Local Plan also set out policies to ensure design is a fundamental consideration in all planning decisions. Core Strategy Policy 15 (High quality design for Lewisham) states that for all development, the Council will ensure the highest quality design and the protection or enhancement of the historic and natural environment, which is sustainable, accessible to all, optimises the potential of sites and is sensitive to the local context and responds to local character.
- 6.20 Core Strategy Policy 15 also requires that all new residential development be attractive and neighbourly, and meet the functional requirements of future residents.
- 6.21 Core Strategy Policy 18 (Tall buildings) advises that they may be appropriate in specific locations identified by the Lewisham Tall Buildings Study. These locations are Lewisham and Catford town centres, Convoys Wharf, Oxestalls Road, Plough Way and Surrey Canal Triangle. Within these locations the Study identifies further details of areas which may be appropriate, inappropriate or sensitive to tall buildings. All tall building proposals should be accompanied by detailed urban design analysis to assess its impact upon the immediate and wider context. Tall buildings will be considered inappropriate where they would cause harm to the identified qualities of the local character, heritage assets, landscape and open space features.
- 6.22 CS Policy 18 and the Tall Buildings Study (2012) defines ‘tall buildings’ as buildings that are significantly taller than the predominant height of buildings in the surrounding area, and more than 25 metres high adjacent to River Thames, or more than 30 metres high elsewhere in the Borough. In this case, the proposed building would measure a maximum of 25.2 metres in height.

a) Scale, Height, and Appearance

- 6.23 The proposal has gone through a pre-application process, whereby officers reviewed and challenged the rationale for the proposed scale, massing, and form of the project. The scheme was referred to the Lewisham Design Review Panel (LDRP), whose comments have been summarised in the consultation section of this report. It was and is considered that the existing building appears unattractive, and no objections are therefore raised toward the principle of its demolition and redevelopment.
- 6.24 The site lies within an area of mixed architectural style, characterised by low rise dwellings to the west, the single-storey health building to the rear, a 4-storey building to the adjacent northern plot (Cippa House), and a 3 to 8-storey residential development on the opposite side of Bell Green. DM Policy 30 requires proposals to create a positive relationship to the existing townscape, preserve and/ or create an urban form that contributes to local distinctiveness such as plot widths, roofscape, views, panoramas and vistas.
- 6.25 The site therefore lies in the midst of a significant variation in architectural style, mass and height. The context of Bell Green itself, and the 4 and 5/7 storey forms of Cippa House and Orchard Court are clearly more relevant to the site than the low density, low rise development to the west. London Plan Policy 3.4 requires schemes to optimise the housing potential of any given site, albeit within the density ranges referred to within Table 3.2 of that Plan. It must be highlighted that the new draft London Plan, under consultation earlier this year, has not retained a restrictive density range for new schemes, but instead seeks design led density, to be used positively in the context of a significantly increased need for housing.
- 6.26 Officers consider that the insertion of contrasting designs and heights within a streetscape, especially where that streetscape already exhibits that character, provided they are of high quality, can improve the appearance and character of an area and can often contribute to the streetscene more positively than the existing buildings.
- 6.27 The development would have a significantly greater presence than the existing building, particularly when viewed from the northern approach of Bell Green, however officers consider that it would serve to complement the existing (up to) 8-storey Orchard Court development directly opposite. The Design Review Panel concluded that 'given the highly unusual nature of the site, its location facing Bell Green, terminating the view from the east, and the very mixed character of the area, we consider that a building of up to 8-storeys could be acceptable here.'
- 6.28 There are no existing significant historical assets that would be adversely harmed by the development, with the Grade 2 Listed Livesey Hall lying a sufficient distance away to the north of the site.
- 6.29 In terms of design, the proposal does not seek to replicate the appearance of existing buildings, incorporating a predominantly brick finish, as opposed to the rendered and clad exteriors to more recent developments nearby. The use of brick facades including patterned brickwork, together with provision of terraces and balconies would contribute to a high quality modern development, whilst serving to reflect the brickwork character of façade to more established buildings in the local area.
- 6.30 Details and samples will nonetheless be required to be submitted, and facing materials presented on-site, to officers, secured by condition.
- 6.31 The overall appearance and detailed massing of the building has progressed significantly since the initial pre-application proposal, which was entirely 8-storeys, with a notable absence of sufficient articulation. Following advice from officers and the Design Review Panel, the number of units has been reduced, and the overall height of the building reduced to the rear, with increased visual interest to the elevational form. The 6-8 storey approach would enable an appropriate relationship with the existing townscape, and is therefore supported by officers.

Impact Upon Development Potential of Adjoining Sites

- 6.32 The applicants have considered the development potential of the existing health centre site and the vacant plot to the immediate south fronting Bell Green, should permission be granted for the current proposal. The Design and Access Statement (pages 13/14) indicates that a 3-4 storey residential/ D1 use development with associated landscaping upon the health centre site would be feasible, with dual aspect north/south facing units that would not be impaired by the siting or height of the proposed development.
- 6.33 The plot fronting Bell Green could potentially accommodate a residential development of increased height than the existing built form, with sufficient space between the two to ensure adequate outlook, and prevent against direct overlooking.
- 6.34 In summary, officers' view is that the scheme would make the best use of the application site to contribute to housing delivery, and also achieve a positive relationship to the existing townscape, specifically in terms of its massing, height and urban grain.

b) Density

- 6.35 Given the need for housing, Policy 3.4 of the London Plan states that, taking into account local context and character, the design principles in Chapter 7 and public transport capacity, development should optimise housing output for different types of location within the relevant density range shown in Table 3.2. This is also carried through in DM Policy 30.
- 6.36 The site has a PTAL rating of 3, and is located upon a busy 'A' road. The site lies close to the out of centre Bell Green Retail Park, whilst Sydenham centre is a short distance away. It is acknowledged that there is a high density of residential flats to the north and east of the application site, in comparison to the relatively low density of dwelling-houses to the immediate west. Taking this into account, officers consider the most appropriate setting for the application site to be 'urban'.
- 6.37 In applying the density matrix of Table 3.2, the stated density range is between 200-450 hr/ha. The proposal would provide 23 units, therefore officers calculate the density to be 676 hr/ha, which exceeds the London Plan density range guidelines.
- 6.38 The London Plan advises that density should not be applied mechanistically and the Housing SPG (2016) confirms that the density ranges should be considered as a starting point rather than an absolute rule when determining the optimum housing potential of a particular site. Officers are mindful that exceeding the density ranges could be symptomatic of an over intensive development of the site, however it is important to take into account the quality of proposed residential accommodation and dwelling mix, whilst acknowledging the proposed footprint and height of the building upon this constrained site. Reference has also been made above the emerging steer of the draft London Plan, which no longer provides an upper limit for density levels, instead promoting design led density.

Housing

a) Affordable Housing

- 6.39 In addition to having regard to contributing in simple number terms, new residential development must also meet the needs of potential residents. This is highlighted in

Objective 3 of the Core Strategy which states that this will include provision of affordable housing and mix of dwelling size and types, including family housing.

- 6.40 The National Planning Policy Framework (NPPF) in chapter 6 states that local planning authorities should, through their evidence base, objectively assess the needs of the housing market to ensure that affordable housing is delivered.
- 6.41 Core Strategy Policy 1 has been adopted following the evidence base of the Lewisham and South-East London Strategic Housing Market Assessment (SHMA). This policy has been adopted in line with London Plan policies 3.8-3.13 and the NPPF.
- 6.42 With respect to affordable housing, CS Policy 1 outlines that the Council will seek the maximum provision of affordable housing with a strategic target of 50% affordable housing from all sources. To ensure a mixed tenure and promote mixed and balanced communities, the affordable housing component is to be provided as 70% social rented and 30% intermediate housing. This is also recognised in DM Policy 7.
- 6.43 In addition to this, the Council have adopted the Planning Obligations SPD which outlines the evidence behind the affordable housing targets, definitions of affordable housing and where obligations will be sought. Contributions on affordable housing will be sought on sites that are capable of providing 10 residential units or more. The Council's preference is for affordable housing to be provided on-site and off-site provision will only be accepted in exceptional circumstances. This is to ensure the chance to provide mixed and balanced communities and has been adopted in line with Paragraph 50 of the NPPF.
- 6.44 However, the provision of affordable housing is subject to a financial viability assessment to ensure meeting this policy does not make development unviable. In this case, the applicant has proposed no affordable housing or off-site payment, which was supported in viability assessment studies completed by the applicant's consultants, Sheridan Development Management Limited.
- 6.45 The financial information was assessed by independent consultants UrbanDelivery to provide assistance and advice to the Council on the matter of viability. In their report, they challenged the applicant's viability assumptions, including site value, profit return and professional fees, yet nonetheless concluded that the scheme would be unable to provide any on-site affordable units or an in-lieu payment. This is based upon a developer profit of 17.5% on Gross Development Value – in most cases developers would typically target a 20% profit, however a 17-20% developer profit on GDV for residential development is an accepted level of return at the current time, which can be a minimum requirement of some lenders to ensure there is sufficient margin to cover potential cost over-runs or falls in sales values, while ensuring the lender has recourse to recover its debts.
- 6.46 The Mayoral CIL and LB Lewisham CIL charges also form part of UrbanDelivery's appraisal. At £35 and £70 per sqm respectively, this would equate to £184,809. This is in addition to demolition costs; and agreed highways works/ CPZ, and children's playspace s106 financial contributions.
- 6.47 The NPPF states that 'where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the LPA should be flexible in seeking planning obligations. This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. These contributions should not be sought without regard to individual scheme viability. The financial viability of the individual scheme should be carefully considered in line with the principles in this guidance.'
- 6.48 Officers have reviewed the viability and ensured that UrbanDelivery's have robustly supported their conclusions during the process. The outcome is that their

independent and robust examination of the applicants' viability justification in regard to nil affordable housing delivery has been accepted by officers.

6.49 The GLA Affordable Housing and Viability SPG (2017) seeks to maximise affordable housing delivery in the longer term and acknowledges the potential for significant changes in values in the housing market, therefore the use of review mechanisms are supported. This would include an early review which is triggered where an agreed level of progress on implementing the permission has not been reached after two years of the permission being granted. Following this, a late review would be applied once 75 per cent of homes are sold. The SPG advises that the benefit of this approach is that the review can be based on values achieved and costs incurred. The review takes place prior to sale of the whole development to ensure that the review and any additional contribution arising from this are enforceable. The outcome of this review will typically be a financial contribution towards off-site affordable housing provision. Such review mechanisms would be secured in the S106.

6.50 The proposed development would give rise to additional demands on existing social infrastructure such as schools and health services. Funding of the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of the Borough is now secured through Community Infrastructure Levy (CIL) payments.

b) Unit Mix

6.51 The SHMA studies have determined there is a lack of family dwellings in the Borough. Following from this evidence base, together with accommodating mixed and diverse communities as outlined in the London Plan, the Council requires a suitable mix of units, including three bedroom family units. Core Strategy Policy 1 states that this is subject to the following criteria:-

- 1) the physical character of the site or building and its setting;
- 2) the previous or existing use of the site or building;
- 3) access to private gardens or communal garden areas for family dwellings;
- 4) the likely effect on demand for car parking within the area;
- 5) the surrounding housing mix and density of population;
- 6) the location of schools, shops, open space and other infrastructure requirements.

6.52 Table 1 below shows the residential size and mix of the proposed units that comprise the scheme. The 'minimum' internal flat size requirements for each unit type derive from the Technical housing standards – nationally described space standard (2015).

6.53 As shown in Table 1, 21% of the units proposed would be family units. Officers have considered the criteria outlined in Core Strategy Policy 1 and consider that the provision of 5 family units (3 bed) would be acceptable on the site.

6.54 In addition to the number of family units, Core Strategy Policy 1 states that 10% of new build residential development should be wheelchair accessible housing. The scheme would achieve this by providing three wheelchair dwellings.

6.55 Overall, officers consider the mix and type of units to be in line with the policy requirements and therefore is acceptable.

Table [1]: Residential Units and Sizes

Tenure	1b2p <i>Min 50sqm</i>	2b3p <i>Min 61sqm</i>	3b4p <i>Min 74sqm</i>	Total
1st Floor	2 <i>50sqm</i>	2 <i>61-75sqm</i>	-	4
2nd Floor	2 <i>50sqm</i>	2 <i>61-75sqm</i>	-	4
3rd Floor	2 <i>50sqm</i>	2 <i>61-75sqm</i>	-	4
4th Floor	2 <i>50sqm</i>	1 <i>61sqm</i>	1 <i>75sqm</i>	4
5th Floor	2 <i>50sqm</i>	1 <i>61sqm</i>	1 <i>75sqm</i>	4
6th Floor	-	-	2 <i>74-79sqm</i>	2
7th Floor	-	-	1 <i>75sqm</i>	1
TOTAL	10	8	5	23

c) Standard of Accommodation

- 6.56 The NPPF states that, as a core principle, planning should seek to provide a high quality of amenity for future residents.
- 6.57 London Plan Policy 3.5 states that local frameworks and planning decisions should incorporate requirements for accessibility and adaptability, minimum space standards and water efficiency. The Mayor will, and boroughs should, seek to ensure that new development reflects these standards. The design of all new dwellings should also take account of factors relating to ‘arrival’ at the building and the ‘home as a place of retreat’. New homes should have adequately sized rooms and convenient and efficient room layouts which are functional and fit for purpose, meet the changing needs of Londoners over their lifetimes, address climate change adaptation and mitigation and social inclusion objectives and should be conceived and developed through an effective design process
- 6.58 In line with this, the Council’s adopted DM Policy 32 states that the standards in the London Plan Housing SPG will be used to assess whether new housing development

provides an appropriate level of residential quality and amenity. This will involve an assessment of whether the proposals provide accommodation that meet the following criteria:

- a) meet the minimum space standards for new development which should conform with the standards in the London Plan;
- b) habitable rooms and kitchens and bathrooms are required to have a minimum floor height of 2.5 metres between finished floor level and finished ceiling level. Space that does not meet this standard will not count towards meeting the internal floor area standards;
- c) provide accommodation of a good size, a good outlook, with acceptable shape and layout of rooms, with main habitable rooms receiving direct sunlight and daylight, and adequate privacy. There will be a presumption that residential units provided should be dual aspect. Any single aspect dwellings provided will require a detailed justification as to why a dual aspect dwelling is not possible and a detailed demonstration that adequate lighting and ventilation can be achieved. North facing single aspect flats will not be supported; and,
- d) include sufficient space for storage and utility purposes in addition to the minimum space standards.

6.59 Since the adoption of DM Policy 32, the national Technical Housing Standards prepared by DCLG have been adopted. The London Plan Housing SPG is now generally in compliance with the national standards and therefore these are also considered in the assessment of standard of accommodation.

6.60 The housing standards state that new 1b2p units should be provided with 50 sqm of internal floor area and 1.5 sqm of utility space, while new 3b5p units should be provided with 86 sqm and 2.5 sqm of utility space. Double and twin bedrooms should be a minimum 11.5 sqm and single bedrooms should be 7.5 sqm.

6.61 The proposed development would comply with the overall internal floor area of the technical housing standards, as advised in Table 1. In addition, having measured each habitable room, officers consider that the individual rooms would also meet the relevant standards, whilst floor to ceiling heights would be compliant. A sufficient provision of internal storage space would be afforded to occupiers. Therefore, in terms of internal amenity, the proposed units would be acceptable.

6.62 All habitable rooms would be afforded sufficient outlook, and would therefore be acceptable. The rear facing first floor 1 bedroom unit would look directly toward the sloping roof of the health centre, however it would have a sufficient outlook separation distance of approximately 8 metres.

6.63 In terms of natural light intake, the Council uses the BRE guide to good practice (2011) standards to assess the quality of daylight/sunlight into new development. The applicant has submitted an assessment to address the standards, which concludes the proposed units would achieve the BRE recommended values regarding Average Daylight Factor.

6.64 DM Policy 32 (4c) states that residential development should provide accommodation of a good size, a good outlook, with acceptable shape and layout of rooms, with main habitable rooms receiving direct sunlight and daylight, and adequate privacy. There will be a presumption that residential units provided should be dual aspect. In this case, all proposed units would be dual aspect, with some upper floor units being triple aspect, therefore no concerns are raised in respect of daylight.

6.65 Overall, the standard of internal accommodation within each unit would be of high quality, in accordance with the Technical housing standards – nationally described space standard (2015).

d) External Amenity

6.66 DM Policy 32 'Housing design, layout and space standards' should be provided with a readily accessible, secure, private and usable external space and include space suitable for children's play. The Council will apply the standards of the London Plan Supplementary Planning Guidance, 'Providing for Children and Young People's Play and Informal Recreation', which specifies 10 square metres of play space for each child.

6.67 The London Plan Housing SPG Standards 26 and 27 relates to external amenity and outlines that 5 sqm should be provided for one bedroom dwellings with an additional 1 sqm per additional occupant. This space should have a minimal depth of 1.5m.

6.68 The proposed development would provide private external amenity in the form of terraces to all floor units, with the 'penthouse' unit benefitting from a 107sqm roof terrace. In addition, all occupiers would have access to a 81sqm communal roof terrace at 7th floor level.

6.69 The rear facing 1 bedroom first floor flat would lie closest to the neighbouring health centre, and a rear access to its yard area. The applicant has therefore proposed that full height toughened sliding glass panels be formed around the perimeter of the balcony so that it can be enclosed as a winter garden, whilst serving to protect future occupiers from any neighbouring noise/ disturbance.

6.70 In summary, officers are satisfied with the provision of proposed private and communal amenity spaces, in line with the Housing SPG standards.

Impact on Neighbouring Properties

6.71 DM Policy 32 states that new residential development should be neighbourly and not result in adverse impacts on the amenities of nearby properties.

6.72 The NPPF outlines as a core principle that planning should ensure quality amenity for existing residents. DM Policy 32 states that development should be neighbourly and provide a satisfactory level of privacy, outlook and natural lighting both for its future residents and its neighbours.

6.73 The Council also uses BRE guidance 'Site layout planning for daylight and sunlight: a guide to good practice', where relevant, to assess the impact on existing properties in terms of daylight/ sunlight.

6.74 In regard to privacy, Paragraph 2.3.36 of the London Plan Housing SPG states that a distance of 18-21 metres will generally be sought between existing and proposed habitable windows. However, it is considered that rigidly adhering to this distance can limit the variety of urban spaces and restrict density. Paragraph 2.250 of DM Policy 32 also references a distance of 21 metres, however it also outlines that this must be interpreted flexibly, taking into account the height of buildings.

6.75 The proposal would be considerably higher than the existing 3-storey building that currently occupies the site, however the nearest dwelling-houses within the Holmshaw Close estate are sited approximately 48 metres to the north, with dwellings to the west lying 60 metres away. Officers are therefore satisfied there would be no adverse overlooking between existing and proposed habitable rooms, or from the proposed terraces.

- 6.76 Upper floor units within the neighbouring Cippa House would lie a sufficient distance away to not be significantly impacted upon by the proposed buildings rear (westwards) projection beyond their rear elevation. A Daylight & Sunlight report has been undertaken by BVP, and it concludes that in terms of Average Daylight Factor (ADF), this would be retained well above the BRE recommended values in all locations, and there would be no adverse effect to the daylight benefitting this residential accommodation.
- 6.77 The nearest building to the application site is the part single/ part 2-storey health centre to the adjacent plot, which accommodates offices and treatment rooms. The Daylight & Sunlight report concludes that only one existing opening in the east elevation (W7) would fall below the benchmark 27% Vertical Sky Component, due in part to the small size of the opening, and its close proximity to the boundary wall. The north facing openings of the health centre would not be affected by the proposed development.
- 6.78 Overall, there is not considered to be any significant adverse impacts on the amenities of neighbouring occupiers to warrant the refusal of the scheme.

Employment

- 6.79 London Plan Policy 2.15 requires development proposals to 'sustain and enhance the vitality and viability of the centre'.
- 6.80 The proposed ground floor commercial unit would provide flexible A1, A2 or B1 floorspace measuring 58sqm. It is acknowledged that the amount of floorspace is less than the existing 153sqm, however the proposal would provide a larger individual unit than the existing, (the largest unit is only 43sqm), whilst being modern and more attractive to commercial operators.
- 6.81 It is considered appropriate that a marketing strategy for the commercial unit is formally submitted to the Council within 4 months of commencement of development, demonstrating that sufficient measures are being undertaken to ensure occupancy of the unit. This would be secured by a planning condition.
- 6.82 It is acknowledged that the main difficulties for small businesses being able to occupy new premises includes the affordability of the units that come forward, the start-up costs associated with fitting out beyond shell and core and lack of flexibility with leases. In order to address this issue and to ensure that the reduced amount of commercial floorspace to be delivered as part of this mixed use development offers genuine employment opportunities, it is considered appropriate to secure measures that would make the commercial units more affordable for small businesses, whilst increasing potential for occupancy at an early stage.
- 6.83 In accordance with DM Policy 11 Other employment locations, following discussions with officers, the developers have agreed to undertake an initial fit-out of the unit. This would include service connections for gas, electricity, water and foul drainage, and provision for telecommunication services and broadband services; wall and ceiling finishes; wheelchair accessible entrances and screed floors, which would be secured in a S106 Agreement. The ingoing tenant would then be responsible for the final fit-out.
- 6.84 The applicant has advised that a 3 month rent free period would be granted to allow the tenant to complete the fit-out of the unit and begin trading before any rental payments are due.
- 6.85 The above measures would enable a small business to take over the unit without significant start-up costs, which can be prohibitive and would facilitate a 'bedding in' period.

Local Labour

- 6.86 The Lewisham Obligations: Supplementary Planning Document (2015) states that ‘the addition of further population from new development has the potential to exacerbate the rate of unemployment as competition for a limited number of local jobs rises.’ For this reason, ‘financial support for the Local Labour and Business Scheme is vital in mitigating the impact of new development. Most development will have an impact and therefore obligations in this respect will be required.’
- 6.87 The Lewisham Local Labour and Business Scheme is a local initiative that helps local businesses and residents to access the opportunities generated by regeneration and development activity in Lewisham. It is therefore appropriate that the developer in this case incurs a financial contribution toward Local Labour in the Borough.
- 6.88 The Planning Obligations SPD states that the Council requires a contribution of £530 for each new job / dwelling. In this case, the contribution would be £4,169, which will be secured in the S106.

Highways and Traffic Issues

a) Car Parking

- 6.89 The Council, in line with the London Plan and NPPF policies, takes a restrictive approach to private car parking provision in order to promote use of sustainable modes of transport. Parking should comply with the standards of the London Plan, as shown in Table 6.2 of the Parking Addendum to Chapter 6. All developments that generate significant amounts of movement should be supported by a Transport Statement or Transport Assessment.
- 6.90 The London Plan also favours sustainable transport modes where it is reasonable to decrease the need to travel by car. This is in order to reduce traffic congestion and the environmental impacts of car use. This is achieved through promoting cycling through the provision of storage space, improve pedestrian routes were necessary, supporting the use of public transport through travel plans and preventing excessive parking through the maximum standards provided.
- 6.91 Core Strategy Policy 14 states that a managed and restrained approach to car parking provision will be adopted to contribute to the objectives of traffic reduction while protecting the operational needs of major public facilities, essential economic development and the needs of people with disabilities. The car parking standards contained within the London Plan will be used as a basis for assessment.
- 6.92 The existing development incorporates a mixed use commercial and residential development which benefits from off-street parking provision.
- 6.93 The proposed development would provide 23 units with a mix of sizes, including 5, three bedroom family units. 5no. parking spaces are proposed, including three disabled bays. Access would be from the existing Holmshaw Close, which is an estate road to the west of the application site.
- 6.94 A Transport Statement has been submitted in support of the application and used in the assessment of the impact.
- 6.95 The site has a PTAL of 3 within an urban setting and, with regard to the habitable rooms per unit, the parking provision should therefore be up to one space per unit.
- 6.96 It also states under the notes of the residential parking standards that all developments in areas of good public transport accessibility should aim for significantly less than 1 space per unit. The PTAL rating is moderate, however there is good access to a number of bus routes in Bell Green and Lower Sydenham Train Station is a short distance away.

- 6.97 The proposed on-site parking provision would equate to one space per 4.6 units. In support of the proposal, midweek parking surveys were conducted at 5am, 11am and 1am in December 2016 within 200 metres of the application site. The survey found there was a 73-74% parking stress, with 39-43 observed free spaces.
- 6.98 The statement then utilised the most recent car ownership data taken in the 2011 census for Bellingham Ward to predict car ownership of future occupiers. It found that, given there are 0.69 cars per household generally, the 23 units has the potential to result in 16 vehicles, based upon full occupancy. Therefore, when deducting the proposed 5 on-site spaces, the overspill may be up to 11 spaces. This would not be significant considering the availability of parking to neighbouring streets identified in the parking surveys, which could adequately absorb any potential over-spill from the site.
- 6.99 Highways officers have therefore raised no objections to the proposal, however they consider it appropriate that given the existing parking stress identified in the streets within the vicinity of the site (which will be exacerbated by visitors) a financial contribution is required towards consultation/ implementation of a controlled parking zone (CPZ).
- 6.100 The sum sought would be £30,000, which is based upon:-
- Meeting with Local groups to discuss the attractors in the area, the timings of the zone and the area to be consulted;
 - Consult residents in the agreed area on the agreed options and proposed design of the zone;
 - Provide drop-in events and allow Local Assemblies and TRAs time to raise issues at their meetings if necessary. Also highlight the approach to disabled bays;
 - Publish the results of the consultation on the web, identifying which options were favoured for the timings and area of the zone to be implemented;
 - Statutory consultation.
- 6.101 The applicants have agreed to pay the sum, which will be secured in the S106.
- 6.102 The applicant will also be required in the S106 to demonstrate to the Council that reasonable endeavours have been undertaken with Lewisham Homes (land owners) to introduce waiting restrictions on the vehicle turning head adjacent to the site on Holmshaw Close. The waiting restrictions would restrict informal parking in the vehicle turning head and facilitate delivery/servicing access to the site.
- 6.103 The applicant has also confirmed that following discussions with Highways officers, they agree to provide a car club contribution.
- 6.104 It is considered appropriate that residential and commercial travel plans be submitted that sets out objectives and targets to ensure occupiers have a greater awareness of how they generally travel, and to promote use of sustainable modes of travel. Conditions will require the submission of evidence to demonstrate compliance with the proposed monitoring and review mechanisms within 6 months of first occupation for both the commercial and residential uses.
- 6.105 A planning condition will require details relating to the installation of electric charging facilities within the car park, in accordance with London Plan standards.
- 6.106 In summary, the proposed development is not considered to adversely impact upon the level of parking in the area. In addition, through the appropriate management of parking, cycle parking provision and a Travel Plan, the scheme would meet the policies

of the NPPF, The London Plan (2016) and DM Policy 29: Car parking in reducing private vehicle travel.

b) Access

- 6.107 DM Policy 29 requires new development to have no negative impact upon the safety and suitability of access and servicing.
- 6.108 The site would be accessed from Holmshaw Close, which is an unadopted estate road to the west of the site. The Transport Statement advises that servicing and delivery vehicles would be likely to access the site from Holmshaw Close and utilise the existing turning head adjacent to the application site. On-street parking to the front of the building on Bell Green is restricted by yellow lines and a bus stop with lay-by. Deliveries to the four existing commercial units were also undertaken to this area, therefore it is considered that as the proposed commercial provision would be less, as would the future delivery and servicing trip levels.
- 6.109 Nevertheless, Highways officers advise the inclusion of a Servicing and Delivery condition relating to the commercial unit to ensure the formal submission of further details once an end user has been confirmed. The applicant has advised of dialogue with the owner of the private road, who has 'not made the developer aware of any existing delivery and servicing issues'.
- 6.110 Refuse collection is also currently undertaken from Holmshaw Close, and this would continue should permission be granted.
- 6.111 Whilst there would be less commercially related vehicular movement, the site would provide 5 residential spaces, which would be accessed from Holmshaw Close. Considering the low provision and expected trips, this would be unlikely to materially change vehicular and pedestrian access conflicts.

c) Cycle Parking

- 6.112 Cycle parking standards are provided in Table 6.3 of the Parking Addendum to Chapter 6 of the London Plan. It states that residential dwellings should provide 1 space per one bedroom dwelling and 2 spaces per all other dwellings. Therefore the proposed development should provide 38 cycle parking spaces (36 residential, and 2 commercial.)
- 6.113 The proposed ground floor plan (1535-10 V12) indicates that 38 residential, and 2 commercial, dry and secure cycle spaces would be provided, thereby exceeding the London Plan standards.
- 6.114 A planning condition will be included which requires further details regarding the type of cycle stands, whilst ensuring they are provided prior to first occupation.

d) Refuse

- 6.115 Standard 22 and 23 of the London Plan Housing SPG highlights guidance on refuse for new residential development and references the British Standard BS5906:2005. The minimum refuse capacity required would be:
- Recycling Provision = 3no. x 1280l eurobins
 - Residual Waste Provision = 3no. x 1100l eurobins
- 6.116 In this case, the proposal would be compliant, providing separate residential and commercial stores. The residential store would be sited within the car-park area, with doors opening onto Holmshaw Close to enable collection. The commercial unit would also have an internal store, with opening onto the adjacent side pedestrian footpath.

- 6.117 The applicant has advised that refuse collection would be undertaken from Holmshaw Close, and the bins would be collected from the proposed stores, which would be open/unlocked on collection days.
- 6.118 The capacity of the stores are acceptable, and their provision will be ensured by condition.

e) Construction Impact

- 6.119 A planning condition will ensure the submission of a Construction Management Plan, that will be expected to detail the number and type of vehicles, mitigation measures for dust and noise, safety implications and length of construction period (among other matters). The statement would also be expected to address proposed demolition works.

Sustainability and Energy

- 6.120 London Plan Policy 5.2 states that development proposals should make the fullest contribution to minimising carbon dioxide emissions in accordance with the following energy hierarchy:
- Be lean: use less energy;
 - Be clean: supply energy efficiently; and,
 - Be green: use renewable energy.
- 6.121 Major development should look to meet targets in reducing carbon dioxide emissions in new buildings. These targets are expressed as minimum improvements over the Target Emission Rate outlined in the national Building Regulations. For new residential buildings a 35% reduction target beyond Part L 2013 is sought. An energy assessment should be included to demonstrate how the targets for emissions reduction are to be met.
- 6.122 Proposals should outline details of decentralised energy where feasible, such as Combined Heat and Power (CHP), and on-site renewable energy. As outlined within Policy 5.6 and 5.7 of the London Plan, these options should be explored within the energy assessment.
- 6.123 Lewisham's Core Strategy Objective 5 states 'The Council will take action to ensure that climate change is adapted to and mitigated against, including measures necessary to reduce carbon emissions by maximising generation and use of renewable energy and locally distributed energy, particularly for major development sites.'
- 6.124 Core Strategy Policy 7 looks to apply the London Plan policies relevant to climate change including those related to: air quality, energy efficiency, sustainable design and construction, retrofitting, decentralised energy works, renewable energy, innovative energy technologies, overheating and cooling, urban greening, and living roofs and walls.
- 6.125 The application includes an Energy Assessment and Sustainability Statement, which considers that due to the scale of the development and constraints of the site, certain renewable energy options and CHP are not feasible. Officers raise no objections to this.
- 6.126 The assessment outlines that the development would achieve a policy compliant 35% reduction in CO2 emissions. Energy efficiency measures would include the installation of PV panels; high efficiency heating system; advanced heating controls; and installation of water meters. Officers consider the development to be acceptable, and in

compliance with zero carbon targets, a financial contribution of £31,896 to offset the emissions would be incurred by the applicant, and secured in the S106.

Landscaping

- 6.127 DM Policy 25 Landscaping and Trees aims to ensure applicants consider landscaping and trees as an integral part of the application and development process.
- 6.128 The development would occupy the entire site, therefore no landscaping measures around the building are proposed. An 81 sqm communal garden area would however be provided on the sixth floor, with seating and planting measures shown. Further details of this area will be required by planning condition, which must be completed prior to first occupation of the residential units.

Children's Play

- 6.129 London Plan Policy 3.6 and Core Strategy Policy 12 require that residential and mixed use developments make provision for children's play and informal recreation space. The London Plan states that the amount of provision should be proportionally based on the number of children expected to occupy the development and an assessment of future needs. Summarily, the Mayor of London concludes that new development that creates a child yield is expected to provide 10m² of play and recreation space for every child.
- 6.130 Based on the Mayor's playspace SPG, three children between the age of 0-16 are predicted to live in the development. This gives rise to a total child playspace requirement of 30 sqm. Based on this, there is an opportunity to enhance some play facilities within the nearby public spaces, the nearest being Home Park.
- 6.131 The Lewisham Planning Obligations: Supplementary Planning Document (2015) advises that the undelivered playspace then be multiplied by £300 per m², which represents the estimated cost for the Council to deliver off-site children's playspace on behalf of the developer. In this case, the sum would be £9,000.
- 6.132 Children's playspace contributions are considered separate and additional to the Borough CIL. Whilst children's playspace is often located in open spaces, it will not be considered to be covered by any CIL payment, and therefore would be secured separately within a S106.

Air Quality

- 6.133 The NPPF (para.128) states that the planning system should contribute to and enhance the natural and local environment by preventing both new and existing development from contributing to or being put at unacceptable risk from, or being adversely affected by unacceptable levels of soil, air, water, noise pollution or land instability.
- 6.134 DM Policy 23 states that the Council will require all major developments that have the potential to impact on air quality will be required to submit an Air Quality Management Assessment. The application site falls within a designated Air Quality Management Area, one of six in the Borough.
- 6.135 In response, an assessment has been undertaken on behalf of the applicants, and it concludes that the implementation of appropriate measures and good practice during the demolition and construction phases would mitigate potential harm from dust.
- 6.136 The Council's Environmental Health officers have reviewed the document, and have confirmed they are satisfied with the conclusions reached, with appropriate measures to be ensured by a planning condition.

Planning Obligations

- 6.137 The National Planning Policy Framework (NPPF) (para. 203) states that in dealing with planning applications, local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition. It further states that where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled. The NPPF (para. 204) also sets out that planning obligations should only be secured when they meet the following three tests:
- (a) Necessary to make the development acceptable
 - (b) Directly related to the development; and
 - (c) Fairly and reasonably related in scale and kind to the development
- 6.138 Paragraph 122 of the Community Infrastructure Levy Regulations (April 2010) puts the above three tests on a statutory basis, making it illegal to secure a planning obligation unless it meets the three tests.
- 6.139 The obligations sought are as follows:
- Financial contributions of:
 - £30,000 toward Controlled Parking Zone (CPZ);
 - £31,896 Carbon off-set contribution;
 - £9,000 Children's playspace;
 - £4,169 Local Labour
 - Developer to undertake initial fit-out of the commercial unit prior to any occupation of the residential units to include:
 - Service connections for gas, electricity, water and foul drainage;
 - Provision for telecommunication services and broadband services;
 - Wall and ceiling finishes;
 - Wheelchair accessible entrances;
 - Screed floors;
 - Glazing solution.
 - A 3 month rent free period granted to the commercial occupier to allow the tenant to fit-out the unit and begin trading before any rental payments are due;
 - Time delay and late stage Viability Review Mechanism;
 - Demonstrate Reasonable Endeavours have been undertaken for the implementation of waiting restrictions on Holmshaw Close;
 - Car-club membership;

- Monitoring, legal and professional costs.

6.140 As set out elsewhere in this report, the obligations outlined above are directly related to the development. They are considered to be fairly and reasonably related in scale and kind to the development and to be necessary and appropriate in order to secure policy objectives, to mitigate the proposed development's impact and make the development acceptable in planning terms. Officers are therefore satisfied the proposed obligations meet the three legal tests as set out in the Community Infrastructure Levy Regulations 2010.

Prevention of crime and disorder

6.141 S.17 of the Crime and Disorder Act 1998 provides that it shall be the duty of the Council to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder etc in its area. Officers do not consider that this application raises any crime and disorder issues.

Human Rights Act

6.142 Officers consider that this application does not raise any Human Rights Act issues that need to be considered.

7.0 Local Finance Considerations

7.1 Under Section 70(2) of the Town and Country Planning Act 1990 (as amended), a local finance consideration means:

- (a) a grant or other financial assistance that has been, or will or could be, provided to a relevant authority by a Minister of the Crown; or
- (b) sums that a relevant authority has received, or will or could receive, in payment of Community Infrastructure Levy (CIL)

7.2 The weight to be attached to a local finance consideration remains a matter for the decision maker.

7.3 The Mayor of London's CIL is therefore a material consideration. CIL is payable on this application and the applicant has completed the relevant form.

8.0 Community Infrastructure Levy

8.1 The above development is liable for Lewisham CIL.

9.0 Equalities Considerations

9.1 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

9.2 In summary, the Council must, in the exercise of its function, have due regard to the need to:

- (a) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- (b) advance equality of opportunity between people who share a protected characteristic and those who do not;

(c) Foster good relations between people who share a protected characteristic and persons who do not share it.

9.3 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the decision maker, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

9.4 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <https://www.equalityhumanrights.com/en/publication-download/technical-guidance-public-sector-equality-duty-england>

9.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

9.6 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

9.7 <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance>

9.8 The planning issues set out above do not include any factors that relate specifically to any of the equalities categories set out in the Act, and therefore it has been concluded that there is no impact on equality.

10.0 Conclusion

10.1 The proposal includes the demolition of an existing non-designated building, which serves to detract from the character of the streetscene, and is of insufficient architectural merit to warrant retention.

10.2 The proposal would provide a part 6/ part 7/ part 8-storey mixed use commercial and residential development that officers consider to be acceptable in its siting, height and design, and would be an appropriate addition to the townscape.

- 10.3 Officers are satisfied that due to the proposed siting of the building, the level of visual harm upon neighbouring residential occupiers would not be significant.
- 10.4 The standard of proposed residential accommodation would be acceptable, in accordance with policies, with each unit afforded sufficient private amenity space.
- 10.5 The provision of no affordable units or in-lieu payment has been rigorously tested by an independent viability consultant on behalf of the local planning authority, who agrees with the conclusions of the applicant. The S106 would secure an 'early review' assessment of any changes in the housing market should no development commence on-site within 2 years of the decision date, with a further review undertaken once 75% of homes are sold.
- 10.6 Officers are satisfied with the Highways impact of the proposal, subject to provision of a CPZ financial contribution and car club membership.
- 10.7 For these reasons, it is recommended the redevelopment of the site is granted permission.

11.0 RECOMMENDATION (A)

- 11.1 To agree the proposals and authorise the Head of Law to complete a legal agreement under Section 106 of the 1990 Act (and other appropriate powers) to cover the following principal matters:-

- Financial contributions of:
 - £30,000 toward Controlled Parking Zone (CPZ);
 - £31,896 Carbon off-set contribution;
 - £9,000 Children's playspace;
 - £4,169 Local Labour
- Developer to undertake initial fit-out of the commercial unit prior to any occupation of the residential unit to include:
 - Service connections for gas, electricity, water and foul drainage;
 - Provision for telecommunication services and broadband services;
 - Wall and ceiling finishes;
 - Wheelchair accessible entrances;
 - Screed floors;
 - Glazing solution.
- A 3 month rent free period granted to the commercial occupier to allow the tenant to fit-out the unit and begin trading before any rental payments are due;
- Time delay and late stage Viability Review Mechanism;
- Demonstrate Reasonable Endeavours have been undertaken for the implementation of waiting restrictions on Holmshaw Close;

- Car-club membership;
- Monitoring, legal and professional costs.

RECOMMENDATION (B)

11.2 Upon the completion of a satisfactory Section 106, in relation to the matters set out above, authorise the Head of Planning to Grant Permission subject to conditions securing the following:-

- (1) The development to which this permission relates must be begun not later than the expiration of three years beginning with the date on which the permission is granted.

Reason: As required by Section 91 of the Town and Country Planning Act 1990.

- (2) The development shall be carried out strictly in accordance with the application plans, drawings and documents hereby approved and as detailed below:

1535-01 V10; 1535-03 V10; 1535-04 V10; 1535-05 V10; 1535-06 V10; 1535-07 V10; 1535-08 V10; 1535-09 V10; 1535-16 V10; 1535-31 V10; 1535-33 V10 Planning Statement; Architectural Drawings; Marketing Assessment; Daylight & Sunlight; Phase 1 Habitat Survey Report; Transport Statement; Noise & Vibration Assessment; Geo-Environmental Desk Study; Sustainability and Energy Statement Rev A Received 30 August 2017;

1535-10 V11; 1535-14 V11; 1535-15 V11; 1535-21 V11; 1535-26 V11; 1535-27 V11; 1538-28 V11; 1535-32 V11; 1535-33 V11; 1535-36 V11; 1535-37 V11; Design and Access Statement; Air Quality Assessment; Transport Note: Response to Highways Comments Received 14 December 2017;

1535-02 V12; 1535-10 V12; 1535-11 V12; 1535-12 V12; 1535-13 V12; 1535-18 V12; 1535-19 V12; 1535-20 V12; 1535-23 V12; 1535-24 V12; 1535-25 V12; 1535-29 V12; 1535-30 V12; 1535-34 V12; 1535-35 V12 Received 9 February 2018

1535-50 V12; 1535-51 V12 Received 26 June 2018.

Reason: To ensure that the development is carried out in accordance with the approved documents, plans and drawings submitted with the application and is acceptable to the local planning authority.

- (3) No development shall commence on site until the developer has secured the implementation of a programme of archaeological work in accordance with a written scheme of investigation, which has been submitted to and approved in writing by the local planning authority.

Reason: To ensure adequate access for archaeological investigations in compliance with Policies 15 High quality design for Lewisham and 16 Conservation areas, heritage assets and the historic environment of the Core Strategy (June 2011) and Policy 7.8 of the London Plan (2016)

Reason: To prevent the increased risk of flooding and to improve water quality in accordance with Policies 5.12 Flood risk management and 5.13 Sustainable drainage in the London Plan (2016) and Objective 6: Flood risk reduction and water management and Core Strategy Policy 10: Managing and reducing the risk of flooding (2011).

- (4) No development shall commence on site until such time as a Construction Management Plan has been submitted to and approved in writing by the local planning authority. The plan shall cover:-
- (a) Demolition works, including dust mitigation measures.
 - (b) The location and operation of plant and wheel washing facilities
 - (c) Details of best practical measures to be employed to mitigate noise and vibration arising out of the construction process
 - (d) Details of construction traffic movements including cumulative impacts which shall demonstrate the following:-
 - (i) Rationalise travel and traffic routes to and from the site.
 - (ii) Provide full details of the number and time of construction vehicle trips to the site with the intention and aim of reducing the impact of construction related activity.
 - (iii) Measures to deal with safe pedestrian movement.
 - (e) Security Management (to minimise risks to unauthorised personnel).
 - (f) Details of the training of site operatives to follow the Construction Management Plan requirements.

Reason: In order that the local planning authority may be satisfied that the demolition and construction process is carried out in a manner which will minimise possible noise, disturbance and pollution to neighbouring properties and to comply with Policy 5.3 Sustainable design and construction, Policy 6.3 Assessing effects of development on transport capacity and Policy 7.14 Improving air quality of the London Plan (2016).

- (5) (a) The building shall be designed so as to provide sound insulation against external noise and vibration, to achieve levels not exceeding 30dB LAeq (night) and 45dB LAmax (measured with F time weighting) for bedrooms, 35dB LAeq (day) for other habitable rooms, with window shut and other means of ventilation provided.
- (b) Development shall not commence above ground level until details of a sound insulation scheme complying with paragraph (a) of this condition have been submitted to and approved in writing by the local planning authority.
- (c) The development shall not be occupied until the sound insulation scheme approved pursuant to paragraph (b) has been implemented in its entirety. Thereafter, the sound insulation scheme shall be maintained in perpetuity in accordance with the approved details.

Reason: To safeguard the amenities of the occupiers of the proposed dwellings and to comply with DM Policy 26 Noise and vibration, DM Policy 32 Housing design, layout and space standards, and DM Policy 33 Development on infill sites, backland sites, back gardens and amenity areas of the Development Management Local Plan (November 2014).

- (6) (a) Notwithstanding the details hereby approved, no development beyond piling shall commence until detailed plans at a scale of 1:5 showing: windows/ doors/ balconies/ terraces and entrances have been submitted to and approved in writing by the local planning authority.
- (b) The development shall be carried out in accordance with the approved details.

Reason: In order that the local planning authority may be satisfied as to the detailed treatment of the proposal and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and Development Management Local Plan (November 2014) DM Policy 30 Urban design and local character.

- (7) No development above ground level shall commence on site until a detailed schedule and specification/ samples of all external materials and finishes (including mortar details) to be used on the building have been submitted to and approved in writing by the local planning authority. Large samples must be presented to officers on site as part of the submission. The development shall be carried out in accordance with the approved details.

Reason: To ensure that the local planning authority may be satisfied as to the external appearance of the building and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and Development Management Local Plan (November 2014) DM Policy 30 Urban design and local character.

- (8) (a) A minimum of 38 secure and dry cycle parking spaces for future residential occupiers shall be provided within the development as indicated on the plans hereby approved.
- (b) No development shall commence above ground floor level until the full details of the cycle parking facilities have been submitted to and approved in writing by the local planning authority.
- (c) All cycle parking spaces shall be provided and made available for use prior to occupation of the development and maintained thereafter.

Reason: In order to ensure adequate provision for cycle parking and to comply with Policy 14: Sustainable movement and transport of the Core Strategy (2011).

- (9) (a) A minimum of 2 secure and dry cycle parking spaces for the commercial unit hereby approved shall be provided within the development as indicated on the plans hereby approved.

- (b) No development shall commence above ground floor level until the full details of the cycle parking facilities have been submitted to and approved in writing by the local planning authority.
- (c) All cycle parking spaces shall be provided and made available for use prior to occupation of the development and maintained thereafter.

Reason: In order to ensure adequate provision for cycle parking and to comply with Policy 14: Sustainable movement and transport of the Core Strategy (2011).

- (10) (a) Prior to occupation of the development a scheme for any external lighting that is to be installed at the site, including measures to prevent light spillage shall be submitted to and approved in writing by the local planning authority.
- (b) Any such external lighting as approved under part (a) shall be installed prior to occupation in accordance with the approved drawings and such directional hoods shall be retained permanently.
- (c) The applicant should demonstrate that the proposed lighting is the minimum needed for security and working purposes and that the proposals minimise pollution from glare and spillage.

Reason: In order that the local planning authority may be satisfied that the lighting is installed and maintained in a manner which will minimise possible light pollution to the night sky and neighbouring properties and to comply with DM Policy 27 Lighting of the Development Management Local Plan (November 2014).

- (11) Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), no plumbing or pipes, other than rainwater pipes, shall be fixed on the elevations of the building.

Reason: In order that the local planning authority may be satisfied with the details of the proposal and to accord with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 30 Urban design and local character of the Development Management Local Plan (November 2014).

- (12) The proposed private and communal amenity spaces (including roof terraces) shall be provided prior to first occupation of the residential units, and retained thereafter permanently for the benefit of the occupiers of the residential units hereby permitted.

Reason: In order that the local planning authority may be satisfied as to the amenity space provision in the scheme and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 32 Housing Design, layout and space standards of the Development Management Local Plan (November 2014).

- (13) (a) A user's Travel Plan for the residential units shall be submitted to and agreed in writing by the local planning authority, in accordance with Transport for London's document 'Travel Planning for New Development in London'. The

development shall operate in full accordance with all measures identified within the Travel Plan from first occupation.

- (b) The Travel Plan shall specify initiatives to be implemented by the development to encourage access to and from the site by a variety of non-car means, shall set targets and shall specify a monitoring and review mechanism to ensure compliance with the Travel Plan objectives.
- (c) Within the timeframe specified by (a) and (b), evidence shall be submitted to demonstrate compliance with the monitoring and review mechanisms agreed under parts (a) and (b).

Reason: In order that both the local planning authority may be satisfied as to the practicality, viability and sustainability of the Travel Plan for the site and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011).

- (14) (a) A user's Travel Plan for the commercial unit shall be submitted to and agreed in writing by the local planning authority, in accordance with Transport for London's document 'Travel Planning for New Development in London'. The commercial unit shall operate in full accordance with all measures identified within the Travel Plan from first occupation.
- (b) The Travel Plan shall specify initiatives to be implemented by the development to encourage access to and from the site by a variety of non-car means, shall set targets and shall specify a monitoring and review mechanism to ensure compliance with the Travel Plan objectives.
- (c) Within the timeframe specified by (a) and (b), evidence shall be submitted to demonstrate compliance with the monitoring and review mechanisms agreed under parts (a) and (b).

Reason: In order that both the local planning authority may be satisfied as to the practicality, viability and sustainability of the Travel Plan for the site and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011).

- (15) (a) Details of the location of electric vehicle charging points to be provided and a programme for their installation and maintenance shall be submitted to and approved in writing by the local planning authority prior to construction of the above ground works.
- (b) The electric vehicle charging points as approved shall be installed prior to occupation of the Development and shall thereafter be retained and maintained in accordance with the details approved under (a).

Reason: To reduce pollution emissions in an Area Quality Management Area in accordance with Policy 7.14 Improving air quality in the London Plan (2016), and DM Policy 29 Car parking of the Development Management Local Plan (November 2014).

- (16) (a) The residential units shall not be occupied until a Delivery and Servicing Plan relating to the residential use has been submitted to and approved in writing by the local planning authority.

- (b) The plan shall demonstrate the expected number and time of delivery and servicing trips to the site, with the aim of reducing the impact of servicing activity.
- (c) The approved Delivery and Servicing Plan shall be implemented in full accordance with the approved details from the first occupation of the residential units and shall be adhered to in perpetuity.

Reason: In order to ensure satisfactory vehicle management and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011).

- (17) (a) The commercial unit shall not be occupied until a Delivery and Servicing Plan relating to the commercial use has been submitted to and approved in writing by the local planning authority.
- (b) The plan shall demonstrate the expected number and time of delivery and servicing trips to the site, with the aim of reducing the impact of servicing activity.
- (c) The approved Delivery and Servicing Plan shall be implemented in full accordance with the approved details from the first occupation of the commercial unit and shall be adhered to in perpetuity.

Reason: In order to ensure satisfactory vehicle management and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011).

- (18) (a) Details of the proposed solar panels shall be submitted to and approved in writing by the LPA prior to the completion of the building hereby granted.
- (b) The solar panels approved in accordance with (a) shall be installed in full prior to first occupation of the residential units hereby approved, and retained in perpetuity.

Reason: To comply with Policies 5.1 Climate change and mitigation, 5.2 Minimising carbon dioxide emissions, 5.3 Sustainable design and construction, 5.7 Renewable energy, 5.15 Water use and supplies in the London Plan (2016) and Core strategy Policy 7 Climate change and adapting to the effects and Core Strategy Policy 8 Sustainable design and construction and energy efficiency (2011).

- (19) (a) The detailed design for each dwelling hereby approved shall meet the required standard of the Approved Document M of the Building Regulations (2015) as specified below:
 - (i) 3 units shall meet standard M4(3)
 - (ii) All other units shall meet standard M4(2)
- (b) No development above ground level shall commence until written confirmation from the appointed building control body has been submitted to and approved in writing by the local planning authority to demonstrate compliance with paragraph (a) of this condition.
- (c) The development shall be carried out in accordance with the requirements of paragraphs (a) and (b) of this condition.

Reason: In order to ensure an adequate supply of accessible housing in the Borough in accordance with Policy 1 Housing provision, mix and affordability and Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 32 Housing design, layout and space standards of the Development Management Local Plan (November 2014).

- (20) (a) No development (including demolition of existing buildings and structures) shall commence until each of the following have been complied with:-
- (i) A site investigation report to characterise and risk assess the site which shall include the gas, hydrological and contamination status, specifying rationale; and recommendations for treatment for contamination encountered (whether by remedial works or not) has been submitted to and approved in writing by the Council.
 - (ii) The required remediation scheme implemented in full.
- (b) If during any works on the site, contamination is encountered which has not previously been identified (“the new contamination”) the Council shall be notified immediately and the terms of paragraph (a), shall apply to the new contamination. No further works shall take place on that part of the site or adjacent areas affected, until the requirements of paragraph (a) have been complied with in relation to the new contamination.
- (c) The development shall not be occupied until a closure report has been submitted to and approved in writing by the Council.

This shall include verification of all measures, or treatments as required in (Section (a) i & ii) and relevant correspondence (including other regulating authorities and stakeholders involved with the remediation works) to verify compliance requirements, necessary for the remediation of the site have been implemented in full.

The closure report shall include verification details of both the remediation and post-remediation sampling/works, carried out (including waste materials removed from the site); and before placement of any soil/materials is undertaken on site, all imported or reused soil material must conform to current soil quality requirements as agreed by the authority. Inherent to the above, is the provision of any required documentation, certification and monitoring, to facilitate condition requirements.

Reason: To ensure that the local planning authority may be satisfied that potential site contamination is identified and remedied in view of the historical use(s) of the site, which may have included industrial processes and to comply with DM Policy 28 Contaminated Land of the Development Management Local Plan (November 2014).

- (21) (a) Prior to the first occupation of the development, a Parking Management Plan shall be submitted to and approved in writing by the local authority. The Management Plan shall include details of allocation and management of car, motorcycle and cycle parking spaces within the development
- (b) The car and cycle parking spaces shall only be operated in accordance with the approved Parking Management Plan.

Reason: To manage car and cycle parking in accordance with London Plan (2016) Policy 6.13 and DM Policy 29 Car parking of the Development

Management Local Plan (November 2014) and to reduce pollution emissions in an Area Quality Management Area in accordance with Policy 7.14 Improving air quality in the London Plan (2016).

- (22) No part of the development hereby approved shall be first occupied until certification that the development has achieved Secure by Design accreditation has been submitted to and approved in writing by the local planning authority.

Reason: To ensure that the local planning authority may be satisfied that the proposal reduces opportunities for criminal behaviour and makes a positive contribution to a sense of security and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) DM Policy 30 Urban design and local character of the Development Management Local Plan (November 2014) and Policy 7.3 Designing out crime of the London Plan (2016).

- (23) (a) The commercial floorspace hereby approved shall achieve a minimum BREEAM Rating of 'Excellent'.
- (b) No works beyond piling shall commence until a Design Stage Certificate for the commercial floorspace (prepared by a Building Research Establishment qualified Assessor) has been submitted to and approved in writing by the local planning authority to demonstrate compliance with part (a).
- (c) Within 3 months of occupation of the commercial unit, evidence shall be submitted in the form of a Post Construction Certificate (prepared by a Building Research Establishment qualified Assessor) to demonstrate full compliance with part (a).

Reason: To comply with Policies 5.1 Climate change and mitigation, 5.2 Minimising carbon dioxide emissions, 5.3 Sustainable design and construction, 5.7 Renewable energy, 5.15 Water use and supplies in the London Plan (2016) and Core Strategy Policy 7 Climate change and adapting to the effects, and Core Strategy Policy 8 Sustainable design and construction and energy efficiency (2011).

- (24) The proposed residential refuse and recycling facilities shall be provided in full prior to first occupation of the residential units hereby granted.

Reason: In order that the local planning authority may be satisfied with the provisions for recycling facilities and refuse deposit and storage, in the interest of safeguarding the amenities of neighbouring occupiers and the area in general, in compliance with Core Strategy Policy 13 Addressing Lewisham waste management requirements (2011).

- (25) The proposed commercial refuse and recycling facilities shall be provided in full prior to first occupation of the commercial unit hereby granted.

Reason: In order that the local planning authority may be satisfied with the provisions for recycling facilities and refuse deposit and storage, in the interest of safeguarding the amenities of neighbouring occupiers and the area in general, in compliance with Core Strategy Policy 13 Addressing Lewisham waste management requirements (2011).

- (26) The proposed ground floor commercial unit shall only be used for A1 (Retail), A2 (Financial and Professional Services) or B1 (Business) uses and no other purpose unless agreed in writing by the local planning authority.

Reason: To provide employment floorspace in line with Core Strategy Policy 5 Other employment locations.

- (27) No deliveries shall be taken at or despatched from the commercial premises other than between the hours of 0700 and 2000 on Mondays to Fridays, 0800 and 1300 on Saturdays, and at no time on Sundays or public holidays.

Reason: In order to safeguard the amenities of neighbouring residents and to comply with Paragraph 120 of the National Planning Policy Framework, and DM Policy 26 Noise and Vibration, and DM Policy 32 Housing design, layout and space standards of the Development Management Local Plan (2014).

- (28) The commercial premises shall only be open for customer business between the hours of 0800 and 2200 on any day of the week.

Reason: In order to safeguard the amenities of adjoining occupants at unsociable periods and to comply with Paragraph 120 of the National Planning Policy Framework and DM Policy 26 Noise and Vibration, DM Policy 32 Housing design, layout and space standards and DM Policy 16 Local shopping parades and corner shops, of the Development Management Local Plan (November 2014).

- (29) The whole of the car parking accommodation, including the disabled bays, hereby approved shall be provided prior to the occupation of any dwelling and retained permanently thereafter

Reason: To ensure the permanent retention of the spaces for parking purposes, to ensure that the use of the building does not increase on-street parking in the vicinity and to comply with Policies 1 Housing provision, mix and affordability and 14 Sustainable movement and transport of the Core Strategy (June 2011), DM Policy 29 Car Parking of the Development Management Local Plan, (November 2014), and Table 6.2 of the London Plan (2016).

- (30) Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), no satellite dishes shall be installed on any elevation of the building.

Reason: In order that the local planning authority may be satisfied with the details of the proposal and to accord with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 30 Urban design and local character of the Development Management Local Plan (November 2014).

- (31) (a) No development beyond piling shall commence until full written details, including relevant drawings and specifications of the proposed works of sounds insulation against airborne noise to meet $D'nT,w + C_{tr}$ dB of not less than 55 for walls and/or ceilings where residential parties non domestic

use shall be submitted to and approved in writing by the local planning authority.

- (b) The development shall only be occupied once the soundproofing works as agreed under part (a) have been implemented in accordance with the approved details.
- (c) The soundproofing shall be retained permanently in accordance with the approved details.

Reason: In the interests of residential amenity and to comply with DM Policy 26 Noise and vibration, DM Policy 32 Housing design, layout and space standards, and DM Policy 33 Development on infill sites, backland sites, back gardens and amenity areas of the Development Management Local Plan (November 2014).

- (32) (a) The rating level of the noise emitted from any fixed plant on the site shall be 5dB below the existing background level at any time. The noise levels shall be determined at the façade of any noise sensitive property. The measurements and assessments shall be made according to BS4142:2014.
- (b) Details of a scheme complying with paragraph (a) of this condition shall be have been submitted to and approved in writing by the local planning authority prior to first installation.
- (c) The development shall not be occupied until the scheme approved pursuant to paragraph (b) of this condition has been implemented in its entirety. Thereafter the scheme shall be maintained in perpetuity.

Reason: To safeguard the amenities of the adjoining premises and the area generally and to comply with DM Policy 26 Noise and vibration of the Development Management Local Plan (November 2014).

- (33) Within 4 months of commencement of development, a Marketing Strategy for the commercial unit hereby approved shall be submitted to and approved in writing by the LPA.

Reason: To ensure the occupancy of the employment floorspace.

- (34) (a) Prior to occupation, drawings showing landscaping measures of the communal garden within the development hereby granted shall be submitted to and approved in writing by the local planning authority.
- (b) All landscaping works which form part of the approved scheme under part (a) shall be completed prior to occupation of the residential units.

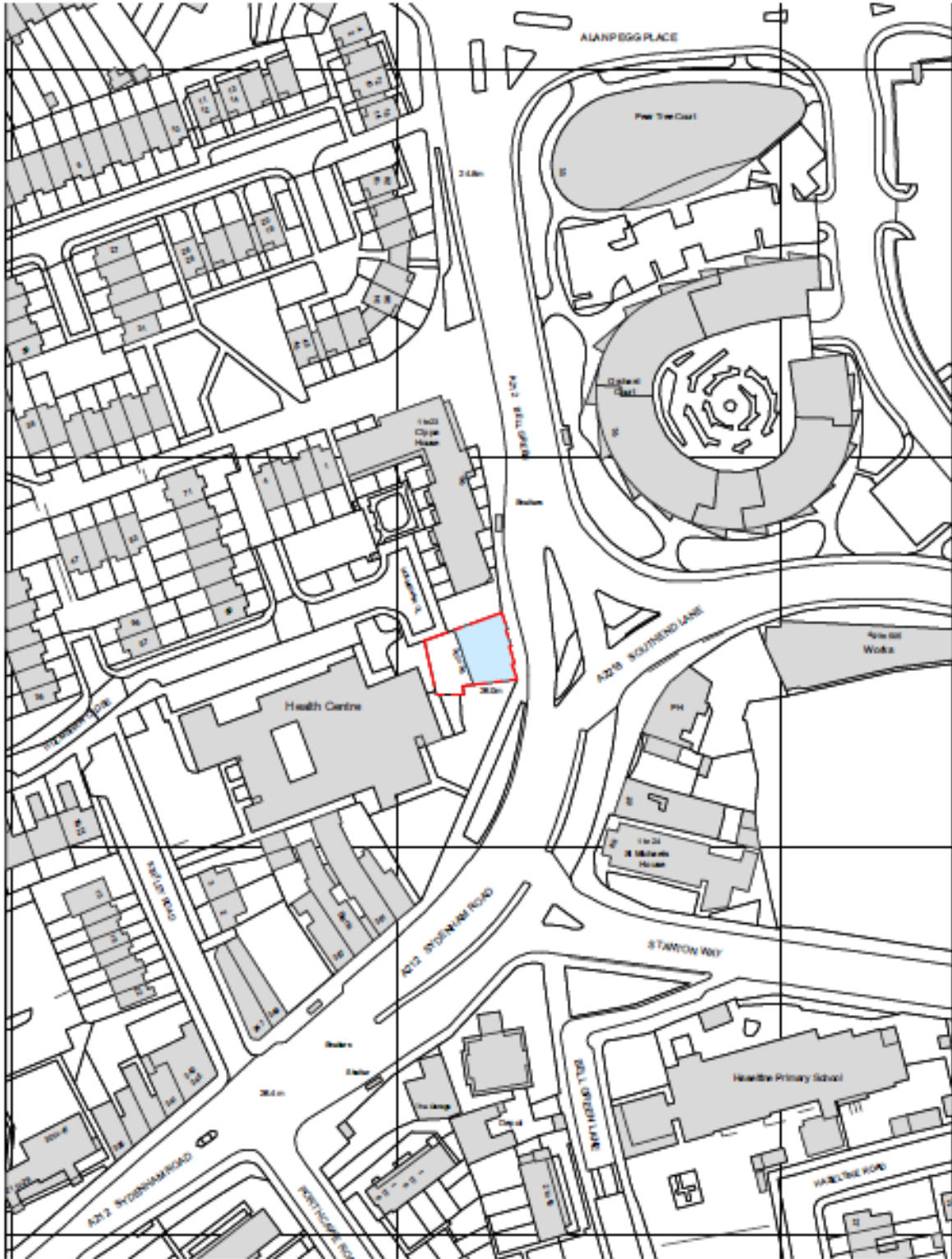
Reason: In order that the local planning authority may be satisfied as to the details of the proposal and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and Development Management Local Plan (November 2014) DM Policy 30 Urban design and local character.

INFORMATIVES

- (A) The Council engages with all applicants in a positive and proactive way through specific pre-application enquiries and the detailed advice available on the Council's website. On this particular application, positive discussions took place, which resulted in further information being submitted.
- (B) As you are aware the approved development is liable to pay the Community Infrastructure Levy (CIL) which will be payable on commencement of the development. An '**assumption of liability form**' must be completed and before development commences you must submit a '**CIL Commencement Notice form**' to the council. You should note that any claims for relief, where they apply, must be submitted and determined prior to commencement of the development. Failure to follow the CIL payment process may result in penalties. More information on CIL is available at: - <http://www.lewisham.gov.uk/myserVICES/planning/apply-for-planning-permission/application-process/Pages/Community-Infrastructure-Levy.aspx>
- (C) You are advised that all construction work should be undertaken in accordance with the "London Borough of Lewisham Code of Practice for Control of Pollution and Noise from Demolition and Construction Sites" available on the Lewisham web page.
- (D) **Pre-Commencement Conditions:** The applicant is advised that Conditions relating to Site Contamination, Construction Management Plan and Archaeology require details to be submitted prior to the commencement of works due to the importance of: allowing for archaeological investigations; ensuring the site has been cleared of any potential contaminants; and minimising disruption on local residents during construction works.
- (E) The applicant is advised to contact Thames Water Developer Services on 0800 009 3921 to discuss the details of the piling method statement.
- (F) The applicant be advised that the implementation of the proposal will require approval by the Council of a Street naming & Numbering application. Application forms are available on the Council's web site.
- (G) Assessment of all sound insulation scheme should be carried out by a suitably qualified acoustic consultant.
- (H) The weighted standardised level difference (D'nT,W + Ctr) is quoted according to the relevant part of the BS EN ISO 717 series. To guarantee achieving this level of sound insulation, the applicant is advised to employ a reputable noise consultant details of which can be found on the Association of Noise Consultants website.
- (I) Where a developer proposes to discharge groundwater into a public sewer, a groundwater discharge permit will be required. Groundwater discharges typically result from construction site dewatering, deep excavations, basement infiltration, borehole installation, testing and site remediation. Groundwater permit enquiries should be directed to Thames Water's Risk Management Team by telephoning 020 8507 4890 or by emailing wwriskmanagement@thameswater.co.uk. Application forms should be completed on line via www.thameswater.co.uk/wastewaterquality. Any discharge made without a permit is deemed illegal and may result in prosecution under the provisions of the Water Industry Act 1991.
- (J) Thames Water will aim to provide customers with a minimum pressure of 10m head (approx 1 bar) and a flow rate of 9 litres/minute at the point where it leaves Thames Waters pipes. The developer should take account of this minimum pressure in the design of the proposed development.
- (K) It is the responsibility of the owner to establish whether asbestos is present within their premises and they have a 'duty of care' to manage such asbestos. The applicant is advised to refer to the Health and Safety website for relevant information

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86-92 Bell Green Site Location Plan



License number 100047574

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Appendix A

**86-92 BELL GREEN, LONDON, SE26 4PZ
Financial Viability Assessment (FVA) Report**

July 2017



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86 – 92 Bell Green, Sydenham, Lewisham, London SE26 4PZ

Financial Viability Assessment (FVA) Report For IMA Real Estate

July 2017

86 – 92 Bell Green, Sydenham

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82 – 92 Bell Green, Sydenham

1. Introduction

Sheridan Development Management Ltd (SDML) has been appointed by IMA Real Estate to undertake a financial viability assessment (FVA) to accompany its planning application for the redevelopment of the site at Bell Green, Sydenham, London Borough of Lewisham.

SDML is a private consultancy, owned and managed by Chartered Surveyor, Daniel Kaye.

He has over 25 years of experience in housing development, urban regeneration, asset management, property and land.

His practice provides development, regeneration, planning and housing strategy advice and services to local authorities, housing associations and specialist developers and investors, including financial viability assessments, development appraisals and affordable housing.

Prior to setting up SDML in 2015, Daniel Kaye was Development & Special Projects Director for one of the country's largest housing associations, the Guinness Partnership, where he was responsible for delivering a major housing led development and regeneration programme of over 2500 homes in London and the South-East.

Prior to Guinness he held senior development, regeneration and property roles at Peabody Trust, English Partnerships and the Commission for the New Towns, starting his career in Investment and Valuation at property consultants, Healey & Baker.

Daniel Kaye regularly gives talks and provides training in regard to financial viability and affordable housing.

IMA Real Estate is a highly experienced specialist residential and commercial developer and investor working in a joint venture partnership with investment fund, Ingenious.

The site was acquired by IMA Project Two Limited in June 2016.

This report is confidential to the applicant and officers (and any appointed agent) of the London Borough of Lewisham.

2. Methodology

In accordance with emerging 'good' and acknowledged practice in London this FVA report compares residual land value (RLV) of the proposed development with benchmark land value (BLV).

BLV has been assessed on the market value of the site in its existing use plus a landowner's premium of 20%.

For the purposes of this FVA we have not adopted BLV of the site if it were to be openly marketed for redevelopment, nor have we applied the actual acquisition price (and holding costs).

It should be noted that both would be in excess of the EUV plus 20%.

RLV has been assessed by undertaking a bespoke residual development appraisal model but with a similar format, inputs and outputs to proprietary models such as Argus.

The BLV has been compared to the RLV.

If the latter is equal to the former then (assuming an acceptable development profit margin) the project is deemed to be viable at the proposed level of affordable housing.

If the RLV is below the BLV then the project could be deemed as not viable, albeit the applicant may still be prepared to proceed with the project.

If the RLV is above the BLV, depending on the amounts, it could be deemed that there may be capacity for an additional contribution to affordable housing.

This report has been undertaken in accordance with general RICS valuation guidance but, for the avoidance of doubt it is not, nor should be regarded as, a Red Book Valuation.

3. Scheme Overview

This FVA accompanies a Full Planning Application being submitted under separate cover by WYG Planning Consultants via the planning portal. The description of the development is as follows:

"Demolition of existing buildings and construction of a mixed use development comprising part 8-storey, part 6-storey building, 23 no. residential units, 63sqm (GIA) commercial floorspace (A1, A2 & B1), 5 car parking spaces; 38 cycle parking spaces; refuse storage; communal amenity area; and associated highway works."

Council officers (and any appointed agents or independent assessors) will be familiar with the application details and/or will be able to review detailed plans and accompanying technical reports submitted to the London Borough of Lewisham.

For information, however, the architect's schedule of accommodation and floor areas is provided at Appendix 1.

The site in question has existing uses currently on it including four small retail units and four flats.

It occupies a reasonably prominent position on Bell Green.

The local area has experienced some regeneration and residential led new build development in recent years.

Notwithstanding this it should be regarded as a relatively secondary location.

Whilst the site benefits from reasonable bus it has a moderate PTAL rating of 3.

Other locations having been able to sustain comparatively higher levels of house price growth.

The development plot itself is quite small and tight and, as can be seen from the scheme plans and drawings, plot coverage is at almost 100%.

Accordingly, car parking, plant, bin storage and cycle storage facilities have been incorporated into the structure of the building at ground floor level.

4. **Benchmark Land Value (BLV)**

At Appendix 2 is a detailed and comprehensive report prepared by property consultants and chartered surveyors GVA undertaken on behalf of the clients, IMA Real Estate and Ingenious.

This report provides a market valuation based on existing use.

As can be seen this amounts to £980,000.

In accordance with the methodology as set out in section 2, when applying a 20% premium (landowner's incentive to release the land for redevelopment) the total value is £1,176,000.

Accordingly, the BLV for the site, excluding SDLT and sales costs can therefore be assumed at £1,176,000.

5. Residual Development Appraisal

Appendix 3 sets out the detailed residual development appraisal undertaken for this scheme.

A bespoke excel system has been used albeit that it follows a similar approach to that provided by standard software such as Argus.

Essentially development costs are subtracted from development values in order to establish a gross residual land value.

5.1 Development Value

Development value has been derived by adding the net sales revenue of individual apartments to the net investment value of the ground rents and ground floor commercial spaces.

Key assumptions, in accordance with the location and scheme details, are as set out in the development appraisal at Appendix 3.

Appendix 4 provides a schedule of comparable market evidence for residential property values drawn from properties recently being advertised for sale in the local area.

Actual sales prices, drawn from official Land Registry data, have also been reviewed.

Accordingly, a rate of £600 per sq ft, reflecting a moderate new build premium, has been applied as a blended average to the residential accommodation provided in the scheme.

It should be noted that no affordable housing has been assumed in the baseline appraisal as shown in the appendix.

It should also be noted that most property commentators and specialists have stated a belief that the London property market is slowing and, indeed, in some locations prices have been beginning to fall rather than grow against the trend experienced in recent years.

This is understood to be as a result of nervousness around the Brexit negotiations and an apparently imminent prospect of increases in interest rates, as well as a sense that the London residential property market has reached an 'affordability peak'.

5.2 Development Costs

Development costs are as set out logically in the appraisal Appendix 3.

A market norm of 10% (of costs) for development fees has been applied as well as development financing costs of 6.75% taken for a period of one year out of an overall development programme from land acquisition through to completion of construction of 3 years.

Construction costs have been applied in accordance with the cost plan and report undertaken by Chartered Quantity Surveyors, Pellings.

Their report is provided at Appendix 5.

As can be seen a gross internal build cost of £2,151 per m² is consistent with new build schemes of this size and nature.

It should be noted that IMA Real Estate do not have an in-house construction team and therefore would deliver this project by way of a third-party contractor tender process and using a design and build contract.

Development profit has been applied at 17.5% of gross development value.

It should be noted that it is becoming apparent that some banks and funders are seeking higher levels of development profit given the current market softening and nervousness.

This is understood to be closer to the level of 20% profit on gross development value.

5.3 Gross Residual Land Value

As can be seen from the development appraisal the resultant gross residual land value is £664,896, say £665,000.

Normally, land finance, acquisition costs and SDLT would need to be deducted from this to produce a net residual land value.

The gross figure produces a relatively low plot value of c£29,000 per unit.

This is a function of development economics in the current market.

5.4 Sensitivity Analysis

It is our view that a blended average value of £600 per sq ft for the residential accommodation is appropriate.

However, we have undertaken a sensitivity to show the impact of increasing this to £625 per sq ft.

This results in an increased gross RLV (still assuming 100% market housing) of £969,000.

5.5 Policy Compliant Appraisal

We have run the residual development appraisal to show the impact on residual land value of a policy compliant scheme.

In this instance, we have assumed the first two floors (8 units) are affordable rent, the third floor is intermediate rent or shared ownership (4 units) and the remaining upper floors are market sale (11 units).

Affordable rent has been assumed at 45% of OMV (£266 per sq ft), intermediate at 60% of OMV (£355 per sq ft) and market sale at £600 per sq ft.

This results in a negative gross residual land value of £1,070,995.

6. **Conclusion**

As can be seen from the analysis in this report and the appendices the gross RLV of £665,000 falls significantly below the BLV of £1,176,000.

Therefore, in accordance with national, regional and local planning no affordable housing can reasonably be provided in this project.

It should also be noted that any reduction in units as a result of design discussions would serve to exacerbate the viability position as fixed land costs would be spread over fewer homes thus increasing marginal costs per unit.

Appendix 1 – Schedule of Accommodation and Floor Areas

	Suite	Rms	Bed	People	SqM	SqFt	Storey GIA	Storey GEA	Amenity Space	GIA + Balcony Space SqM	GIA + Balcony Space SqFt	Built-in Storage Space as NDSS
Communal terrace									81			
Seventh floor	23	4	3	4	75	807	102	117	107	182	8,690	3.06
Sixth floor	22	4	3	4	79	850			41	120	1,292	3.16
	21	4	3	4	74	797	191	210	6	80	861	2.51
Fifth floor	20	4	3	4	75	807			12	87	936	2.76
	19	3	2	3	61	657			10	71	764	2.32
	18	2	1	2	50	538			9	59	635	1.78
	17	2	1	2	50	538	280	301	6	56	603	2.48
Fourth floor	16	4	3	4	75	807			12	87	936	2.76
	15	3	2	3	61	657			10	71	764	2.32
	14	2	1	2	50	538			9	59	635	1.78
	13	2	1	2	50	538	280	301	6	56	603	2.48
Third floor	12	3	2	3	75	807			12	87	936	4.18
	11	3	2	3	62	667			10	72	775	2.32
	10	2	1	2	50	538			9	59	635	1.78
	9	2	1	2	50	538	280	301	6	56	603	2.48
Second floor	8	3	2	3	75	807			12	87	936	4.18
	7	3	2	3	62	667			10	72	775	2.32
	6	2	1	2	50	538			9	59	635	1.78
	5	2	1	2	50	538	280	301	6	56	603	2.48
First floor	4	3	2	3	75	807			12	87	936	4.18
	3	3	2	3	62	667			10	72	775	2.32
	2	2	1	2	50	538			9	59	635	1.78
	1	2	1	2	50	538	280	301	6	56	603	2.48
Ground floor	Commercial unit				63	678						
	Entrance lobby				35	377						
	Car Parking				179	1,927						
	Refuse store				14	151	317	336				
Totals for upper floors	23	64	41	64	1,411	15,188	1,693	1,831	420	1,750	25,567	60
Total for all floors	23	64	41	64	1,702	18,320	2,010	2,167	420	1,750	25,567	60

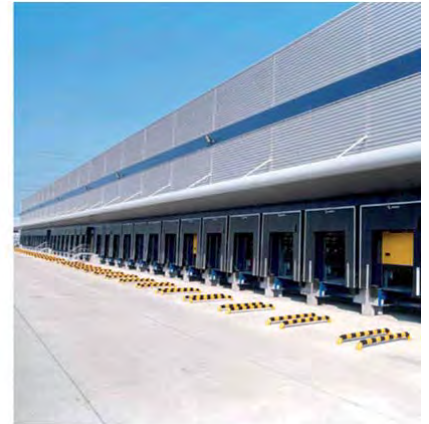
Appendix 2 – GVA Market Valuation (Existing Use)



Valuation Report

86-92 Bell Green,
Sydenham, London,
SE26 4PZ

October 2016



Prepared for



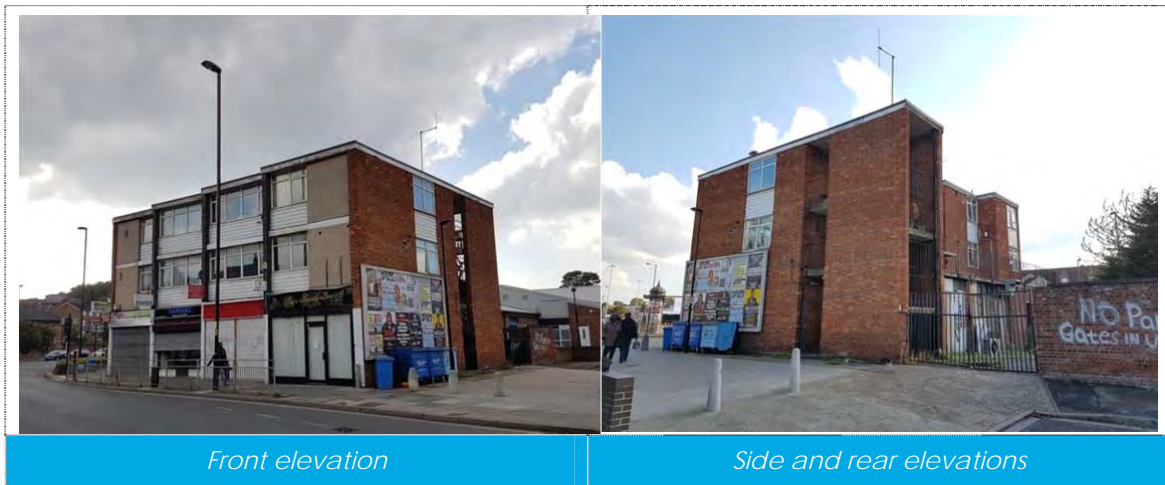
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Executive Summary



Location:

Mixed use tertiary location in Lower Sydenham, south London, with retail and residential-led regeneration immediately opposite the property to the north east.

Description:

A detached terrace of 4 retail shops with 4no 2-bedroom residential flats above built c. 1960.

Floor Area:

4,303 sq ft (400 sq m)

Tenure:

Freehold

Tenancies

3 of the flats are let on Periodic Tenancies (expired Assured Shorthold Tenancy agreements)

Income:

£39,000 pa

Loan Security:

We consider that the property provides satisfactory security for loan purposes, based on the following SWOT analysis:-

<p>Strengths</p> <ul style="list-style-type: none"> • Good train link into central London. • Close to regeneration area to north east of junction. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • "In between" location – not on a retail high street pitch but also on a busy junction with little space on the site to set a redevelopment back from the noise and traffic, which is not ideal for residential. • Poor external condition requiring methodical capital expenditure plan.
<p>Opportunities</p> <ul style="list-style-type: none"> • Improving location as a result of regeneration and redevelopment in and around the former gas works to the north east. • Planning gain from a potential consent to redevelop. • Depending on retail lettings achieved it may be possible to recover some of the capital expenditure required through the service charge. 	<p>Threats</p> <ul style="list-style-type: none"> • Economy weakens.

Summary of Value:

Our valuations as at 31 October 2016 are summarised as follows:-

Market Value	£980,000
Market Rent per annum	£75,000

Market Conditions

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is likely that the exit process will take some 24 plus months although the timing is presently uncertain. This combination of macro- economic, legal and political circumstances is unprecedented within the UK property market. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value/Fair Value. After an initial period of uncertainty and an absence of activity,

transactional volumes and available evidence have risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in certain sectors, such as our valuation scenario on the Special Assumption that consent has been granted for the 24-flat scheme proposed by the Borrower, and in this case, we have had to exercise a greater degree of judgement in arriving at our opinion of value.

We have relied on information provided to us by you that we understand was in turn provided to you by the Borrower and have not verified all such information.

For example we have relied on:

- Tenancy information provided to us for the current occupiers and recent occupiers;
- Current floor areas provided to us except where we have measured or obtained floor areas from the Valuation Office Agency
- Accommodation and floor areas for the proposed scheme.



65 Gresham Street
London
EC2V 7NQ

Our reference: NXXP/AP09/02B621257

Your Ref:

T: +44 (0)8449 02 03 04

21 November 2016

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Ingenious Real Estate Finance LLP
15 Golden Square
London
W1F 9JG

Direct Dial: 020 7911 2806
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Ingenious Real Estate Finance LLP as lender under the facility letter issued circa 21 November 2016 by Ingenious Real Estate Finance LLP and accepted by IMA Project Two Ltd as borrower circa 21 November 2016 (as amended, restated or novated from time to time) (the Facility Letter) and each of its: (i) Affiliates (as defined in the Facility Letter) who becomes a party at any time; and (ii) transferees, successors and assignees and/or their Affiliates which becomes a party to the Facility Letter as a lender in accordance with the terms thereof within 12 months of the date of this report (together the Addressees and each an Addressee).

For the attention of: Howard Sefton

Dear Sirs

Property: 86-92 Bell Green, Sydenham, London, SE26 4PZ

Borrower: IMA Project Two Limited

In accordance with your instructions dated 5 October 2016 we have inspected the above property in order to advise you of our opinion of its value for loan security purposes.

The property (edged red on the enclosed Ordnance Survey extract) has been valued with the benefit of the occupational leases detailed within our report, which produces a net rental income of £39,000 pa.

Our formal valuation advice has been prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015).

Valuation

WE ASSESS the Market Value (MV) of the freehold in the property identified within our report as at 31 October 2016 to be:-

£980,000

(Nine Hundred and Eighty Thousand Pounds)

Market Conditions

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is likely that the exit process will take some 24 plus months although the timing is presently uncertain. This combination of macro- economic, legal and political circumstances is unprecedented within the UK property market. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value/Fair Value. After an initial period of uncertainty and an absence of activity, transactional volumes and available evidence have risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in certain sectors, where we have had to exercise a greater degree of judgement in arriving at our opinion of value.

Within the main body of the report we have also provided additional valuations on the various bases required.

We have relied on information provided to us by you that we understand was in turn provided to you by the Borrower and have not verified all such information.

For example we have relied on:

- Tenancy information provided to us for the current occupiers and recent occupiers;
- Current floor areas provided to us except where we have measured or obtained floor areas from the Valuation Office Agency

All valuations are reported exclusive of VAT.

We draw your attention to our accompanying report, the Definitions and Reservations for Valuations to which our advice is subject and to the Terms of Engagement agreed between us.

Yours faithfully



Nathan Pask MRICS
RICS Registered Valuer
Director
Valuation Consultancy
For and on behalf of GVA Grimley Limited



Alexis Politakis MRICS
RICS Registered Valuer
Associate
Valuation Consultancy
For and on behalf of GVA Grimley Limited

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Appendices

- Appendix 1 Instruction Letter
- Appendix 2 Valuation & Tenancy Schedule
- Appendix 3 EPC's & Recommendations
- Appendix 4 GVA Property & Economic Bulletin

Definitions and Reservations for Valuations

1. Instructions

Instructions were received on 5 October 2016 to undertake a valuation of the property for secured lending purposes.

A copy of your letter of instruction is enclosed at Appendix 1.

We are instructed to provide the following valuations:-

- Market Value. The only tenanted parts of the property comprise 3 flats. The Assured Shorthold Tenancies are all holding over / Periodic Tenancies which can be terminated at 1-2 months' notice. In addition 2 of the 3 are to a company which we believe to be in liquidation. As such we believe that a purchaser would view the property as effectively vacant and our assessment of Market Value is therefore the basis of vacant possession (as below);
- Market Value on the Special Assumption of vacant possession;

Our valuation has been undertaken in accordance with your instruction letter and our terms of engagement, which have been prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the Red Book).

Conflict of Interest

As far as we are aware, we have no conflict of interest in relation to the provision of valuation advice in respect of the property. We have no on-going or previous fee earning relationship with the borrower nor the property and are therefore providing our advice as External Valuers in accordance with the provisions of the Red Book.

Professional Indemnity

See our "General Terms of Appointment - Clause 4: Limitation of Liability".

Nature and source of the information relied upon

In preparing our valuation, we have been provided with information by the client, the borrower and other sources. The extent to which this has been relied upon, and verified, by us in arriving at our opinion of value, is referred to in our report.

Date and Extent of Inspection

The property was inspected on 13 October 2016 by Alexis Politakis MRICS, an RICS Registered Valuer within the Valuation Consultancy Department of our Gresham Street office in London. Access was available to retail units 86, 88 and 90 Bell Green, and flats 32 and 36 Holmshaw Close.

2. Location

The property is located on Bell Green (A212), which is the continuation of Sydenham Road (A212) to the southwest and turns into Perry Hill (A212) to the north, at Bell Green's junction with Southend Lane, in Lower Sydenham. Sydenham Rail Station is 0.75 miles to the west, Forest Hill Rail Station is 0.9 miles to the northwest, Lower Sydenham Rail Station is 0.4 miles to the south and Bellingham Rail Station is 0.8 miles to the east.

In a regional context the property is 6.6 miles southeast of central London, approximately 1 mile south of the South Circular Road, 1.3 miles southwest of Catford and 2.8 miles northwest of Bromley.

The nearest motorway junctions are J3 and J4 of the M25, approximately 10.4 and 10.1 miles to the east southeast and southeast respectively.

We have provided a plan below showing the location of Lower Sydenham within the context of the surrounding region.



Demographics

Variable	Measure	Lewisham	London	England
2011 Population: All Usual Residents (Persons, Mar11) ¹	Count	275,885	8,173,941	53,012,456
2011 Population: Males (Persons, Mar11) ¹	Count	134,957	4,033,289	26,069,148
2011 Population: Females (Persons, Mar11) ¹	Count	140,928	4,140,652	26,943,308
2011 Density (number of persons per hectare) (Persons, Mar11) ¹	Rate	78.5	52.0	4.1
All Households (Households, Mar11) ¹	Count	116,091	3,266,173	22,063,368
All households who owned their accommodation outright (Households, Mar11) ^{1,2}	%	14.9	21.1	30.6
All households who owned their accommodation with a mortgage or loan (Households, Mar11) ^{1,2}	%	27.5	27.1	32.8
Very Good Health (Persons, Mar11) ¹	%	49.1	50.5	47.2
Good Health (Persons, Mar11) ¹	%	34.0	33.3	34.2
Day-to-Day Activities Limited a Lot (Persons, Mar11) ¹	%	7.1	6.7	8.3
Economically Active; Employee; Full-Time (Persons, Mar11) ¹	%	40.1	39.8	38.6
Economically Active; Employee; Part-Time (Persons, Mar11) ¹	%	11.7	10.9	13.7
Economically Active; Self-Employed (Persons, Mar11) ¹	%	10.7	11.7	9.8
Economically Active; Unemployed (Persons, Mar11) ¹	%	6.2	5.2	4.4
People aged 16 and over with 5 or more GCSEs grade A-C, or equivalent (Persons, Mar11) ¹	%	12.5	11.8	15.2
People aged 16 and over with no formal qualifications (Persons, Mar11) ¹	%	17.7	17.6	22.5

Source: Office for National Statistics

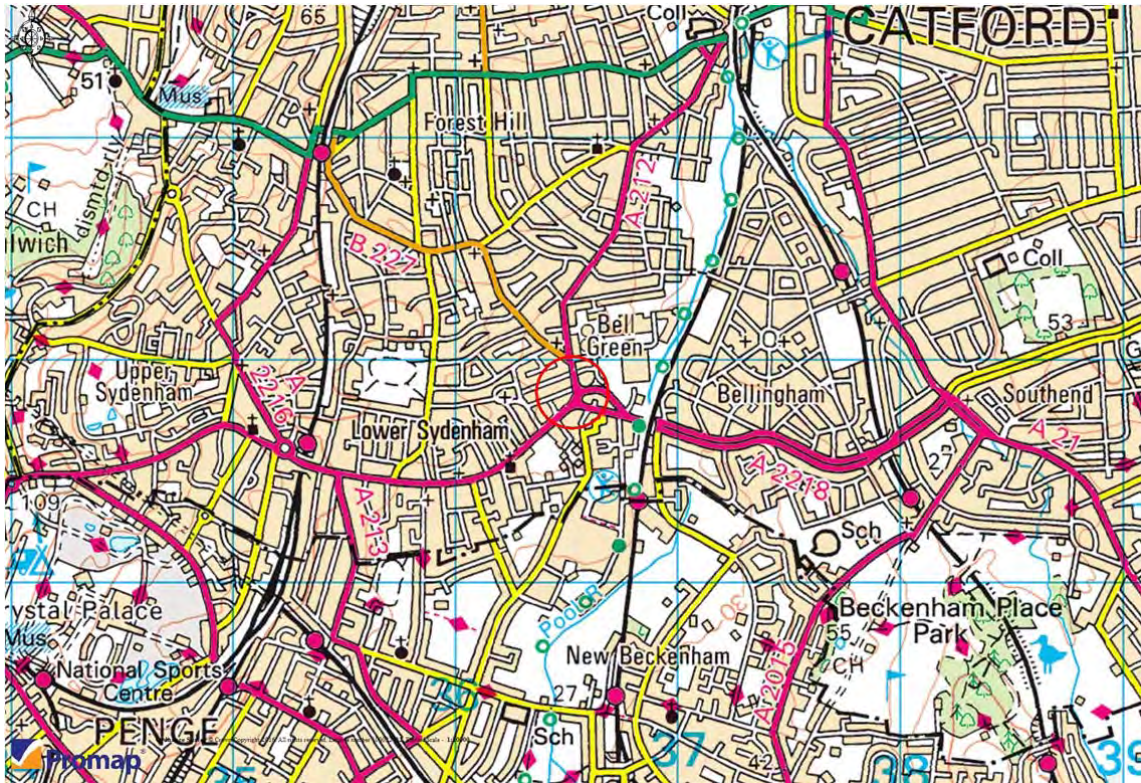
3. Situation

The property is situated in a mixed use area. Residential uses predominate in the surrounding streets and on upper floors. However, around the junction where the subject property is situated there are a mix of uses including retail and residential, and accommodation is of various ages and formats.

Immediate to the north of the property is Cippa Hous, a recently constructed mixed use building with a minimarket on the ground floor and 3 storeys of flats above. Across Bell Green to the northeast is Orchard Court, another recent residential scheme over ground and up to 6 upper floors. Immediately to the north of Orchard Court is a recently built 4-storey building with a retail unit on the ground floor and 3 floors of flats above. Sydenham Group Health Centre is immediately to the west and southwest of the subject property, while the north side of Bell Green immediately beyond the health centre to the southwest predominantly features retail uses on ground floors with residential uses over two floors above. Opposite the property on the southeast corner of the junction is The Bell public house. A little further to the southeast on Stanton Way is Haseltine Primary School.

The property sits in a tertiary position and does not form part of a continuous retail frontage. The accommodation it offers is more akin to the retail with residential above to the southwest of it along Bell Green than the more modern retail and residential accommodation provided by Cippa House, immediately to the north.

We have provided a plan below showing the approximate situation of the property, which is denoted by a red circle.



4. Description

The subject property comprises a terrace of 4 retail units with 4 residential flats over the 1st and 2nd floors above. The flats are accessed via an external staircase in the North West corner of the building and external west facing balconies. To the rear (west) of the building is a walled and gated yard.



South and East (front) elevations

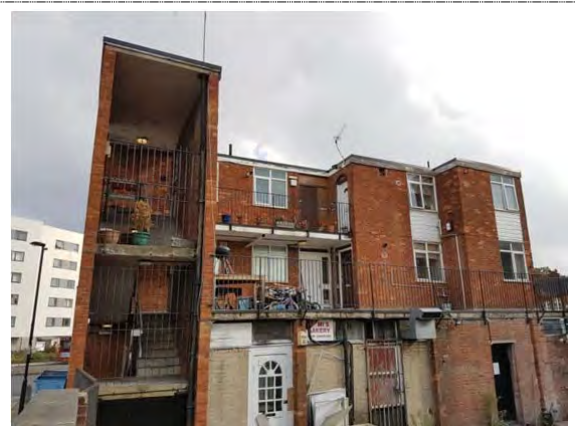


East (front) and North elevations

The property is of brick and concrete construction, with brick elevations, UPVC double glazed windows, under a flat roof.



North and West (rear) elevations and access to rear yard from Holmshaw Way



West elevation

Internally the property provides 4 ground floor retail units and 4 residential flats over the 1st and 2nd floors above.

Flat 36 comprises a 2-bedroom flat on the 2nd floor of the building. The flat features uPVC double glazed windows and a uPVC front door, is carpeted in the entrance hallway, living room, corridor and the 2 bedrooms, with lino flooring to the kitchen and bathroom. The flat benefits from independent gas central heating. Internally the flat generally appeared to be in fair decorative order, although there are signs of minor dis-repair including some hairline cracking in the side wall of the living room and the living room ceiling, the kitchen sink units not being fixed to the low-level cabinets below, some damp coming through the bathroom wall presumably from a localised leak from the bath/shower plumbing, and some high-level hairline cracks in the plaster and potential damp around the top of the rear second

bedroom. Externally there appear to be two holes in the outer course of bricks. One hole is in the side of the rear bedroom and another at high level on the outside of the entrance hallway to the flat. The flat may have suffered from damp chronically as there appears to be an extractor fan fitted to the rear of the second bedroom at high level with the vents to the exterior, although the intake inside the second bedroom appeared to have been taped over.

Flat 32 comprises a 2-bedroom flat on the 1st floor of the building and mirrors flat 36 in layout. The walls and ceilings are wallpapered. The entrance hallway and living room feature laminate flooring, while the kitchen and bathroom feature wood-effect lino flooring. The two bedrooms and the hallway between them are carpeted. The flat features independent gas central heating via a Worcester combi boiler situated in the entrance hallway and wall-mounted radiators in each of the rooms. The flat features UPVC windows throughout and a timber front door. Most rooms in the flat feature central pendant light fittings currently fitted with CFL bulbs while the kitchen features a fluorescent strip lighting unit. There are smoke detectors fitted in the entrance hall way and corridor between the bedrooms. The one in the corridor between the bedrooms was beeping indicating that it needs its battery changed. The flat appears to suffer from damp in several places particularly in the corners of the bedrooms where there appears to be mould growing on the wall paper and some of the wallpaper is peeling away from the walls. The bathroom is in a particularly poor state with mould to the ceiling mould to the grouting of the tiles and walls and in need of a new bathroom suite and general redecoration.

Flats 30 and 34 were not inspected but are understood to comprise tenanted 2-bedroom flats on the 1st and 2nd floors of the building respectively.

86 Bell Green comprises a vacant retail unit in fair condition, which appears to have formerly been trading as a hair / beauty salon. The shop features an aluminium-framed floor-to-ceiling glazed shop front, tiled floor and suspended ceiling with recessed down lights. To the rear there is a WC and access timber door with security bars on the inside to the rear yard. The shop appears to feature independent electricity and water supplies but no gas supply or central heating.

88 Bell Green comprises a vacant retail unit in average condition, which appears to have formerly been trading as a take-away sandwich shop. The unit features an aluminium-framed glazed shop front and twin external manually operated metal security roller shutters. Internally the retail unit features tiled floors and walls, a wall mounted air conditioning unit, ceiling mounted fluorescent strip lighting, kitchen extractor hood and ducting, WC and access to the rear yard.

90 Bell Green comprises a vacant shop in average condition, which appears to have formerly been trading as an "accessories" shop likely selling mobile phone accessories. The shop features a timber-framed glazed shop front, tiled floor and suspended ceiling with recessed down lights. There are fitted display cabinets to the left and right hand walls as well

as cladding to the walls for shelving. To the rear of the shop there is a WC and ancillary storage/ office space.

All 3 shops inspected were basic in their fit out and did not appear to benefit from gas supplies or central heating. Creeping plants have found their way under the rear doors of numbers 86 and 88 into those retail units from the rear yard.

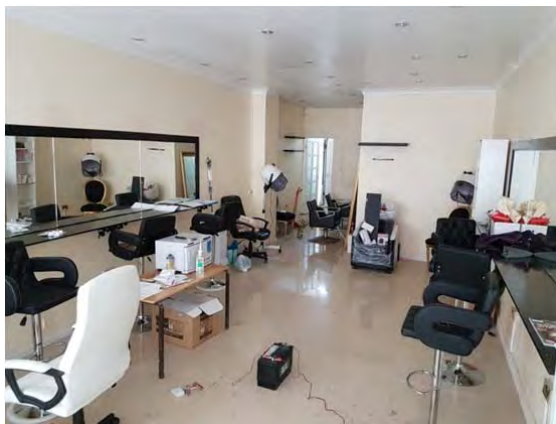
We were not able to access 92 Bell Green in the course of our inspection.



Flat 36



Flat 32



86 Bell Green



88 Bell Green

*90 Bell Green*

Externally there is pedestrian access to the retail units via Bell Green. There is an unsurfaced, gated, walled yard to the rear of the shops with a gate to the pavement from Holmshaw Close. There is a significant quantity of chattel items around the perimeter of the yard. Your legal advisors should confirm that there is a right of way from Holmshaw Close over the pavement to the gate and yard.

We were not able to access the yard as the gate was padlocked and the rear doors to the yard from 86 and 88 Bell Green were either locked or jammed shut. The yard has vegetation growing in various locations and there appears to be a tree growing immediately inside the south boundary close to the southwest corner which is damaging the boundary wall.

The residential parts of the property are accessed from an external stairwell to the North elevation. The stairwell features brick elevations on either side and concrete landings and stairs with bars across the void to the west of the stairwell. The ground floor entrance to the stairwell and each floor features gates but these do not appear to be locked or secure.

The stairwell is lit and there are buzzers on each floor for each of the two flats on that floor. The brick elevations on the inside of the stairwell appear to suffer from some water ingress from the flat roof above.

The fascia boards at high level around the entire property are in poor condition exhibiting wet rot resulting from chronic water damage and lack of maintenance.

There is a ground floor utility cupboard in the communal entrance which has had its door broken off and appears to be being squatted in or providing shelter for a homeless person with empty food packets and bedding on the floor.



5. Site Area

The subject property has an approximate site area of 0.034 hectares (0.084 acres).

The site is irregular in shape and is roughly flat. There is pedestrian access from Bell Green and via Holmshaw Close and Bell Green to the external stairwell accessing the residential accommodation. There appears to be vehicular access via Holmshaw Close over the pavement and through a double gate into the yard at the rear, although we cannot confirm whether there is a right of way or easement in place. You have asked us to assume that such a right of way or easement is in place for the purposes of this valuation. We strongly recommend that your legal advisors confirm that all necessary easements and/or rights of way are in place before lending against the property.



Boundaries subject to confirmation with deeds

This area has been computed using the Ordnance Survey Promap system. Our understanding of the site boundary is shown outlined in red on the plan above. We have assumed that this represents the correct boundary to the site and that there are no on-going boundary disputes. We would recommend that our understanding is confirmed by your legal advisers.

6. Floor Areas

We have been provided with the following floor areas for the residential units by the Borrower and supplemented these with the floor areas from the Valuation Office Agency (VOA). We assume that both the Borrower and VOA floor areas have been correctly prepared under the RICS Professional Statement – RICS Property Measurement 1st edition, May 2015 and in accordance with the RICS Code of Measuring Practice, 6th edition published by the Royal Institution of Chartered Surveyors on a Gross or Net Internal Area basis as applicable. The Borrower has also provided what appear to be Gross Internal Areas for the retail accommodation which appear to broadly correspond with VOA Net Internal Areas. We have also compared the floor area of Flat 34 against a measured area prepared by Floorplanz in 2008 and provided by the Borrower which is the same. We have not verified the floor areas or carried out check measurements. As agreed we are relying on the floor areas provided by the Borrower and obtained from the VOA on the assumption that the information is correct.

The residential floor areas are on a Gross Internal basis, while the retail floor areas are on a Net Internal basis.

We have measured the floor areas of Flat 36 and retail unit 86 Bell Green for comparison against the floor areas provided to us and include our measurements in brackets and with an asterisk in the table below. The differences between our measurements and the floor areas provided are within typical tolerances. For the purposes of this valuation we have relied on our own measurements for Flat 36 and retail unit 86 Bell Green and on Borrower, EPC and VOA floor areas where not measured.

Unit	Floor	Use	Basis	Source of Information	Areas	
					Sq m (ITZA)	Sq ft (ITZA)
92 Bell Green	G	Retail	NIA	VOA	32.4 (25.5)	349 (275)
90 Bell Green	G	Retail	NIA	VOA	37.2 (32.1)	400 (345)
88 Bell Green	G	Retail	NIA	VOA	43.2 (32.4)	465 (348)
86 Bell Green	G	Retail	NIA	VOA	37.2 37.5* (30.9)	400 403* (333)
Flat 30	1	Residential	GIA	Borrower	61	657
Flat 32	1	Residential	GIA	Borrower	64	689
Flat 34	2	Residential	GIA	Borrower	61	657
Flat 36	2	Residential	GIA	Borrower	64 63.5*	689 684*
	Totals				400	4,303

We have used a conversion factor of 10.764 in converting metric floor areas to imperial. We have rounded metric areas to one decimal places and imperial areas to the nearest whole unit.

The net retail frontage of the property is as follows:-

Frontage	Metres	Feet
86 Bell Green	3.78	12.4
88 Bell Green	4.00	13.1
90 Bell Green	4.04	13.3
92 Bell Green	3.90	12.8

7. Services

We understand that all mains services are connected / available to the residential flats in the and that all mains services but gas are connected to the retail units in the subject property. We have assumed that as there flats appear to have gas supplies that it would not be too onerous or costly to provide connections to the retail units if required. We assume that most comparable retail units will not necessarily benefit from connections to mains gas. We have not undertaken any tests to ascertain the condition or capacity of these services and have assumed for the purpose of this valuation that all service connections are in good order.

We understand that each of the residential flats has independent gas, water and electricity supplies and that each retail unit has independent water and electricity supplies.

8. Condition of Building

We have not carried out a building survey of the property but would comment that at the time of our inspection it appeared to have been under maintained and was in a poor state of repair, particularly externally, having regard to its age, character and use. The following matters in particular were noted during our inspection:-

- The gates to the external stairwell to the residential flats are not secure at ground floor level or upper floors.



- The ground floor utility cupboard in the communal residential stairwell entrance has had its door broken off and appears to be being squatted in.



- There are bricks missing from the outer layer of the cavity walls.



- The damp particularly at high level in the rear bedroom of Flat 36 and in the stairwell walls, and spalling brickwork suggests that part of the roof and timber fascia boards around the roofs perimeter may need overhauling. In addition selective replacement of bricks and repointing may be required. Thereafter, the affected parts of the property can be re-decorated.



- Damage to south boundary wall by tree growing in close proximity.



In view of the condition of the building we have made an allowance for some up-front capital expenditure: £50,000 for external / structural repair and maintenance and £10,000 per flat to redecorate and selectively re-fit. We are not qualified to estimate these costs and have not taken advice from building surveyors or quantity surveyors in adopting these figures. We would recommend that a building survey and budgeted capital expenditure and maintenance plan is commissioned from an independent suitably qualified professional. It may also be useful for consideration to be given to the ability to recover some or all of this expenditure over time through a service charge from potential future retail occupiers. If the building survey and budget report significantly different figures to those we have assumed please provide these to us so that we may reconsider our valuation.

9. Remaining Economic Life

We are of the opinion, that given reasonable maintenance and periodic repair, the subject property will have a remaining economic life in excess of 20 years. With an on-going maintenance and repair programme, the life could be extended further.

10. Deleterious Material

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property or have since been incorporated. Although our inspection did not reveal any obvious deleterious materials, we are unable to report that the property is free from risk in this respect. We have assumed for the purposes of this valuation and report that no deleterious materials were used in the construction of the property. Bearing in mind the age and nature of construction you may wish instruct further specialist investigations into the presence of deleterious materials such as high alumina cement.

11. Statutory Enquiries

Planning Policy

Local Planning Authorities are currently developing a new Local Plan which will form part of the Development Plan for the area, alongside the National Planning Policy Framework, forming the basis of planning decisions until circa. 2030. It will contain planning strategy,

policies and site allocations. Prior to adoption of the documents in the new Local Plan, the Saved Policies from the Lewisham Local Development Framework and the London Plan will continue to be used, where they are in accordance with the National Planning Policy Framework.

The development is covered by the Lewisham Core Strategy, which was adopted on 29 June 2011. Under this Plan, the property is not zoned for any specific uses although it does fall within an Area of Archaeological Priority. Following the adoption of the Core Strategy the Local Development Framework has been developed via the adoption of the Site Allocations Local Plan in June 2013, the Development Management Local Plan on 26 November 2014 and the Lewisham Town Centre Local Plan on 26 February 2014. The Planning department have verbally confirmed that the property is not listed and is not situated within a designated Conservation Area.

Planning History

We have not been provided with a copy of the relevant Planning Consent, Building Regulations Approval or Licences and we would therefore recommend that confirmation is sought from your solicitors that these are in place. Our valuation assumes that planning is in place for the current / most recent apparent uses of A1 (shops) in the case of 86 and 90 Bell Green, A5 (hot food take-away) in the case of 88 and 92 Bell Green and C3 (dwelling houses) in the case of Flats 30-36 Holmshaw Close.

Equality Act 2010

The Equality Act places duties on employers and service providers to consider barriers (both physical and intangible) that disabled people might face when trying to access a service or employment. Using a particular product or designing a building in a certain way might help someone (person or organisation) meet their duties, but having an 'accessible' building in itself does not guarantee compliance with the Act.

Although the building is multi storey, the ground floor shops are at ground / pavement level. There is no lift access to the residential flats over the 1st and 2nd floors above which are reached via an external stairwell. However, we feel that the absence of lift access to the flats is commensurate with the age and quality of the residential accommodation and will be the case with other similar properties. As such we do not consider that a purchaser in the market would adjust their bid for the property by deducting the cost of the works necessary to remedy this.

Highways

We have made enquiries of Lewisham Council who have confirmed that Bell Green is adopted and maintainable at public expense. However, Holmshaw Close is street maintained by a Housing Association. We have assumed that the users of the subject

property have the right to pedestrian access from Bell Green pavement and vehicular access along Holmshaw Close and over the pavement to the yard of the subject property and to the garage of the proposed redevelopment without liability to pay for the road's maintenance. We have assumed that there are no highway proposals which may have an adverse impact on the subject property. We recommend that your legal advisors confirm our understanding.

Rating

Business rates are levied as a tax on an occupier. However where premises are vacant and under the landlord's control, the landlord will assume responsibility for the payment of empty rates. Following the Finance Act 2008, empty property rates are assessed at 100% of the basic occupied business rate, after an initial void period of 3 months has elapsed. In the case of industrial property, the void period is extended by a further three months. Within our valuation, we have allowed for costs attributable to empty rates liability of the vacant elements. Further specific commentary on this aspect is contained in the 'Valuation Considerations' section of our report.

The property is assessed in the 2010 Rating List as follows:-

Address	Description	Rateable value
86 Bell Green, London, SE26 4PZ	Shop and premises	£5,800
88 Bell Green, London, SE26 4PZ	Shop and premises	£6,100
90 Bell Green, London, SE26 4PZ	Shop and premises	£6,000
92 Bell Green, London, SE26 4PZ	Shop and premises	£4,850

The Uniform Business Rate for the year commencing 1 April 2016 is 49.7p in the pound or 48.4p for small businesses (i.e. with below RV £25,500 in Greater London)

General

The majority of the above information has been provided to us from the web or verbally by local authorities or relevant public bodies. However, we would recommend that your legal advisors obtain formal confirmation that the information provided to us is correct. Should subsequent formal investigations contradict the information outlined above, then we would recommend that the matter is referred back to us in order to consider what impact, if any, this may have on our opinion of the value of the property.

12. Environmental Issues

In accordance with the RICS Practice Standards Guidance Note, 'Contamination, the Environment and Sustainability', 3rd Edition - dated April 2010, we acknowledge that some properties may be affected by environmental issues that are an inherent feature of either the property itself, or the surrounding area, and could have an impact on the value of the property interest.

Therefore, the following sections describe the underlying assumptions we have made regarding environmental issues, the extent of our enquiries and reliance on information provided by others in preparing this valuation.

Valuation Assumptions & Extent of Enquiries

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination or other environmental features in land or buildings affecting the property.

We have not carried out any investigation into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists.

In practice, purchasers in the property market do require knowledge about contamination and other environmental factors. A prudent purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value now reported.

No indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwater.

In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the property, further advice should be obtained of a suitably qualified and insured specialist.

For the purposes of this valuation we have assumed that the property and site are not affected by contamination.

Coal Mining

We are not qualified to give assurances on the ground condition of the site and we would confirm that we have not undertaken any formal enquiries to ascertain whether the property is affected by mining or other works. Furthermore, we have not undertaken any site stability enquiries, investigation works or research. Accordingly, we have specifically assumed for the purpose of this valuation and report that the property is not adversely affected in this regard, nor is it affected by subsidence, and our valuation advice has made no allowance for the cost of any necessary remedial works in this regard.

Invasive Plant Species

The Wildlife and Countryside Act 1981 (as amended) is the principal legislation which regulates the release of non-native species. Section 14(2) prohibits the release of certain invasive non-native plants into the wild in Great Britain; it is an offence under Section 14(2) to “plant or otherwise cause to grow in the wild” any plants listed on Part II of Schedule 9.

The most common plant species found on brownfield and urban sites include Japanese Knotweed, Giant Hogweed and Himalayan Balsam although other non-native species do exist. Japanese Knotweed poses a particular problem to property, as not only does it out-compete native species, it also has the potential to cause costly damage to buildings, pavements, roads, etc.

During our site inspection, we did not note the presence of Japanese Knotweed, Giant Hogweed or Himalayan Balsam. However, given the vegetation particularly along the south site boundary and in the rear yard, the presence of invasive plant species cannot be fully discounted without the provision of an ecological survey.

Flood Risk for Properties in England

Fluvial Flood Risk

From a review of the Flood Hazard Mapping on the Environment Agency (EA) website, the site is not located within an area considered to be at risk of flooding from rivers and/or the sea. Currently available mapping indicates that the risk of flooding at this locality is regarded as Very Low, with the chance of flooding in any year is less than 1 in 1000 (0.1%).

The above risk ratings take into account the effect of any flood defences that may be in this area. It is important to acknowledge that flood defences reduce, but do not completely stop the chance of flooding and they can be overtopped or fail.

Surface Water Flood Risk

From a review of the Flood Hazard Mapping on the Environment Agency (EA) website, the site is not located within an area considered to be at risk of flooding from surface water sources. Currently available mapping indicates that the risk of flooding at this locality is regarded as Low, with a chance of flooding in any year between 1 in 1,000 (0.1%) and 1 in 100 (1%).

It is also important to note that flooding can occur through other mechanisms such as insufficient drainage capacity and breach of water storage infrastructure such as reservoirs, and these forms of flooding have not been specifically assessed in the above risk categories.

Given that the property is located in an area designated as Very Low Risk associated with fluvial and/or coastal flood risk and Low Risk from surface water flooding we do not consider that the valuation presented will be adversely impacted.

13. Energy Performance Certificates (EPC)

In line with the EU Energy Performance of Buildings Directive (EPBD) the Government is seeking to improve the environmental efficiency of all buildings. All residential, public and commercial buildings sold or let are required to have an EPC, with few exemptions.

On 26 March 2015, the Energy Efficiency (Private Rented Property) (England and Wales) regulations were passed into law. These regulations are better known as the Minimum Energy Efficiency Standards (MEES). MEES regulations make it unlawful to let, sub-let or renew a lease in a property or unit which has an Energy Performance Certificate (EPC) rating below E i.e. F or G, until qualifying improvements have been made or an exemption certificate has been obtained. From 1 April 2018, the regulations will apply to all new lettings, sub lettings or renewals (where an EPC is in place). From 1 April 2023 all leased properties with an EPC will need to meet the minimum requirements.

Unit	EPC Rating	EPC Date
86 Bell Green, London, SE26 4PZ	G (155)	4/2/2016
88 Bell Green, London, SE26 4PZ	E (105)	4/2/2016
90 Bell Green, London, SE26 4PZ	D (90)	16/4/2013
92 Bell Green, London, SE26 4PZ	C (64)	4/2/2016
30 Holmshaw Close, London, SE26 4TH	D (63)	2/2/2016

Unit	EPC Rating	EPC Date
32 Holmshaw Close, London, SE26 4 TH	C (77)	31/8/2010
34 Holmshaw Close, London, SE26 4 TH	E (54)	2/2/2016
36 Holmshaw Close, London, SE26 4 TH	D (62)	1/6/2009

The EPC and any recommendations are included in the appendices attached to this report. The EPCs last for 10 years from the date of issue.

The certificate for 36 Holmshaw Close was issued prior to 2010. We would comment that the EPC assessment requirements and quality have continued to evolve and a prudent purchaser may well wish to undertake a new assessment and potentially reflect any costs to upgrade the building within any offer made (assuming it is being sold or let). A satisfactory historic assessment is therefore no guarantee that an acceptable EPC rating will not affect the future value of a property and may have consequences if the next assessment takes place after April 2018.

86 Bell Green is rated G (155), which is below the minimum level required from April 2018 to allow the property to be let. The EPC improvement recommendations are shown in the appendices, although further appraisal of these options should be undertaken before implementing any works.

Within our valuation we have applied what we consider are appropriate rents and capital values based on the age and nature of the building, having regard to current market conditions. At the moment the market evidence suggests that the costs of upgrading buildings are rarely taken into account; though as awareness increases, we anticipate that this will become more prevalent. However, we suspect that non-compliant buildings will experience downward movement in values in the short to medium term as we approach the critical 2018 date.

In addition, it is considered that purchasers and occupiers will become increasingly influenced by EPC ratings, regardless of compliance, in the acquisition and occupation of buildings, which is likely to be reflected in prices and rents offered. There is no guarantee that buildings compliant with MEES regulations are protected against the behaviour of the market in stipulating what is an acceptable EPC rating for a particular building.

14. Tenure

We have not been provided with a Report on Title, however we understand that the interest to be valued is the unencumbered freehold interest, subject to the occupational leases in favour of Midos and Brailey.

We have assumed for the purposes of this valuation that there are no unduly onerous or restrictive covenants affecting Title which would have an adverse effect on value. This assumption should be verified by your solicitors.

15. Tenancy Information

We have been provided by the Borrower with a Schedule of Accommodation summarising the occupational leases in respect of Flats 30, 34 and 36, Periodic Tenancy Notices in respect of Flats 30 and 34 and Assured Shorthold Tenancy in respect of Flat 36 and understand that the 3 of the flats are let to 2 tenants as summarised in the tenancy schedule below:-

Unit	Tenant	Term	Lease start	Lease expiry	Rent review	Current rental pa	Comments
86 Bell Green							VACANT
88 Bell Green							VACANT
90 Bell Green							VACANT
92 Bell Green							VACANT
Flat 30, Holmshaw Close	Midos Residential Investments Ltd (In Liquidation)		29/12/2006			£13,800	Periodic Tenancy. 1 month tenant break. 2 months landlord break.
Flat 32, Holmshaw Close							VACANT

Unit	Tenant	Term	Lease start	Lease expiry	Rent review	Current rental pa	Comments
Flat 34, Holmshaw Close	Midos Residential Investments Ltd (In Liquidation)		29/12/2006			£13,800	Periodic Tenancy. 1 month tenant break. 2 months landlord break.
Flat 36, Holmshaw Close	Miss Leigh Frances Brailey	12 months	24/01/2015	23/01/2016	Annual. Upward only. RPI + 2% capped at 6% pa	£11,400	Periodic Tenancy. Rent Review not triggered. 1 month's notice to terminate

The tenants and a summary of their lease terms is provided in the tenancy schedule in the appendices. There are currently 2 tenants providing a total gross rent of £39,000 pa.

We have relied on the tenancy information provided in the Schedule of Accommodation, Periodic Tenancy Notices in respect of Flats 30 and 34 and Assured Shorthold Tenancy in respect of Flat 36 provided to us by the Borrower and has not been verified by a solicitor. We recommend that your legal advisors verify our understanding of the tenancy information.

Tenant Covenant

Midos Residential Investments Limited is a privately owned property management company founded in 2003. Although the company appears to be in Creditors Voluntary Liquidation since 7 June 2012, the tenancy agreements for Flats 30 and 34 have lapsed into Periodic Tenancies and may be terminated at 1-2 months' notice. As such Midos Residential Investments Limited's covenant strength is relatively unimportant. However, your legal advisors should confirm that the tenant's insolvency status does not compromise the Borrower's ability to secure vacant possession.

Our valuation assumes that Midos Residential Investments Limited will be considered equivalent to a local covenant such as the private person who is the tenant of Flat 36.

16. Economic Overview

The UK's economy is largely being driven by politics. The start of October has seen a little more clarity around the Brexit process, and we now know that the triggering of Article 50, which will start the formal process of leaving the EU, is scheduled for Q1 2017. This means that the UK is likely to exit the EU exit by March 2019. However, given the length of time that will be necessary to negotiate new trade deals, an interim arrangement is likely to follow formal exit.

The referendum was advisory, and a number of legal challenges are under way that could derail this timetable.

A key problem is that the referendum result was a vote against EU membership, not for any specific outcome. There is still no consensus over what the UK is actually trying to achieve through Brexit, which will need to be clarified before formal negotiations begin. As a result the outcome for trade and migration is still very uncertain. This is key for the economic outlook. What is certain is that there will be an uneven impact across different sectors of the economy, and that the process of exiting the EU will be long and complicated.

Businesses need certainty and the Government is under immense pressure to clarify its approach to Brexit. However, it also needs to take the time to get its strategy right across a vast range of complex issues. This dilemma will be a significant challenge.

Whatever approach the Government takes, the UK will remain a member of the EU for two years after Article 50 is triggered, and we will still be able to trade with the EU on the existing basis during this time (although discretionary EU funding will become much harder to obtain).

Confidence

Consumer confidence has started to rebound from the immediate referendum shock. The latest GfK survey plummeted from -1 in June to -12 in July, but rose to -7 in August and back to -1 in September. Consumer demand has been resilient so far, and retail sales have remained relatively buoyant. Indeed, growth rates for retail sales volumes over the three months, and the year to July-September of 1.8% and 5.1% respectively, were the fastest since January 2015.

Business confidence saw a significant increase in August, with a rebound in the respected Markit/CIPS Purchasing Managers' Index back into positive territory at 52.7, following the post-referendum drop to 47.7 (a reading below 50 indicates that contraction is expected). September saw a further modest increase to 52.9. This is illustrated in the chart below (which shows the average across the manufacturing, services and construction sectors).



Inflation and interest rates

CPI inflation was 1.0% in September, up from 0.6% in August. The rate has risen from broadly zero a year ago and will rise faster over the next year due to Sterling’s devaluation. The consensus view is for 2.4% in 2017 (although it is likely to peak higher than this), but any further volatility in the foreign exchange markets could alter this outlook. The Bank of England deployed further stimulus in August to boost domestic demand. This included a reduction in the Base Rate to 0.25% and an injection of £70 billion into the economy through the purchase of government and corporate bonds (quantitative easing).

The Bank may well use further stimulus measures in the coming months, although there is only so much that monetary policy can achieve, particularly as interest rates are now so close to zero. Certainly, the Bank is not concerned at the prospect of inflation rising above its target range at this stage.

Government intervention

With interest rates close to zero, the bulk of any further stimulus measures will need to come from fiscal rather than monetary policy. With the previous target of eliminating the budget deficit (annual borrowing) by 2020 now jettisoned, there should be room for such stimulus.

The Autumn Statement on 23 November will be keenly watched, as it will set out the Government's fiscal agenda. It is already clear that the new administration will signal some significant changes across a range of policy areas.

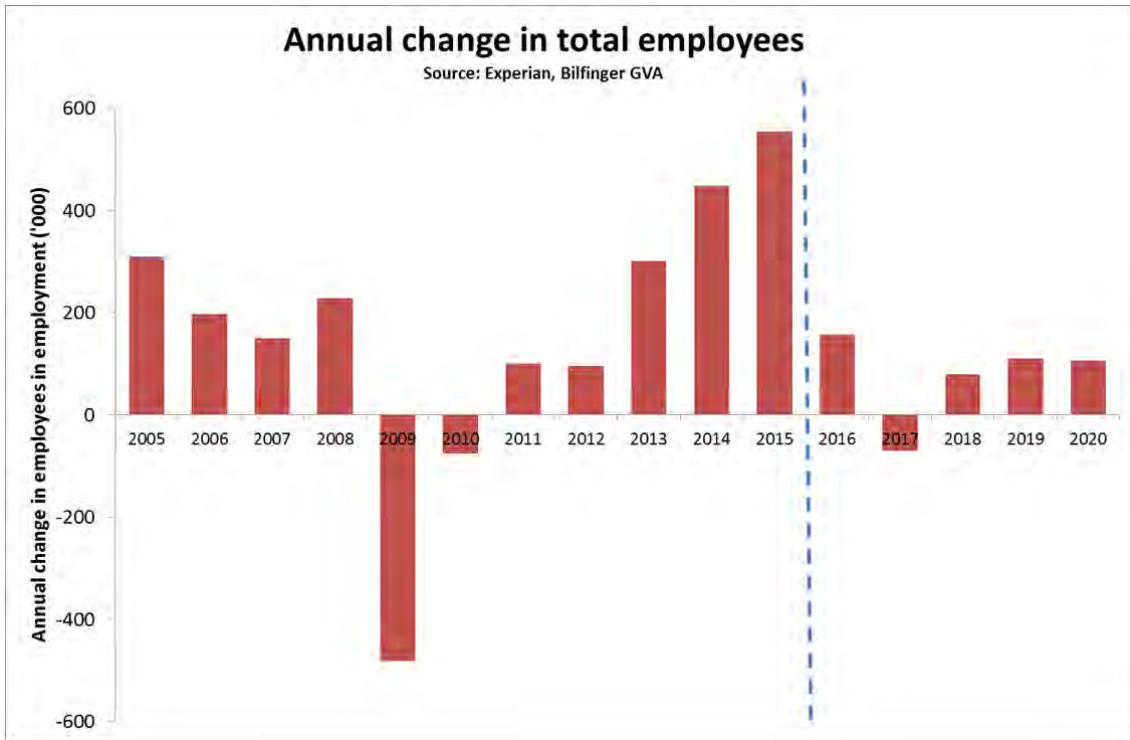
Infrastructure investment may well feature heavily. There is a strong argument in favour of this, given the low cost at which the government can borrow and the need to make significant improvements across a wide variety of infrastructure types. Without this, the more uncertain environment, lower economic growth and increased cost of imported materials are likely to mean a fall in investment.

Another key test will be the willingness of the new Government to take key decisions in this area, most notably on additional runway capacity in the South East. The Government's commitment to the important devolution agenda will also come under close scrutiny.

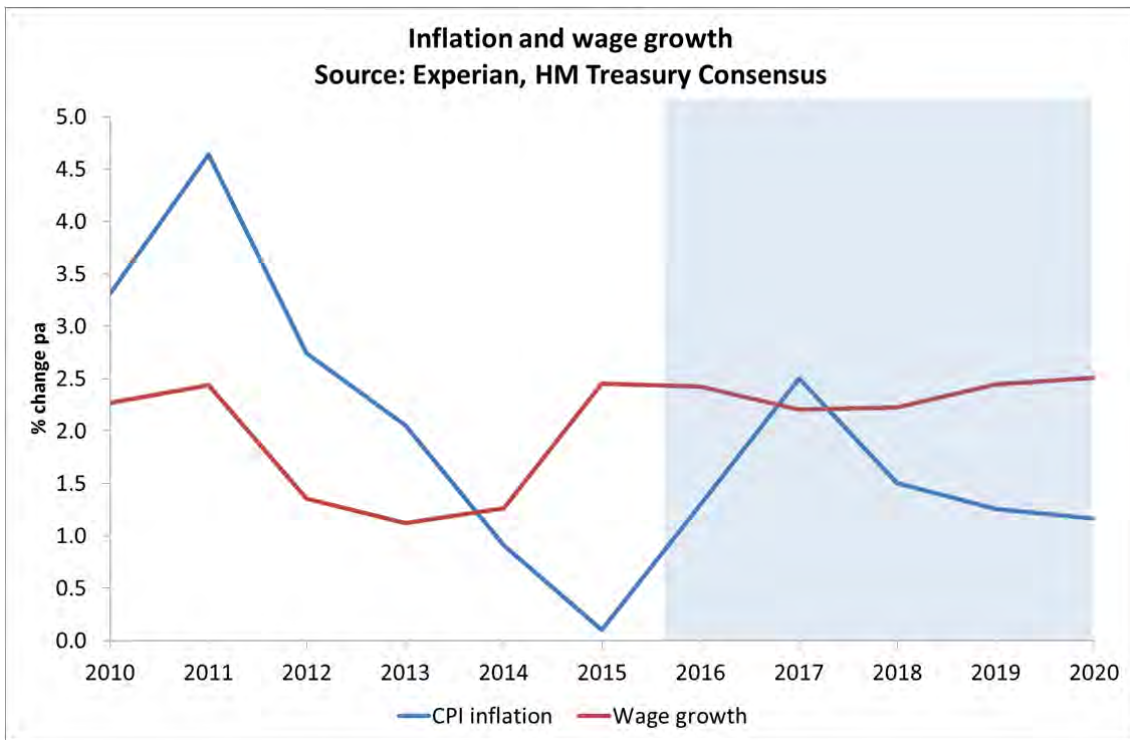
Employment trends

In total more than a million jobs were added to the UK labour force during 2014 and 2015. This growth was unsustainable and was already slowing prior to the EU referendum. However, the latest data suggests that the labour market has remained robust. During May-July (so partly covering the post-referendum period) employment rose by 174,000 compared with the previous three months. The unemployment rate has fallen to 4.9%, the lowest since Q3 2005.

The picture is likely to weaken as some businesses put hiring decisions on hold, and we expect a modest fall in employment next year, before growth resumes in 2018 (see the chart below).



Earnings are currently rising at a little over 2% pa. As the employment outlook weakens and inflation rises, earnings could be falling in real terms by the end of next year (see the chart below).



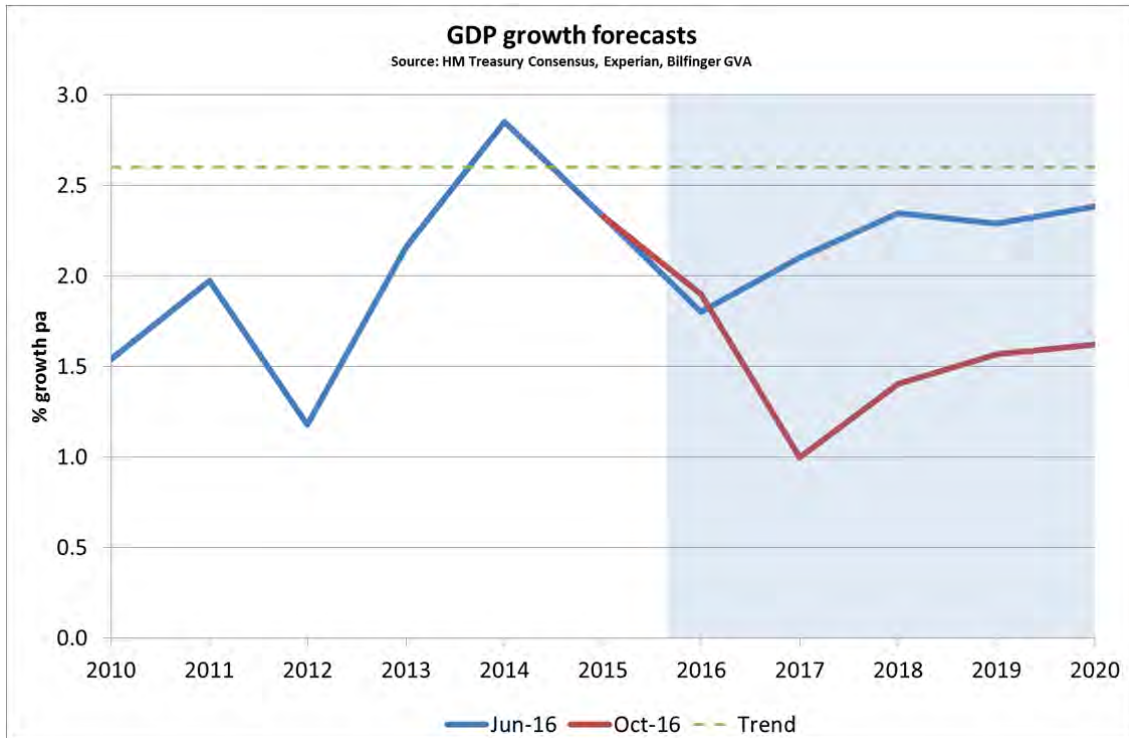
This erosion of consumer spending power is likely to negatively impact retail spending.

Outlook for growth

The UK economy was growing at a healthy rate in the run-up to the EU referendum, rising by 0.7% in Q2 (in line with the long-term trend), up from 0.4% in Q1. We expect a marked slowdown in growth during the second half of this year although given post-referendum survey evidence, a recession seems unlikely.

There is little change to the overall outlook for growth in 2016, but growth of just 1.0% is now forecast for 2017 (although this is an upward revision from 0.7% immediately post-referendum). However, this is a sharp drop in expected growth compared with the 2.1% forecast before the vote, and is well below the long-term average of circa 2.6% pa. Looking further ahead growth is expected to accelerate, but should remain well below trend. The revised forecasts suggest that the economy will be circa 4% smaller by 2020 than would have been the case using pre-referendum forecasts.

The chart below illustrates the forecast revisions. The EU remains our most important trading partner, and will also feel the impact of Brexit. Although only Ireland is heavily exposed to the UK in terms of exports, there is likely to be a negative impact on consumer and investor sentiment. Eurozone growth is already weak and is now likely to be even more subdued. The European Central Bank will probably come under pressure to provide more monetary stimulus.



The longer-term impact of Brexit remains highly uncertain, and much will depend on the type of trade deal that can be negotiated. A number of economic studies on the long-term impact have been undertaken. Most suggest a marked negative effect, but the wide range of possible impacts underlines the uncertainty.

With EU trade negotiations not starting until next year, markets are now likely to focus their attention on November's US Presidential election. We may also see further market volatility as more substantive policy announcements are made on the Government's approach to Brexit and more meaningful post-referendum economic data becomes available.

Ultimately, it is the reaction of the UK's consumers and corporates that will determine the health of the economy during and after the Brexit process.

Latest consensus forecasts, October 2016
Source: HM Treasury (compilation of forecasts), Bilfinger GVA

	2016	2017	25-year trend
Economic growth (GDP)	1.9%	1.0%	2.6% pa
Private consumption	2.7%	1.3%	
Employment growth	1.2%	0.1%	0.7% pa
Bank Base Rate (Q4)	0.2%	0.2%	

CPI – Inflation (Q4)	1.2%	2.4%	
RPI – Inflation (Q4)	2.1%	2.9%	

Bilfinger GVA Property and Economic Bulletin is enclosed at the appendices.

Residential Market

The Mortgage Market

Gross mortgage lending held steady in July at £21.4 billion, and is 1% lower than last year July. The trade lender stated that the subdued nature of property transactions and mortgage lending in July are consistent with a less positive backdrop for house purchase activity post-referendum (CML).

The number of **mortgages approved** by UK banks was down by a fifth year-on-year in August, dropping 21% since last year August. According to The British Banker’s Association mortgage approvals decreased to a seasonally adjusted 36,997 in August, up from 39,967 in April, the lowest figure since January 2015. Remortgaging approvals slipped, with 23,940 loans approved for those switching lenders (BBA).

Rental market

Richard Sharp, an external member of the Financial Policy Committee (FPC) which is in charge of maintaining financial stability, warned that buy-to-let lending was also likely to cool significantly in the wake of the Brexit vote as banks assessed the impact on house prices (FPC).

House Building

The UK’s biggest house builder, Barratt, could slow its **pace of construction** in the light of Brexit. The builder said it would also review its commitments of land on which to build, after the UK voted to leave the EU. Despite increasing new property completions by 5% last year, it said there was greater uncertainty facing the UK economy.

A total of 104,200 properties were sold in July, the first full month since the UK’s vote to leave the EU. There is a belief amongst property professionals that there will be a rebound when considering the outlook in 12 months’ time. House builder Persimmon reported a 29% jump in first-half profits, stating that customer interest since the Brexit vote has been “robust”. First time

buyers who were hoping for a slow-down in the market will face disappointment as mortgage lenders requiring a 5% deposit have withdrawn from the market according to Moneyfacts.

The Short-Term Outlook for House Prices

Growth in UK house prices picked up in June, but slowed in September as demand for homes softened. Robert Gardner, Chief Economist at Nationwide states that “the relative stability in the rate of house price growth suggests that the softening in housing demand evident in recent months has been broadly matched on the supply side of the market”

The average price of a property increased by 1.1% in Q3 2016; however the annual growth slowed to 6.6%, from 7.6%. The data gives a snapshot of the housing market immediately post referendum (Nationwide).

House price forecasts

House Price Forecasts for 2016 (HM Treasury)

	2016
HM Treasury	4.8%
Consensus – Median	5.5%
Consensus – Lowest	2.5%
Consensus – Highest	10.3%

Key Statistics – GDP and Labour Market Growth

GDP, Inflation & Unemployment % Change (HM Treasury)

	2017 (f)
GDP	0.9%
RPI Inflation	3.1%
CPI Inflation	2.5%
Unemployment Rate (% of workforce)	5.5%
Claimant count unemployment rate (% of workforce)	0.81%

Housing Statistics

UK House Price Change % (Nationwide House Price Index)

% Change:	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sept-16
Annual	4.4%	4.8%	5.7%	4.9%	4.9%	5.1%	5.2	5.6	5.3
Monthly	0.3%	0.3%	0.8%	0.2%	0.2%	0.2%	0.5	0.6	0.3

Regions over the last 12 months (Nationwide House Price Index)

Region	Annual % change (Q2 2016)	Annual % change (Q3 2016)
London	9.9%	7.1%
Outer Metropolitan	12.4%	9.6%
Outer SE	8.8%	8.0%
Northern Ireland	1.6%	2.4%
South West	5.6%	4.6%
East Midlands	4.0%	5.4%
East Anglia	5.5%	7.3%
North	-1.0%	-0.2%
West Midlands	5.1%	4.6%
Wales	0.9%	-0.5%
North West	1.8%	4.2%
Yorks & H	0.8%	4.2%
Scotland	0.5%	-0.2%
UK	5.1%	5.4%

Quarterly Housing Starts and Completions (seasonally adjusted) – England (DCLG)

	No. of Dwellings	
	Starts	Completed
2013 Q4	33,280	28,600
2014 Q1	35,770	27,700
2014 Q2	35,460	29,160
2014 Q3	33,490	30,490
2014 Q4	30,090	30,600
2015 Q1	38,850	34,020
2015 Q2	33,360	35,850
2015 Q3	34,850	35,290
2015 Q4	31,000	39,310
2016 Q1	35,530	32,950
2016 Q2	36,400	34,920

17. Market Commentary

Commercial occupier market

Occupier demand

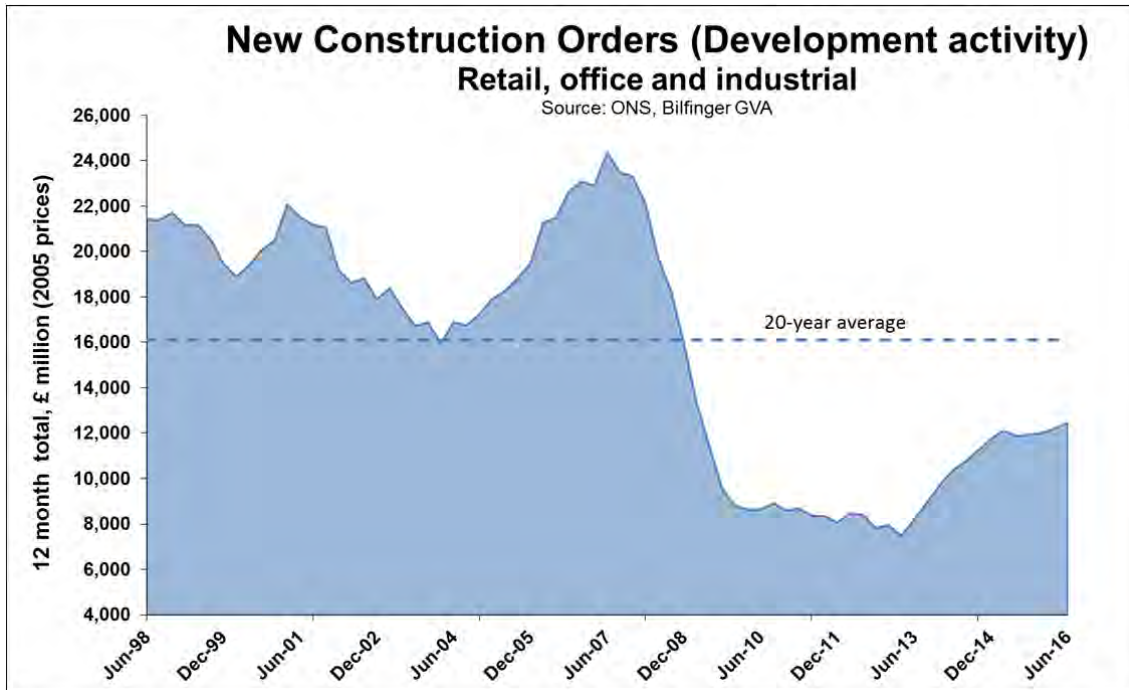
Occupiers now face considerable uncertainty across a range of fundamental issues including their ability to trade with the EU and to employ labour from the EU, as well as a more uncertain economic outlook.

There have been few concrete announcements by corporates on their strategies to deal with Brexit. This is unsurprising. Not only do strategies take months or years to evolve and implement, but corporates also lack hard information on the implications of Brexit upon which they can base any decisions.

A 'soft' Brexit which retained many of the current benefits of EU membership, including the UK's important 'passporting' rights, could mean a relatively limited impact. A 'hard' Brexit would have wider-reaching implications. Survey evidence suggests that more than half of corporates did not undertake any contingency planning for a 'Leave' vote. They will now be undertaking this process in earnest, and the longer the uncertainty continues the more these contingency plans will have to be put into action.

Supply

The recent development cycle has been relatively subdued, meaning that few prime commercial occupier markets are in an oversupply situation and many are experiencing a shortage of stock. The chart below illustrates the low level of commercial construction in the current cycle (using new construction orders as a proxy). Although activity has recovered sharply, it has remained well below levels seen before the financial crisis.



The subdued development cycle has meant less new stock coming on stream. But other factors are also working to reduce the level of existing stock. These include the changes to permitted development rights legislation, which have accelerated the conversion of offices to other uses; and the minimum energy efficiency standards (MEES), which will prevent the granting of a new lease (or lease renewal) on a building with an EPC rating below 'E' from 1 April 2018.

Coupled with this, strong long-term underlying demand will underpin many key property sectors, including logistics, healthcare, student accommodation, and the private rented sector. The huge potential of PRS could be further increased if Brexit uncertainty means fewer first-time-buyers are willing to enter the housing market.

Clearly, there is only limited data on construction post-referendum. The latest ONS figures report that total UK construction output was flat in July, with new construction work rising by 0.5%. This suggests that the sector was resilient during the initial post-referendum period, but these figures can be quite volatile from month to month, so should be treated with caution.

There is now less certainly over future occupier demand, so it is likely that development activity will fall as schemes are put on hold. This will vary across sectors, reflecting the outlook for demand. The distribution sector, for example, may well be more insulated.

Sector impacts

In the lead up to the EU referendum, occupier activity across the Central London office market was muted with many businesses waiting to see the outcome before committing to office space. This resulted in just 4 million sq ft of take-up for the first half of the year, the lowest since 2012 and 18% down on the corresponding period in 2015. However, for many occupiers Brexit changes very little. Whilst there has been a tail off in new demand, continued low levels of availability are underpinning rental levels for the time being.

Demand across the 'Big Nine' regional office centres held up well in Q2, just 3% below the five-year average, in spite of the referendum uncertainty. Over the summer there has been a reasonable level of viewing activity and enquiry levels, although there has been a slowdown in the quantity of transactions.

Brexit uncertainty is certainly causing some occupiers to review their strategies. However the affects across most markets will be somewhat insulated by the shortage of quality stock and constrained development pipeline, with the prominence of more cautious pre-let development activity witnessed over the past two years.

A number of factors will help to cushion any impact on demand. For example, a significant number of civil service jobs will move from central London over the next five years, with the creation of 16 new super-hubs in outer London and many of the UK's regional cities. The UK's growing 'knowledge' sectors will also continue to fuel demand, and the Government's commitment to safeguard funding for research and innovation projects is reassuring.

Against a background of limited supply in many key locations, the industrial and logistics sector looks to be in a relatively strong position. The recent strong rate of average rental growth continues, with rental values rising by 4% over the 12 months to August.

We remain positive about the prospects for the industrial and logistics sectors. Manufacturers won't escape the economic impacts, but the positive effect of weaker Sterling will help to offset this. The huge shifts in the retail market will continue despite Brexit, and retailers will still need to respond to changing logistics requirements. Along with third-party logistics providers, retailers continued to provide the majority of demand during the first half of the year.

The early signs of a bounce-back in consumer confidence are certainly welcome news for the retail sector. Clearly, Brexit does not change the fundamental challenges faced by

physical stores of the relentless move online. However, it could serve to accelerate the demise of retailers who were already in long-term difficulties.

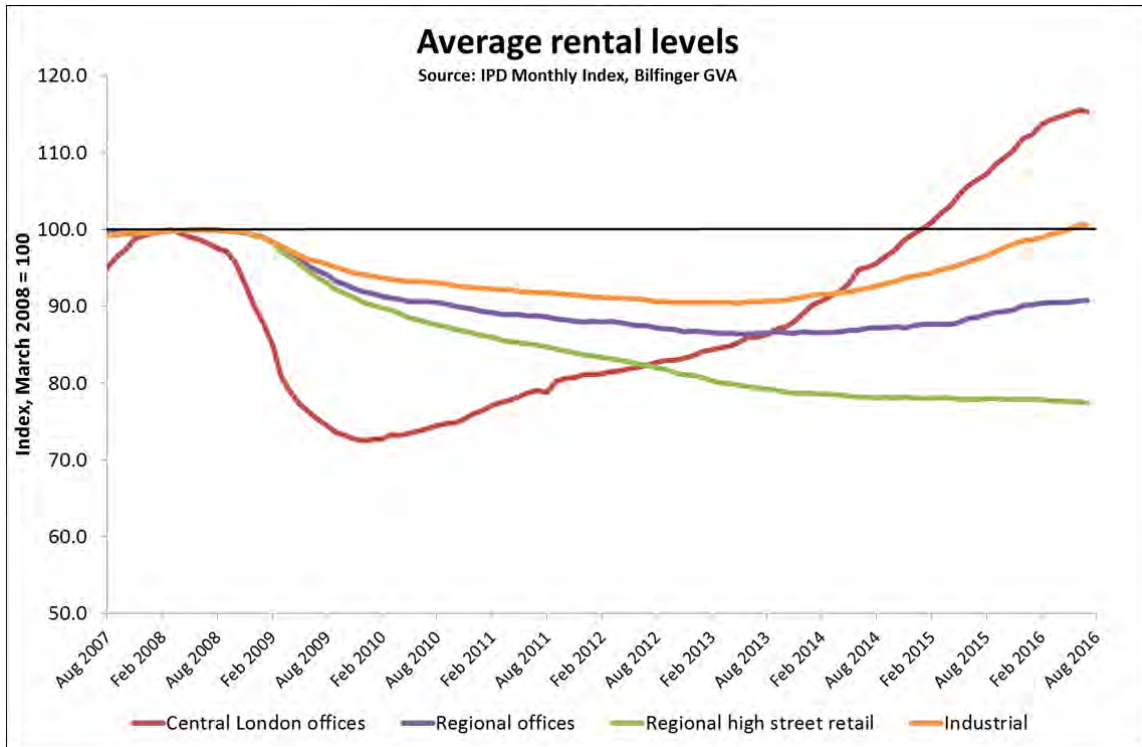
The latest figures from the Local Data Company suggest that the overall vacancy rate for shops increased marginally from 12.3% in June to 12.4% in July, reversing the trend of gradually falling rates seen since mid-2012. However, shopping centres saw a further fall in vacancy, and there has been very little new development over the latest cycle. This will help to maintain rental levels in the prime centres.

The leisure sector has been growing strongly, and should benefit from the depreciation of Sterling across a range of subsectors including restaurants, hotels and leisure parks. A rise in 'staycations' and more overseas tourists in the UK will help significantly. However, the leisure sector is particularly vulnerable to a change in immigration policy as it employs a significant number of EU nationals. This will come on top of the additional cost burden associated with the new National Living Wage.

Outlook for rental growth

There are plenty of reasons to think that the property market will continue to be resilient in the face of the challenges ahead. For occupiers, the current market represents a good time to renegotiate their lease terms. Indeed, with increased levels of uncertainty, we expect to see more occupiers re-gear existing leases rather than move.

Average rental levels remain below their previous 2008 peak across most UK commercial property sectors, with the main exception of the central London markets (see the chart below). Coupled with this, the lack of quality supply will help to underpin rental values, and so the likelihood of significant falls looks remote.



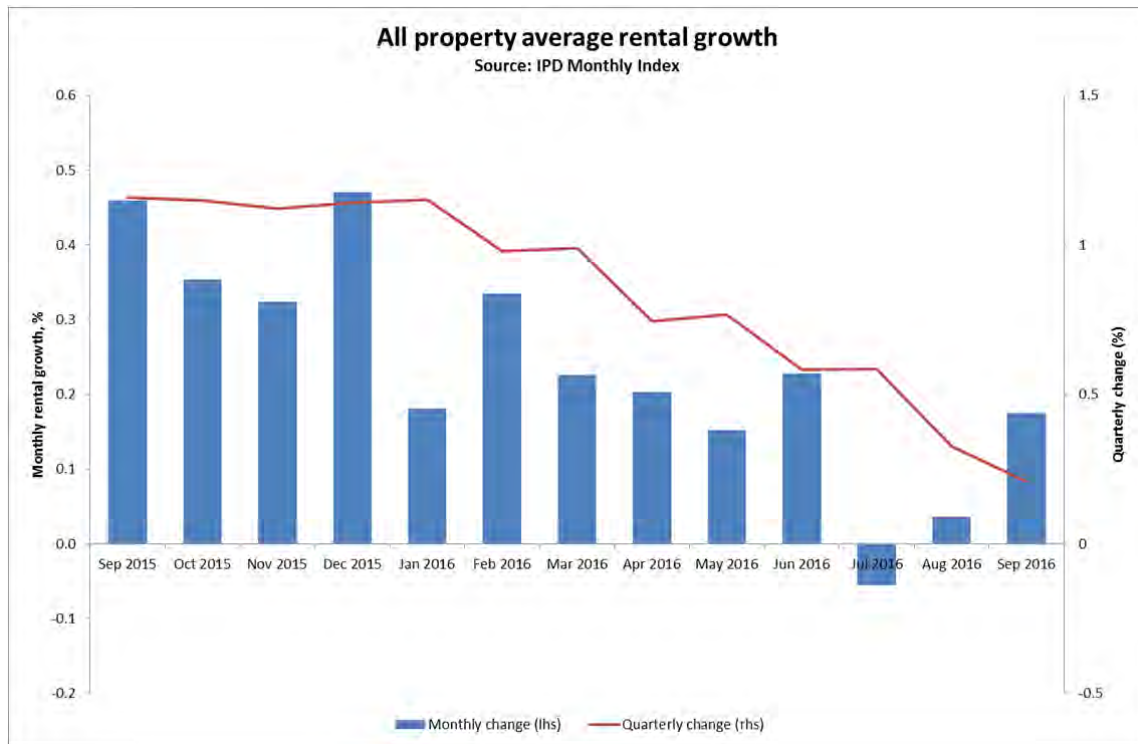
Even in central London, recent development activity has mainly replaced existing stock rather than provide additional space. Given the inherent advantages for many occupiers of locating in the capital (which include skills, English language, cultural benefits, access to world-class educational and technological institutions, plus our strategic time zone) we think occupier demand will prove resilient.

The loss of ‘passporting’ rights has the potential to have a significant impact on London’s office market, but this is by no means certain, and will be a key part of trade negotiations. The Government has already sought to allay concerns over the ability of key overseas staff to work in the UK. On the retail and leisure side, central London will benefit disproportionately from the devaluation of Sterling.

There is a direct link between economic and rental performance. Lower forecasts for economic output and employment growth following the EU referendum inevitably mean we have lowered our expectations for rental growth over the next five years.

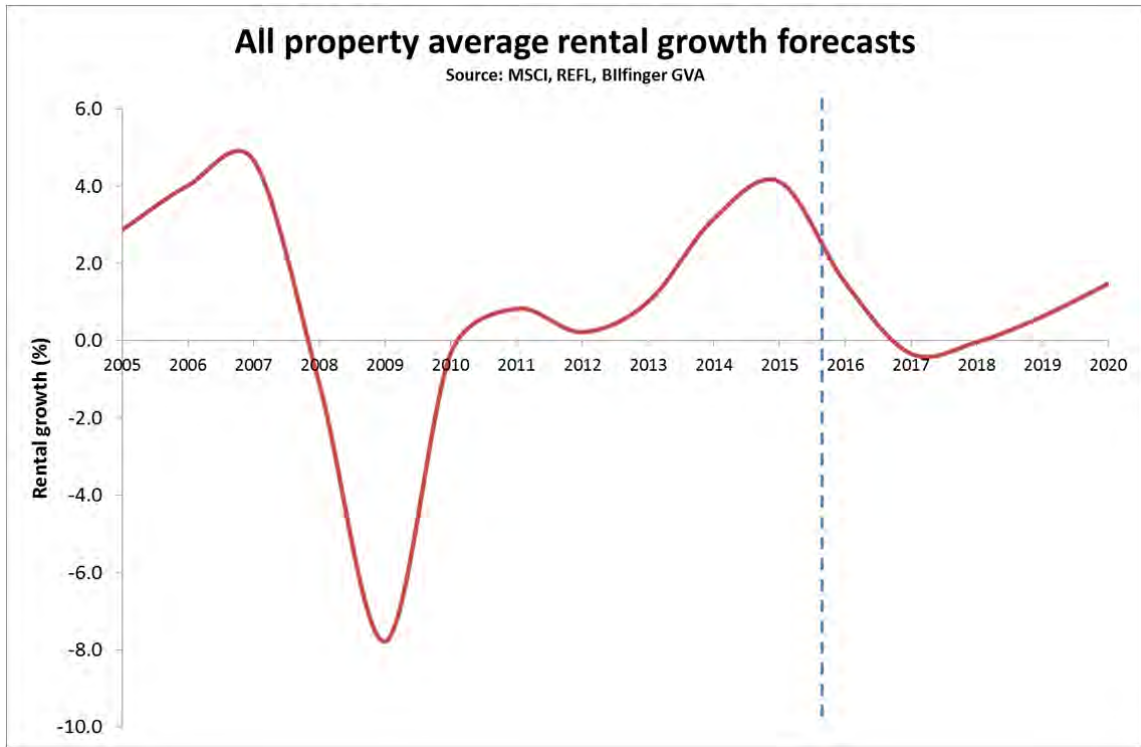
All property rental growth has been decelerating over the course of this year. Average rental values increased by 1.3% during the first six months, but growth was virtually flat during July

and August. However, growth picked up again a little in September, with all property rental values rising by 0.2% during the month (IPD Monthly Index, see the chart below).



We expect rental values to be broadly flat in 2017. Thereafter, rental values should begin to rise again, although this is likely to be a gradual acceleration. Given the shortage of stock in many markets, prime rents should outperform. However, the nature of Brexit and its impact on occupier demand is clearly hard to predict at this stage, and so there is a higher than usual level of uncertainty over this outlook.

Our revised forecasts for all property rental value growth are shown in the chart and table below.



All property rental value growth forecasts

Source: IPF, REFL, Bilfinger GVA

	2016	2017	2018
IPF Quarterly Consensus (August 2016)			
Maximum	3.2%	2.0%	2.1%
Minimum	-1.5%	-5.0%	-1.3%
Average	1.3%	-0.7%	0%
Bilfinger GVA (September 2016)	1.4%	-0.3%	0%

Commercial investment market

Initial concerns about a severe adverse reaction to the 'Leave' vote have proved unfounded although there has inevitably been a fall in investment transaction volumes, as many investors have opted for a 'wait-and-see' approach. Fears that the UK's institutional "retail" funds would be overwhelmed by the level of redemptions have not materialised, with only a small number of forced sales.

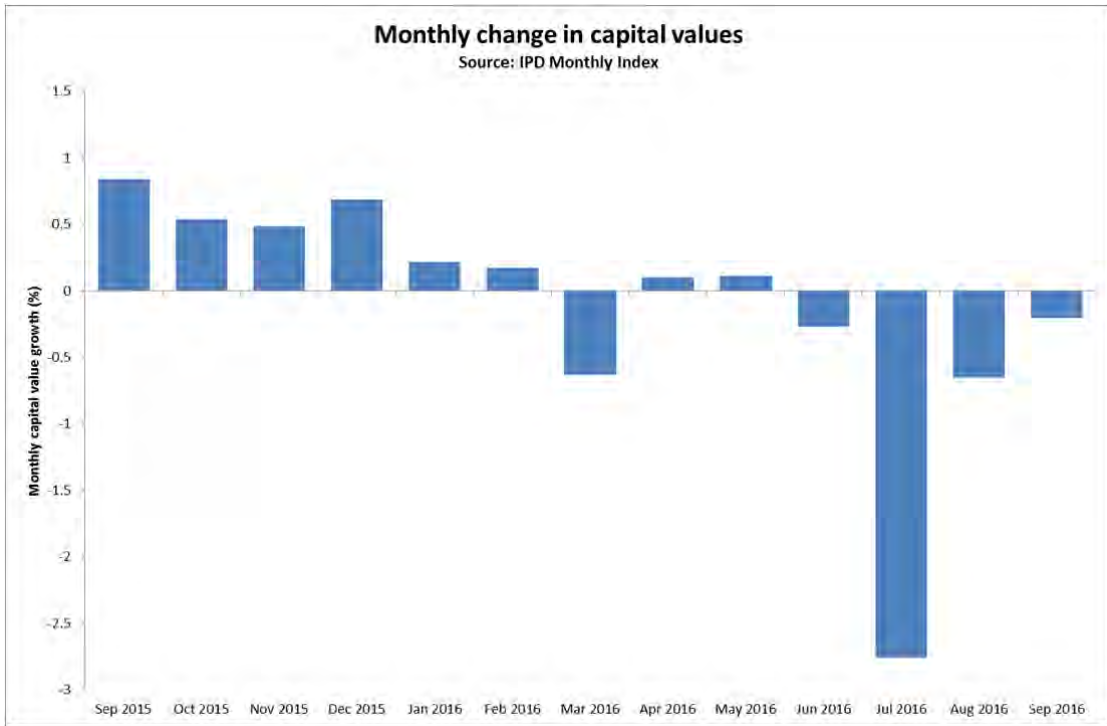
A slowdown in activity was already happening in the run-up to the EU referendum, with £12.3 billion transacted in Q2, the lowest since Q1 2014, and a sharp contrast from the £20 billion transacted in Q2 2015 (Property Data). The summer is always a quiet period, so the overall impact is hard to gauge, but a total of only £3.1 billion was transacted during July and August - a monthly average of just £1.5 billion. More than £8 billion was transacted over the same period last year.

Sterling's depreciation is already making the UK a more attractive place for overseas buyers, and this will benefit the investment markets in London and the key regional cities. Almost half of the value of purchases so far in Q3 has been from overseas buyers, up from 42% during the first half of the year.

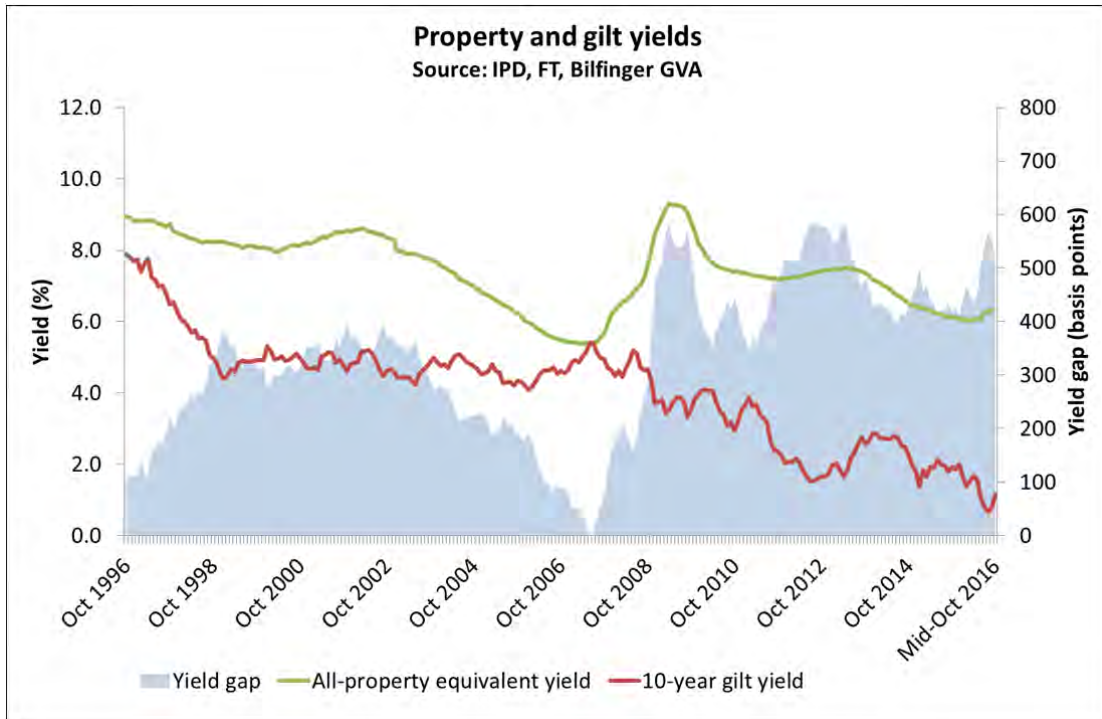
However, UK property companies are also seeing purchasing opportunities in the current market. There have been relatively few forced transactions from the 'retail' funds, which are gradually returning to business as usual.

The overall level of debt in the real estate market is not concerning, in sharp contrast to the situation after the financial crisis, with outstanding lending to real estate 40% lower than at its peak, according to Bank of England figures. The modest fall in capital values is unlikely to trigger a rise in real estate enforcement and while some lenders may reduce their level of new lending or become more selective, most are still firmly in the market.

A fall in commercial property values was inevitable following the referendum result, but it has certainly not been the sharp correction that could have occurred; the IPD Monthly Index recorded a drop of 2.8% in July, plus further modest falls of just 0.7% in August and 0.2% in September (see the chart below). In total, all property values have fallen by only 3.9% since peaking in May this year.



Gilt yields, already historically low before the referendum, tumbled further following the vote to circa 0.7% for 10-year gilts, although they have recovered some ground in the first half of October, to a little over 1.1%. The gap with commercial property yields remains historically wide, as the chart below illustrates, making property a relatively attractive asset.



There is now greater certainty over property values than in the initial post-referendum period and this should help to boost confidence and activity going forward. However, for very large central London office developments, land and buildings, retail parks and shopping centres, valuers are still exercising a greater degree of judgement in view of the lack of transactional evidence.

The economic outlook has undeniably deteriorated, although it is increasingly difficult to view Brexit in isolation; the vote to leave has arguably been a catalyst for an immediate correction to the economy and property markets which would have taken place in any event over a longer time period.

For many parts of the investment market, such as healthcare, student accommodation and PRS, a compelling long-term demand story coupled with long-dated secure income means that Brexit will hardly be an issue at all, although clearly the opportunities are not uniform across all UK locations. We are also upbeat about the distribution/logistics sector, where immense opportunities exist. The demand created by major shifts to retail distribution networks will not abate and, if anything, Brexit will serve to accelerate the rate of change as the pressure on retailers to achieve efficiencies becomes more acute.

Clearly total returns performance will be impacted by the 'Leave' vote, and slowing rental growth plus a modest upward shift in all property yields will mean much lower returns for this

year and next than we have seen recently. As with rental growth, there is a higher than usual level of uncertainty over the outlook and an unfavourable outcome to the forthcoming Brexit negotiations (from the UK's point of view) could negatively impact occupational strategies.

Restricted supply will boost rental growth performance for quality stock and the significant weight of global capital looking to invest will maintain values. Brexit has not altered the fundamental benefits of investing in UK commercial property, which include high market transparency, liquidity, market size and quality, and its 'safe haven' status. Ultimately, commercial property is a long-term investment and we believe investors will continue to take a long-term view.

18. Local Market Commentary

Lower Sydenham is on the southern outskirts of the Lewisham retail market. Retail provision in the immediate vicinity is predominantly comprised of local amenity retail along the west side of Bell Green and north side of Bell Green to the south west. Newer big box retail predominates to the east of Bell Green. Occupiers include Sainsbury's, Sports Direct and in the 120,000 sq ft Bell Green Retail Park: B&Q, Halfords, Toys R Us and Currys PC World. To the east of Bell Green Retail Park there is also some new trade counter provision including occupiers HSS Hire, Tool Station and Plumb Centre present.

Surrounding retail town centres include Lewisham to the north northeast, Bromley to the south east and Croydon to the south west.

In mid-2016 prime rents in Lewisham stood at c. £110 psf Zone A, reflecting a marginal increase since late 2015. However, rents remain 18.5% below the pre-recession peak of £135 psf Zone A. Closer to the property rents along the main retail pitch of Sydenham Road to the south west, near Sydenham Station range from c. £30-£40 psf Zone A, although the section of Bell Green where the subject property is situated is considered inferior and likely to attract only local covenants.

Occupier Demand

Occupier demand along Sydenham Road is fair and lettings are agreed as long as the rent being asked is realistic. Letting voids of 9-18 months are the norm.

Market Rental

We are aware of the following rental evidence which we consider to be relevant to the subject property:-

[105 Sydenham Road, Sydenham, SE26 5UA](#) - The property comprises a 766 sq ft (488 sq ft ITZA) high street shop a few minutes' walk from Sydenham Rail Station, on the north side of Sydenham Road. In April 2016 the lease on the shop to Cheque Centres Ltd was surrendered (there was a 2017 tenant break option which Cheque Centres were planning to exercise) and a new lease entered into back-to-back with a private person at the same time as a change from A2 to D1 (education) planning use.



However, the agent advising the outgoing tenant suggests that the incoming tenant paid a retail rent, in view of the property's high street location. The new lease was at a rent of £20,000 pa (£40.98 psf Zone A) on a 10-year term with a break in year 5 and a 3-month rent free incentive period. The deal was confirmed by Colette Brough of Whitelaw Baikie Figs (0141 221 6161).

105 Sydenham Road constitutes a more established retail location than the shops in the subject property.

[Unit 4, Station Approach, Sydenham Road, Sydenham, SE26 5EU](#) – An A1 ground floor shop of 358 sq ft (all Zone A) let in March 2016 on a 15-year term, no breaks, with 6 weeks rent free incentive period and 5-yearly rent reviews to Six Grapes Ltd a wine merchant at a rent of £10,500 pa (£29.32 psf). The shop had been on the market for 8 months prior to the letting. Details of the deal confirmed by Charlotte Hamilton of Baxter Philips (020 8313 9000).



This comparable is slightly superior to the subject in that it is located on a higher footfall more established retail pitch just off Sydenham Road and is let to a specialist retailer.

[86-92 Bell Green, Sydenham, SE26 4PZ](#) – Based on information provided to us by the Borrower we understand that all 4 shops in the subject property were let at £7,500 pa each. In the case of 86 Bell Green this rent was set on a new letting in February 2014 and reflects £22.52 psf Zone A pa. In the case of 88 Bell Green, based on the lease provided to us, we believe it was set at review since the end of June 2013 and reflects £21.55 psf Zone A pa. In the case of 90 Bell Green it was set on a new letting in May 2013 and reflects £21.74 psf Zone A pa. Finally, in the case of 92 Bell Green the rent of £7,500 pa, based on the lease provided to us, was set at rent review in September



2013 and reflects £27.27 psf Zone A pa.

Conclusions

We found no recent retail rental comparables in the immediate vicinity of the subject property. However, adjusting from the Sydenham Road comparables, considering the rents set on letting and rent review in the subject property in 2013-14 and local agents' comments that rents have not changed significantly in the past 2-3 years we believe that the shops in the subject property could be re-let at £22 psf pa Zone A on average.

Based on the passing rent on Flats 30, 34 and 36, and conversations with local estate agents, subject to redecoration and securing of the communal external stairwell to the residential accommodation we believe that the flats in the subject property could be re-let on Assured Shorthold Tenancies at an average £1,000 pcm (£12,000 pa).

Consequently we are of the opinion that the current Market Rent for the property is:

£75,000 per annum
(Seventy Five Thousand Pounds)

Unit/Floor	Sq ft	£ per sq ft	£ per annum
86 Bell Green	333 sq ft ITZA	£22	£7,326
88 Bell Green	348 sq ft ITZA	£22	£7,656
90 Bell Green	345 sq ft ITZA	£22	£7,590
92 Bell Green	275 sq ft ITZA	£22	£6,050
Flat 30 Holmshaw Close			£12,000
Flat 32 Holmshaw Close			£12,000
Flat 34 Holmshaw Close			£12,000
Flat 36 Holmshaw Close			£12,000
Total			£76,622

We would expect that subject to re-decoration of the flats and securing of the communal external stairwell that any Flat that became vacant could be re-let within 4-6 weeks.

As regards the retail accommodation as all the shops are currently vacant it may be harder to re-let the first one or two. We would allow 18 months to re-let and would assume a 3 month rent free incentive period to secure local covenants on 3-5 year term certain leases.

19. Investment Market Commentary

In mid-2016 prime retail yields in Lewisham stood at c. 6.00%, remaining stable relative to 6 months earlier, but still standing 75 basis points above the pre-recession peak in 2006.

Transactions that we have considered in assessing our valuation include:

[86-92 Bell Green, Sydenham, SE26 4PZ](#) – Based on the title register, the subject property was acquired by the Borrower on 3 June 2016 for £1,125,000. Based on information provided to us by the Borrower we understand that the property was fully let at the time when they acquired it, albeit the Assured Shorthold Tenancies in respect of the residential accommodation had lapsed. The weighted average unexpired term certain on the retail accommodation was in excess of 7 years albeit to local covenants. The total passing rent was £71,716 pa. As such the purchase price reflects a Net Initial Yield of 6.02%.



Clearly the recent sale of the subject property is the closest comparable, although as an investment it is currently inferior in that most of the property is vacant. We understand vacant possession of all the retail units was secured by the Borrower in late July 2016. In addition seeing as we understand that the Borrower's intention is to re-develop the property, their offer and purchase price may reflect an element of hope value specific to them.

[93 Sydenham Road, Sydenham, London, SE26 5UA](#) – Freehold mid terrace building comprising a 1,095 sq ft ground floor retail unit let on FRI terms to William Hill Organization Ltd, at a passing rent of £18,350 pa, with c. 9.5 years unexpired at the point of sale. The 1st and 2nd floors comprise to residential flats each on 125-year long leases from January 2004 producing £150 pa in ground rent each. The investment sold at the Barnett Ross auction on 16 December 2015 for £331,000 reflecting a Net Initial Yield of 5.38%.



This comparable is superior to the subject in that it was let to a significantly stronger covenant for a significant unexpired term certain. In addition, the property was of a smaller lot size and only a few hundred yards from Sydenham Rail Station.

[102-108 Kirkdale, Sydenham, SE26 4BG](#) – Freehold building comprising a ground floor and basement retail unit let to an individual t/a Costcutter, at a passing rent of £40,000 pa, with an unexpired term certain of c. 13.75 years at the time it exchanged at auction. The 2 floors above comprise 14 residential flats sold long leasehold and generating a peppercorn rent. The investment exchanged at the 13 October 2016 Acuitus auction for £625,000 reflecting a Net Initial Yield of 6.09%.



This comparable is superior to the subject in its apparent external condition and in that the retail accommodation is let for a significant unexpired term certain. The location is slightly superior to the subject there being more retail uses in close proximity. This comparable is a similar distance to Sydenham Rail Station as the subject property is from Lower Sydenham Rail Station.

[6b Champion Crescent, Sydenham, SE26 4HE](#) – This property comprises a 1st and 2nd floor split level period conversion 2-bedroom flat of 833 sq ft. The long leasehold interest in the flat was sold in August 2016 for £430,000 (£516 psf).



The same flat is currently on the market to let asking £1,199 pcm. A letting at this level would reflect a yield of 3.35%.

This comparable is significantly superior to the flats in the subject property in terms of its quieter residential location and much superior condition and character.

[7b Champion Crescent, Sydenham, SE26 4HE](#) – This property is in the adjacent building to 6b Champion Crescent above and comprises a 1st floor period conversion 1-bedroom flat of 571 sq ft. The long leasehold interest in the flat was sold in November 2015 for £300,000 (£521 psf).



This comparable is significantly superior to the flats in the subject property in terms of its quieter residential location, condition and character.

Flat 39, Lucas Court, Winchfield Road, Sydenham, SE26 5TL

– This property comprises a 3-bedroom flat of 697 sq ft in a 1930s/40s building. The long leasehold interest in the flat was sold in August 2016 for £300,000 (£430 psf).

The flat is comparable to the subject in terms of the quality of the accommodation compared with Flat 36 Holmshaw Close in the subject, but superior to the subject in that it is in a residential building in a quieter location.



27 Paxton Road, Perry Vale, SE23 2QG – This property comprises a purpose built top (2nd) floor 3-bedroom flat of 774 sq ft. The property is situated in a purpose built development in a residential area and benefits from off-street parking and a communal swimming pool. The long leasehold interest in the flat was sold in August 2016 for £415,000 (£536 psf).



This comparable is significantly superior to the flats in the subject property in terms of its age, condition, communal facilities and residential setting.

54A and 54B Sydenham Road, Sydenham, SE26 5QF – Two 2-bedroom Victorian conversion flats on the 1st and 2nd floors above Acorn's estate agents in a high street setting. The flats were in good condition and benefited from access from Sydenham Road as well as a fire escape to the rear. Each flat provided 592 sq ft of accommodation. Both flats sold in March 2015 for £250,000 each (£422 psf). The sales were confirmed by Yusef at Acorn estate agents (020 8776 7070).



Although quite dated these 2 sales are slightly superior to the flats in the subject property in terms of their proximity to a mainline rail station. On the other hand the flats in the subject property offer more accommodation at c. 660 sq ft each.

[52B Sydenham Road, Sydenham, SE26 5QF](#) –A 753 sq ft 2-bedroom Victorian conversion flats on the 2nd floor above a news agent in a high street setting. The flat benefited from access from Sydenham Road as well as a fire escape to the rear. The flat was brought to the market by Acorn estate agents (Yusef, 020 8776 7070) in April 2016 at for an asking price of £325,000 (£431 psf). The agents received interest from over 30 parties but the vendor decided to withdraw the flat from the market.



Although not a completed sale the agent was confident given the interest that the property would have sold for in the region of the asking price. The location of this comparable is slightly superior to the subject being closer to a wider selection of local amenity retail and to a mainline rail station.

[40 Bell Green, Sydenham, SE26 4PZ](#) –A 531 sq ft 2 double bedroom refurbished purpose built flat, a couple hundred yards north of the subject property on the west side of Bell Green. The flat sold in October 2015 for the guide price of £250,000 reflecting £470 psf.



The comparable is situated in a 30-40 year old residential development set back from Bell Green. As such it is superior to the flats in the subject property.

[Charles Dickens Terrace, 184 Maple Road, Penge, SE20 8JB](#) – A conversion of the upper floors of an 1980s building to provide 8 1, 2 and 3 bedroom flats for sale on 99-year leases. No firm offers have been received yet but the following asking prices are being quoted:

- 1-bed flat, 604 sq ft, £340,000 (£562 psf)
- 2-bed flat, 640 sq ft, £395,000 (£617 psf)
- 3-bed flat, 924 sq ft, £450,000 (£487 psf)



Lauren at Pedder estate agents (020 3641 5251) confirmed informed that the flats have just come to the market over the last week and are receiving good interest and are expected to sell at or close to the asking prices.

The comparable is in Penge rather than Lower Sydenham so not directly comparable in terms of location. It is in a superior micro location being situated one street in from the High Street and is effectively constitutes a new build comparable.

47 Newlands Park, Penge, SE26 5PN – A conversion of a detached 3 storey Victorian property into 5 flats of which 4 have been sold.

- Flat 1, ground floor, 2-bedroom, 2 bathroom, 788 sq ft. Sold for £455,000 (577 psf) in July 2016.
- Flat 4, 1st floor, 2-bedroom, 2 bathroom, 696 sq ft. Sold for £430,000 (617 psf) in May 2016.
- Flat 5, split level, loft conversion, 2-bedroom, 2 bathroom, 961 sq ft. Sold for £540,000 (561 psf).



Sales confirmed by Jenny at Foxtons' New Homes team in Croydon (020 8022 1811).

Although technically in Penge, the comparable is close to Sydenham Rail Station and provides a tone for comprehensively converted / new build flats.

Conclusions

Based on the comparables and the re-letting risks relating to the shops in the subject property which are currently vacant we believe an appropriate yield to apply to the retail rent on re-letting is 7.00%.

We believe that mortgage funding may be more restricted for the flats in view of their access and situation above A3/A5 retail. As such we have assumed that they would be most saleable together with the shops as a single investment. We have applied a yield of 6.00% to the residential Assured Shorthold Tenancy rent.

20. Valuation Considerations

In arriving at our opinion of Market Value, we have had regard to the following factors:-

- The current building is of poor quality – in particular the external side/rear access to the residential flats may put tenants and/or purchasers off;
- The property is majority vacant and due to situation of the subject shops not in an established high street location we have allowed 18 months for them to re-let;
- After 3 months' relief we have allowed for empty business rates in relation to the 4 shops.
- We have allowed 10% of the annual rent on re-letting for letting agents' fees.
- We have assumed that a purchaser would allow for £50,000 of up-front capital expenditure to improve the external condition of the property and £10,000 per flat of up-front capital expenditure to redecorate and selectively refurbish. We recommend that a building survey and budgeted capital expenditure / asset maintenance plan is instructed

to confirm these costs. If this reports significantly different costs please provide this to us so so that we may reconsider our valuation in light of this.

- Rents on re-letting are likely to be at £22 psf Zone A, lower than for retail units along Sydenham Road, and £1,000 pcm for the flats, lower than for flats with access from the front and/or on quieter residential streets;
- The 3 occupied flats are on expired Assured Shorthold Tenancies and may be vacated at 1-2 months' notice. As such we have treated them as vacant and have assumed that they will re-let in 1-2 months following selective redecoration and refurbishment.
- To reflect the retail re-letting risk we have capitalised the retail rent on re-letting at 7.00%.
- We believe that mortgage funding may be more restricted for the flats in view of their access and situation above A5 retail. As such we have assumed that they would be most saleable together with the shops as a single investment. We have applied a yield of 6.00% to the residential Assured Shorthold Tenancy rent.
- Based on conversations with local agents it is likely that poorer quality tenant covenants may be attracted to the subject property by the lower rents.

21. Basis of Valuation

We set out below our valuations on the various bases requested in your instruction letter. Our valuations are exclusive of VAT.

Market Value

We have carried out the valuation on a traditional income capitalisation basis having regard to appropriate yields.

Having regard to the above factors, we are of the opinion that the Market Value of the freehold interest in 86-92 Bell Green, Sydenham, London, SE26 4PZ as at 31 October 2016 is:-

£980,000

(Nine Hundred and Eighty Thousand Pounds)

Our valuation provides the following yield profile:-

Net Initial Yield	0.00%
Nominal Equivalent Yield	6.35%
True Equivalent Yield	6.60%
Reversionary Yield	7.40%

- Following the March 2016 Budget, purchaser's costs have been allowed for at an effective rate of 5.43%
- Our Market Value reflects a capital value of £228 psf

We believe a marketing period of circa 6 months would be required to achieve a sale at our opinion of Market Value.

A copy of our investment appraisal is attached in the appendices.

22. Reinstatement Cost Assessment

As a general note the construction sector has experienced considerable price fluctuation during the recessionary period through to recent recovery and the Building Cost Information Service of the RICS is forecasting tender price inflation to continue to increase over the coming years, well beyond general levels of inflation.

We recommend that if a full Insurance Reinstatement Cost Assessment has not been undertaken for the past 2/3 years that a formal assessment be undertaken to mitigate the risk of under insurance.

We have been requested to provide an informal estimate of the reinstatement cost for insurance purposes.

Our estimate of the current reinstatement cost of the property on a day one basis is in the order of:-

£1,090,000
(One Million and Ninety Thousand Pounds)

This figure includes demolition costs and statutory/professional fees, but excludes the following:-

- Tenants fixtures and fittings
- Inflation
- Legal Fees
- Loss of Rent
- Consequential Loss
- Agency Fees

- VAT

This assessment has been prepared by a valuation surveyor based on current guidelines. In order to produce a more formal assessment (which could be relied upon as the basis for insuring the property) our quantity surveyors would need to carry out a detailed inspection of the premises. We strongly suggest that our informal estimate is compared with the current sum insured. In the event of a material discrepancy between the two figures, we recommend that a formal assessment is undertaken.

23. Capital Allowances

Capital allowances might be available in relation to this property and could provide significant future tax savings. The benefit of such allowances is dependent on matters such as the tax position of the vendor and purchaser, contract agreements and the history of previous claims. A claim would require expert assessment. It is therefore not feasible to make a reliable estimate of the value of allowances as a part of this valuation report. Therefore we have not taken account of the value of capital allowances except to the extent that this value is reflected in market comparable evidence.

If a purchaser could claim capital allowances, this might present additional value to that purchaser and could result in an increased bid for the property.

Our Capital Allowances Team would be pleased to advise you further on this if required.

24. Suitability for Loan Security

We are of the opinion that the property provides adequate security for a commercial loan based on all of the factors referred to in this report.

Our assessment of the suitability of the property for loan purposes is based on the following SWOT analysis:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good train link into central London. • Close to regeneration area to north east of junction. 	<ul style="list-style-type: none"> • "In between" location – not on a retail high street pitch but also on a busy junction with little space on the site to set a redevelopment back from the noise and traffic, which is not ideal for residential. • Poor external condition requiring methodical capital expenditure plan.

Opportunities	Threats
<ul style="list-style-type: none"> Improving location as a result of regeneration and redevelopment in and around the former gas works to the north east. Planning gain from a potential consent to redevelop. Depending on retail lettings achieved it may be possible to recover some of the capital expenditure required through the service charge. 	<ul style="list-style-type: none"> Economy weakens.

Lender Action Points

- Building survey and budgeted capital expenditure / maintenance plan

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is likely that the exit process will take some 24 plus months although the timing is presently uncertain. This combination of macro- economic, legal and political circumstances is unprecedented within the UK property market. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value/Fair Value. After an initial period of uncertainty and an absence of activity, transactional volumes and available evidence have risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in certain sectors, such as our valuation scenario on the Special Assumption that consent has been granted for the 24-flat scheme proposed by the Borrower, and in this case, we have had to exercise a greater degree of judgement in arriving at our opinion of value.

We note in particular that the subject property was acquired by the Borrower on 3 June 2016 for £1,125,000 and that at the time it was fully let and rent-producing. This transaction has been accepted as evidence and considered in our assessment of Market Value.

25. General Comments

We confirm that we meet the requirements as to competence and the definitions of an External Valuer within the RICS Valuation – Professional Standards UK January 2014 (revised April 2015).

The Valuation Report has been prepared by Alexis Politakis MRICS, an RICS Registered Valuer within the Valuation Consultancy Department.

The valuation has been discussed with and approved by Nathan Pask MRICS, an RICS Registered Valuer and Director in the same department.



Appendix 1

Instruction Letter

INGENIOUS

Bilfinger GVA
3rd Floor
65 Gresham Street
London
EC2V 7NQ

5th October 2016

For the attention of: Alexis Politakis

Dear Alexis,

Property: 86-92 Bell Green, Sydenham, London, SE26 4PZ
Borrower: IMA Project Two Limited (Registered Number 10085572), whose registered office is 15 Golden Square, London, W1F 9JG
Lender: Ingenious Real Estate Finance LLP

Following our telephone & email discussion please accept this letter as our formal instruction to prepare a report and valuation of the above mentioned Property for the Lender.

We require valuations of the Property as set out below.

We are advised that the purchase price was £1,125,000 on 10th June 2016 by the Borrower and that the tenure of the Property is freehold.

The Borrower will be able to provide you with any further details you may require.

Further information on the Property can be supplied by Simon Miller of the Borrower, telephone 0207 290 2820 or sm@imarealestate.co.uk

Report on Title

Please note that the Lender's legal advisors will be preparing a report on title for the Lender (the "Report"). A copy of the final Report will be sent to you and you will be required to confirm to the Lender that the Property is the property valued in your valuation report and that either you have taken the final draft of the Report into account in making your valuation or there is nothing in the Report which causes you to alter your valuation report.

We have been advised by the Borrower that they have acquired the freehold interest in the Property. Please confirm this and include in your report comments on any lease terms which may affect your valuation.

Environment/Contamination

Please note that your commentary on the environmental reports is required.

RICS

Please prepare your valuation report in accordance with the current RICS Valuation- Professional Standards using the reasonable skill, care and diligence to be expected of a properly qualified and competent valuer.

Please include the following in your valuation report:-

1. Market Value
2. Market Value on the Special Assumption of Vacant Possession

INGENIOUS

3. Market Value on the Special Assumption that planning consent has been granted for the proposed residential development of 24 flats
4. An opinion of the likely purchaser profile and potential demand for the proposed units at the Property in the area. This should include specific information on the surrounding comparable developments stating sales prices, square footage and dates sales achieved;
5. An estimated rental value and the likely rental demand for the completed units, including specific information on surrounding comparable rental properties and the number available;
6. Photographs of the Property;
7. A plan or ordnance survey extract showing the boundaries you have assumed for the Property;
8. Reinstatement value for the Property for insurance purposes once the proposed Development is completed;
9. Comment on the planning permission for, and the planning history of, the Property;
10. Comment on any sites in the vicinity that have an approved planning consent and may form competition for the sale of the proposed units.
11. Certify that the Property is acceptable for secured lending purposes and describe any potential difficulties which may exist or arise should it be necessary for the Property to be sold as mortgagee.

We would ask you to refer specifically to the agents contacted in undertaking this instruction and comment upon any matters which may affect demand for the proposed dwellings.

Please note that the valuation must be addressed to the Lender and its assigns or successors in interest in the form set out at Appendix 1 and must include the disclosure wording in the form also set out at Appendix 1.

Conflicts

Please confirm to us in writing:

1. whether you have had any direct or indirect involvement in the Property; and
2. any business relationship you have, have had or if you are currently in negotiation with the Borrower;

which may give rise to a conflict of interest.

Please note that any involvement you have had with the Property and/or the Borrower must be referred to us before commencing work.

We shall be pleased to receive any additional comments that you may consider appropriate.

Please provide details of any limits upon liability proposed by you and of your professional indemnity insurance including a copy of the certificate.

Your fee is agreed at £3,750 plus any applicable VAT.

We look forward to receiving an electronic copy of your signed valuation report including any appendices and sent to howard.sefton@theingeniousgroup.co.uk with original copies sent in duplicate.

This letter (including the agreement constituted by your acknowledgement of its terms) and any non-contractual claims arising from it are governed by English law. The parties submit to the exclusive jurisdiction of the English courts.

Please contact us should you have any questions regarding this instruction.

Yours sincerely



Howard Sefton
Investment Director, Ingenious Real Estate Finance

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Appendix 1

Addressee Wording:

To: Ingenious Real Estate Finance LLP as lender under the facility letter issued on [] by Ingenious Real Estate Finance LLP and accepted by [] as borrower on [] (as amended, restated or novated from time to time) (the **Facility Letter**) and each of its: (i) Affiliates (as defined in the Facility Letter) who becomes a party at any time; and (ii) transferees, successors and assignees and/or their Affiliates which becomes a party to the Facility Letter as a lender in accordance with the terms thereof within 12 months of the date of this report (together the **Addressees** and each an **Addressee**)

Disclosure Wording:

This report is given for the sole benefit of the Addressees and we do not assume any duty or liability to any person who is not an Addressee. A copy of this report may be provided on a non-reliance basis (i) where disclosure is required by applicable law or regulation, by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or in respect of legal or arbitration proceedings in connection with this opinion; (ii) to the affiliates, officers, directors, employees, professional advisers and auditors of the Addressees; (iii) to any person including any rating agency for the purpose of a syndication, assignment, transfer, securitisation or collateralisation and to the professional advisors of each person. The Addressees may also make reference to the report, and include all or part of the report, in any offering materials or ongoing investor reporting materials related to a securitisation; (iv) to future owners or prospective purchasers of any property financed under the Facility Letter; and (v) or otherwise, with our prior written consent.



Appendix 2

Valuation & Tenancy Schedule

Report Date 04 November 2016
 Valuation Date 26 October 2016

Property

Address 86-92, Bell Green, Sydenham, London, SE26 4PZ
 File/Ref No 02B621257

Gross Valuation £1,157,527
 Capital Costs -£119,216
 Net Value Before Fees £1,038,311

Less Stamp Duty @3.93% of Net Value -£38,500
 Agents Fee @ 1.00% of Net Value -£11,760
 Legal Fee @0.50% of Net Value -£5,880

Fees include non recoverable VAT @ 20.00 %
 Net Valuation £982,171
 Say £980,000

Equivalent Yield 6.3477% True Equivalent Yield 6.5967%
 Initial Yield (Deemed) 0.0000% Initial Yield (Contracted) 0.0000%
 Reversion Yield 7.3957%
 Total Contracted Rent £0 Total Current Rent £0
 Total Rental Value £76,630 No. Tenants 8
 Capital value per ft² £714.81

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
26-Oct-2016	£0	£0	0.0000 %	0.0000 %
26-Nov-2016	£24,000	£24,000	2.3163 %	2.3502 %
26-Dec-2016	£48,000	£48,000	4.6326 %	4.7699 %
26-Jul-2018	£76,630	£76,630	7.3957 %	7.7506 %

Yields based on £1,036,140

Report Date 04 November 2016
 Valuation Date 26 October 2016

Tenants

Tenant name	File / Ref No	Next Review	Expiry Date	Current Rent	ERV Method	ERV	Cap.Group	Val.Meth.	Yield 1	Yield 2	Gross Value
Freehold											
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£7,330	Retail	Term & Reversion	7.000	7.000	£93,022
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£7,660	Retail	Term & Reversion	7.000	7.000	£97,210
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£7,590	Retail	Term & Reversion	7.000	7.000	£96,321
Standard UK Tenant		NA	25-Apr-2023	£0	Rounded	£6,050	Retail	Term & Reversion	7.000	7.000	£76,778
EFFECTIVELY VACANT (Midos)		NA	25-Nov-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£199,031
VACANT		NA	25-Dec-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£198,067
EFFECTIVELY VACANT (Midos)		NA	25-Nov-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£199,031
EFFECTIVELY VACANT (Brailey)		NA	25-Dec-2017	£0	Manual	£12,000	Residential AST	Term & Reversion	6.000	6.000	£198,067
Total				£0		£76,630					£1,157,527



Appendix 3

EPC's & Recommendations

Energy Performance Certificate

Non-Domestic Building



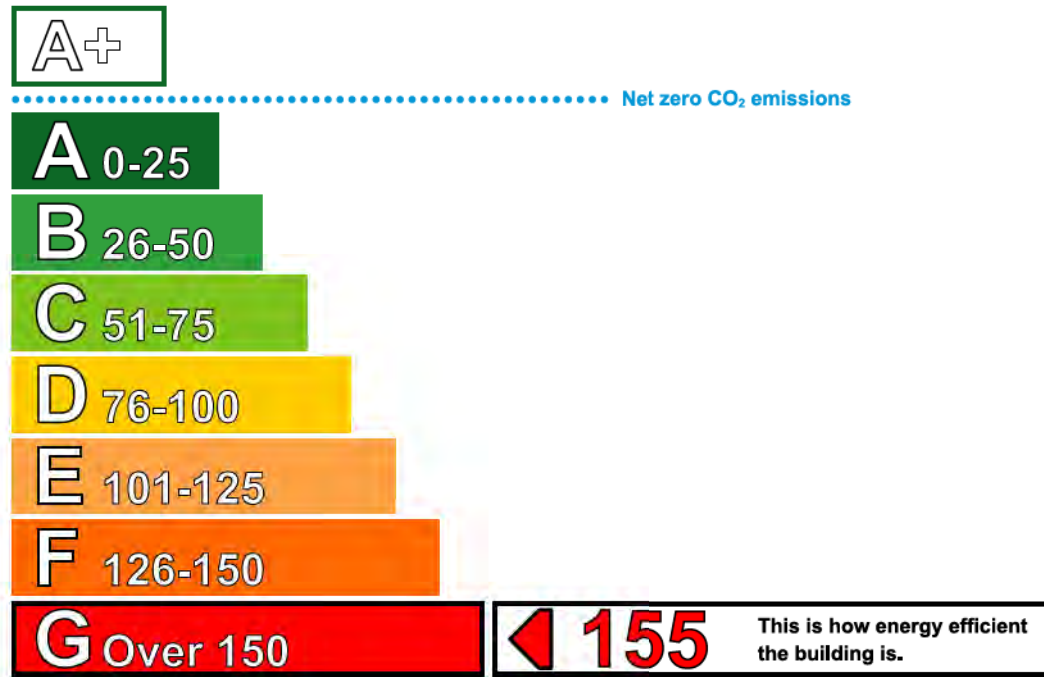
86 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0120-0836-6719-8229-8002

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient



Less energy efficient

Technical Information

Main heating fuel: Grid Supplied Electricity
Building environment: Heating and Natural Ventilation
Total useful floor area (m²): 41
Building complexity (NOS level): 3
Building emission rate (kgCO₂/m²): 288.52

Benchmarks

Buildings similar to this one could have ratings as follows:

22 If newly built
66 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	iSBEM v5.2.d using calculation engine SBEM v5.2.d.2
Property Reference:	281788260000
Assessor Name:	Anthony Kerr
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0898-2896-1240-1700-2603

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report HM Government

Report Reference Number: 0898-2896-1240-1700-2603

86 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (*)
Total Useful Floor Area (m ²):	41
Calculation Tool Used:	CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2
Property Reference:	281788260000
Energy Performance Certificate for the property is contained in Report Reference Number: 0120-0836-6719-8229-8002	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Anthony Kerr
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Related party disclosure:	

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4. Next Steps.....	6
5. Glossary.....	8
6. Green Deal Information.....	9

1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007*, as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m ²):	41
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	HIGH

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Some walls have uninsulated cavities - introduce cavity wall insulation.	LOW
Some windows have high U-values - consider installing secondary glazing.	LOW
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	LOW

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Some glazing is poorly insulated. Replace/improve glazing and/or frames.	LOW
Consider installing solar water heating.	LOW
Roof is poorly insulated. Install or improve insulation of roof.	LOW
Consider installing PV.	LOW

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

a) Your Recommendation Report

As the building occupier, regulation 10(1) of SI 2007:991 requires that an Energy Performance Certificate "*must be accompanied by a recommendation report*".

You must be able to produce a copy of this Recommendation Report within seven days if requested by an Enforcement Authority under regulation 39 of SI 2007:991.

This Recommendation Report has also been lodged on the Government's central register. Access to the report, to the data used to compile the report, and to previous similar documents relating to the same building can be obtained by request through the Non-Dwellings Register (www.epcregister.com) using the report reference number of this document.

b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations based on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional recommendations in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

c) Valid report

A valid report is a report that has been:

- Produced within the past 10 years
- Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme.
- Lodged on the Register operated by or on behalf of the Secretary of State.

6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate

Non-Domestic Building



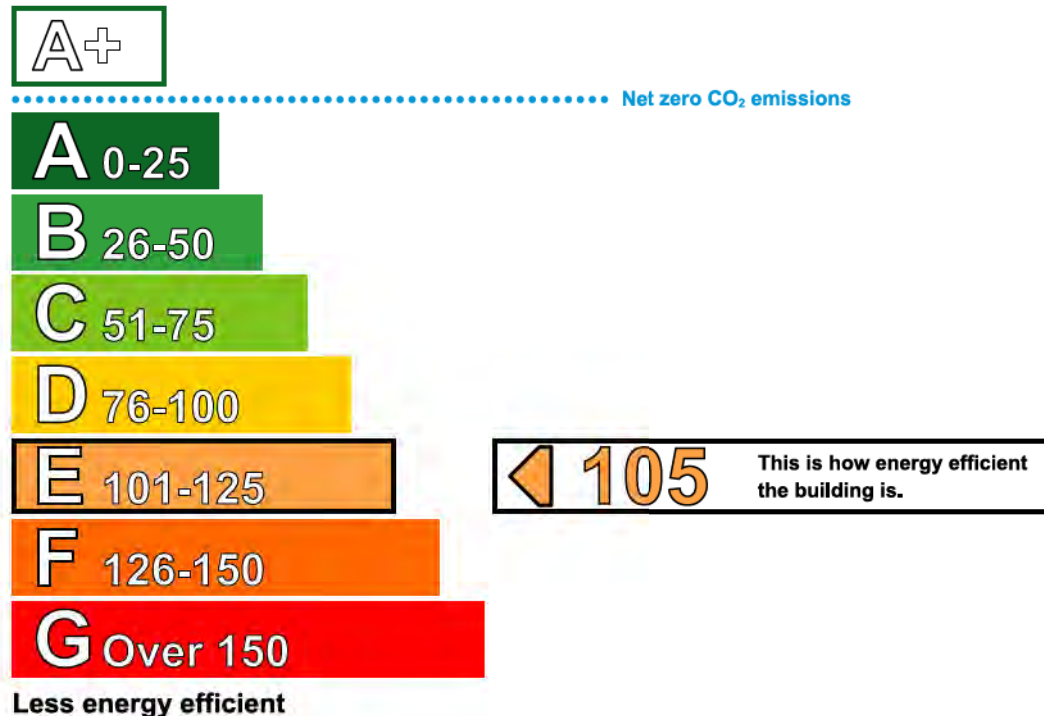
88 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0080-0736-2949-1279-5002

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient



Less energy efficient

Technical Information

Main heating fuel: Grid Supplied Electricity
Building environment: Air Conditioning
Total useful floor area (m²): 49
Building complexity (NOS level): 3
Building emission rate (kgCO₂/m²): 129.22

Benchmarks

Buildings similar to this one could have ratings as follows:

30 If newly built
88 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	iSBEM v5.2.d using calculation engine SBEM v5.2.d.2
Property Reference:	814957220000
Assessor Name:	Anthony Kerr
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0591-7792-4240-0900-8603

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

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Recommendation Report HM Government

Report Reference Number: 0591-7792-4240-0900-8603

88 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (*)
Total Useful Floor Area (m ²):	49
Calculation Tool Used:	CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2
Property Reference:	814957220000
Energy Performance Certificate for the property is contained in Report Reference Number: 0080-0736-2949-1279-5002	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Anthony Kerr
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Related party disclosure:	

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1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007*, as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m ²):	49
Building Environment:	Air Conditioning

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW
In some spaces, the solar gain limit in criterion 3 of ADL2A 2010 is exceeded, which might cause overheating. Consider solar control measures such as the application of reflective coating or shading devices to windows.	MEDIUM

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
The default chiller efficiency is chosen. It is recommended that the chiller system be investigated to gain an understanding of its efficiency and possible improvements.	LOW

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Add time control to heating system.	LOW
Add optimum start/stop to the heating system.	LOW
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	LOW
Consider installing solar water heating.	LOW
Some windows have high U-values - consider installing secondary glazing.	LOW

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

a) Your Recommendation Report

As the building occupier, regulation 10(1) of SI 2007:991 requires that an Energy Performance Certificate "*must be accompanied by a recommendation report*".

You must be able to produce a copy of this Recommendation Report within seven days if requested by an Enforcement Authority under regulation 39 of SI 2007:991.

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b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations base on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional recommendations in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

c) Valid report

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- Produced within the past 10 years
- Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme.
- Lodged on the Register operated by or on behalf of the Secretary of State.

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When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate

Non-Domestic Building



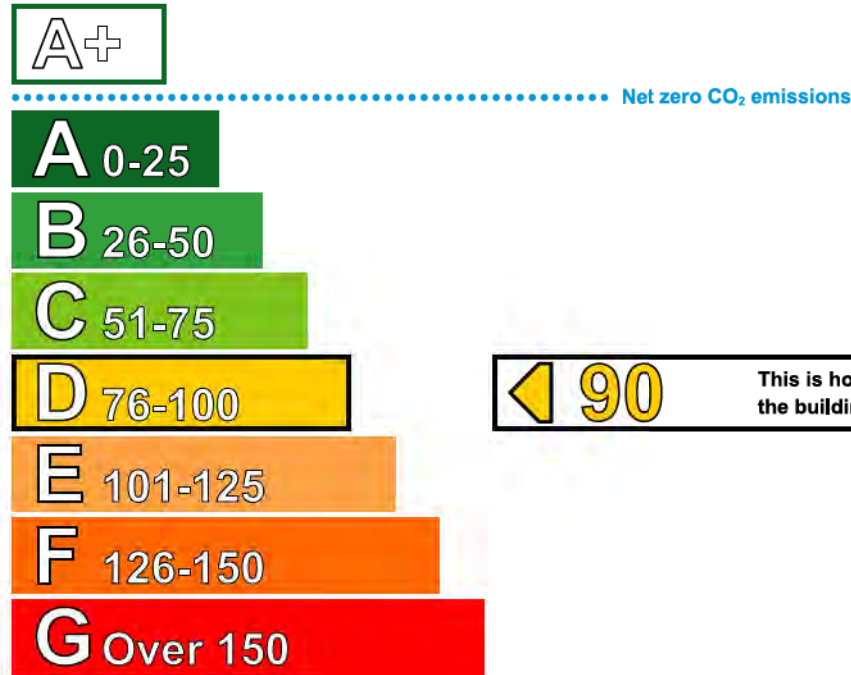
90 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0993-9648-1130-2500-6703

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient



Less energy efficient

Technical Information

Main heating fuel: Grid Supplied Electricity
Building environment: Heating and Natural Ventilation
Total useful floor area (m²): 44
Building complexity (NOS level): 3
Building emission rate (kgCO₂/m²): 115.89

Benchmarks

Buildings similar to this one could have ratings as follows:

30 If newly built
81 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	Carbon Checker v1.7.1 using calculation engine SBEM v4.1.d.0
Property Reference:	631596180000
Assessor Name:	Malcolm Fox, MRICS, Dip NDEA
Assessor Number:	NGIS801445
Accreditation Scheme:	Northgate Information Solutions
Employer/Trading Name:	Malcolm Fox
Employer/Trading Address:	'Glengowan', Merlewood Drive, Chislehurst, BR7 5LQ
Issue Date:	16 Apr 2013
Valid Until:	15 Apr 2023 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0940-6959-0417-8210-6034

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report HM Government

Report Reference Number: 0940-6959-0417-8210-6034

90 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	16 Apr 2013
Valid Until:	15 Apr 2023 (*)
Total Useful Floor Area (m ²):	44
Calculation Tool Used:	BuildDesk Ltd, Carbon Checker, v1.7.1, SBEM, v4.1.d.0
Property Reference:	631596180000
Energy Performance Certificate for the property is contained in Report Reference Number: 0993-9648-1130-2500-6703	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Malcolm Fox, MRICS, Dip NDEA
Employer/Trading Name:	Malcolm Fox
Employer/Trading Address:	'Glengowan', Merlewood Drive, Chislehurst, BR7 5LQ
Assessor Number:	NGIS801445
Accreditation Scheme:	Northgate Information Solutions
Related party disclosure:	

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1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007*, as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m ²):	44
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool BuildDesk Ltd, Carbon Checker, v1.7.1, SBEM, v4.1.d.0.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	LOW
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW
In some spaces, the solar gain limit in criterion 3 of ADL2A 2010 is exceeded, which might cause overheating. Consider solar control measures such as the application of reflective coating or shading devices to windows.	MEDIUM
Add time control to heating system.	LOW

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Add optimum start/stop to the heating system.	MEDIUM
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	LOW
Some walls have uninsulated cavities - introduce cavity wall insulation.	MEDIUM

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Some windows have high U-values - consider installing secondary glazing.	MEDIUM
Add local temperature control to the heating system.	MEDIUM
Add weather compensation controls to heating system.	MEDIUM
Add local time control to heating system.	LOW
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	MEDIUM

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

a) Your Recommendation Report

As the building occupier, regulation 10(1) of SI 2007:991 requires that an Energy Performance Certificate "*must be accompanied by a recommendation report*".

You must be able to produce a copy of this Recommendation Report within seven days if requested by an Enforcement Authority under regulation 39 of SI 2007:991.

This Recommendation Report has also been lodged on the Government's central register. Access to the report, to the data used to compile the report, and to previous similar documents relating to the same building can be obtained by request through the Non-Dwellings Register (www.epcregister.com) using the report reference number of this document.

b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations based on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional recommendations in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

c) Valid report

A valid report is a report that has been:

- Produced within the past 10 years
- Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme.
- Lodged on the Register operated by or on behalf of the Secretary of State.

6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate

Non-Domestic Building



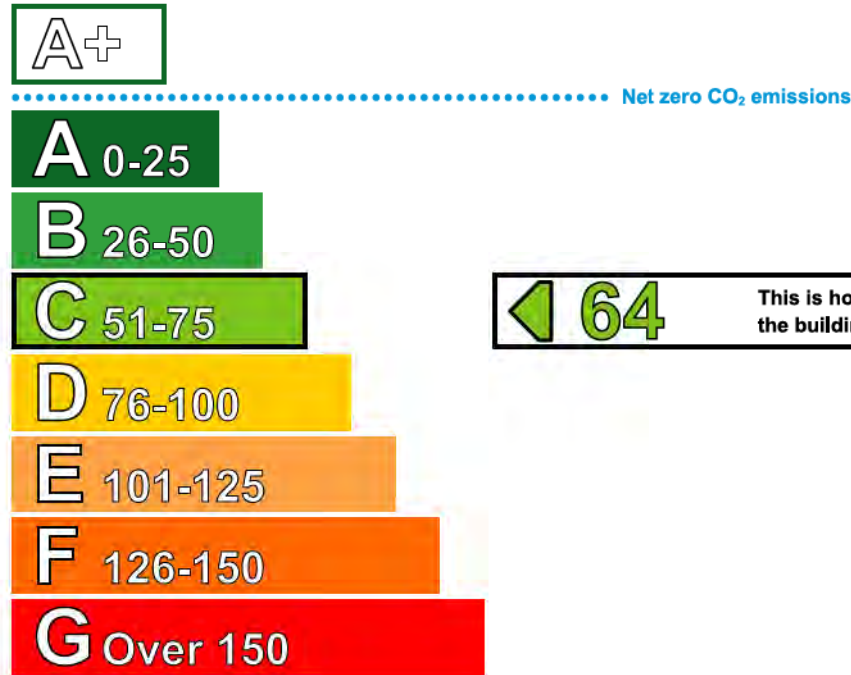
92 Bell Green
LONDON
SE26 4PZ

Certificate Reference Number:
0860-0836-6589-2329-1006

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient



Less energy efficient

Technical Information

Main heating fuel: Natural Gas
Building environment: Heating and Natural Ventilation
Total useful floor area (m²): 42
Building complexity (NOS level): 3
Building emission rate (kgCO₂/m²): 128.83

Benchmarks

Buildings similar to this one could have ratings as follows:

16 If newly built
47 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Administrative Information

This is an Energy Performance Certificate as defined in SI 2007:991 as amended.

Assessment Software:	iSBEM v5.2.d using calculation engine SBEM v5.2.d.2
Property Reference:	628518360000
Assessor Name:	Anthony Kerr
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the property are contained in Report Reference Number: 0290-6951-0486-6830-8020

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Department's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report

Report Reference Number: 0290-6951-0486-6830-8020

92 Bell Green
LONDON
SE26 4PZ

Building Type(s): A1/A2 Retail and Financial/Professional services

ADMINISTRATIVE INFORMATION	
Issue Date:	04 Feb 2016
Valid Until:	03 Feb 2026 (*)
Total Useful Floor Area (m ²):	42
Calculation Tool Used:	CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2
Property Reference:	628518360000
Energy Performance Certificate for the property is contained in Report Reference Number: 0860-0836-6589-2329-1006	

ENERGY ASSESSOR DETAILS	
Assessor Name:	Anthony Kerr
Employer/Trading Name:	A and K Sustain
Employer/Trading Address:	11, Emes road, Erith DA8 3EL
Assessor Number:	NHER001976
Accreditation Scheme:	National Energy Services
Related party disclosure:	

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1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007*, as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC. This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m ²):	42
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool CLG, iSBEM, v5.2.d, SBEM, v5.2.d.2.

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	LOW
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Add time control to heating system.	LOW
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW
Add optimum start/stop to the heating system.	MEDIUM
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	LOW

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Some windows have high U-values - consider installing secondary glazing.	MEDIUM
Add weather compensation controls to heating system.	MEDIUM
Add local time control to heating system.	LOW
Consider replacing heating boiler plant with a condensing type.	MEDIUM
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	MEDIUM

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Some glazing is poorly insulated. Replace/improve glazing and/or frames.	MEDIUM
Roof is poorly insulated. Install or improve insulation of roof.	MEDIUM
Consider installing solar water heating.	LOW
Consider installing PV.	LOW

d) Other Recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified.

4. Next Steps

a) Your Recommendation Report

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The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations based on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional recommendations in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

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The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

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The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

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A valid report is a report that has been:

- Produced within the past 10 years
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- Lodged on the Register operated by or on behalf of the Secretary of State.

6. Green Deal Information

When the Green Deal launches, it may enable you to improve the property to make it more energy efficient and cheaper to run, without having to pay for the work upfront.

Energy Performance Certificate



30, Holmshaw Close, LONDON, SE26 4TH

Dwelling type: Mid-floor flat
Date of assessment: 28 January 2016
Date of certificate: 02 February 2016

Reference number: 8586-7429-4880-2128-4926
Type of assessment: RdSAP, existing dwelling
Total floor area: 61 m²

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

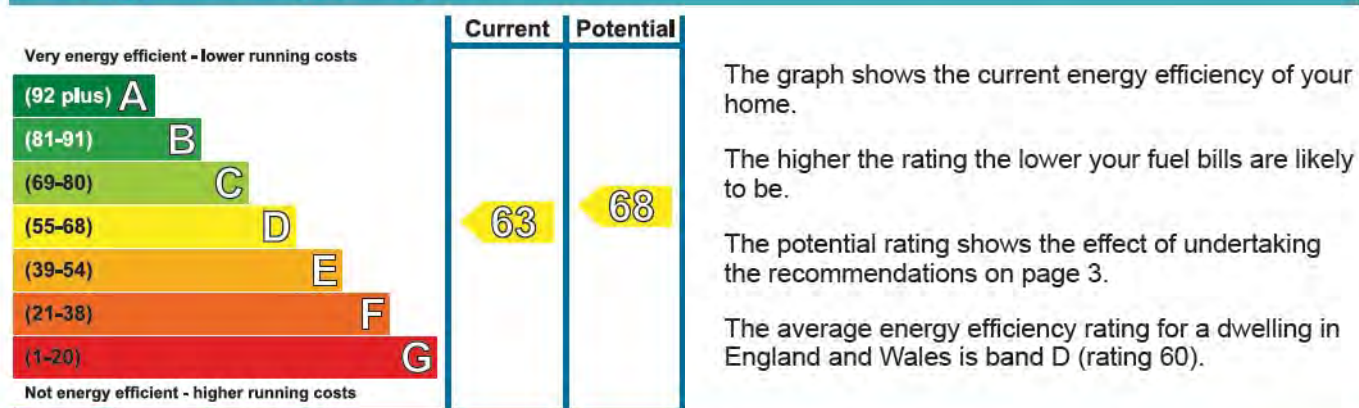
Estimated energy costs of dwelling for 3 years:	£ 2,088
Over 3 years you could save	£ 321

Estimated energy costs of this home

	Current costs	Potential costs	Potential future savings
Lighting	£ 225 over 3 years	£ 132 over 3 years	
Heating	£ 1,566 over 3 years	£ 1,338 over 3 years	
Hot Water	£ 297 over 3 years	£ 297 over 3 years	
Totals	£ 2,088	£ 1,767	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.

Energy Efficiency Rating



Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Low energy lighting for all fixed outlets	£25	£ 81	
2 Heating controls (room thermostat and TRVs)	£350 - £450	£ 240	

To find out more about the recommended measures and other actions you could take today to save money, visit www.direct.gov.uk/savingenergy or call 0300 123 1234 (standard national rate). The Green Deal may allow you to make your home warmer and cheaper to run at no up-front cost.

Summary of this home's energy performance related features

Element	Description	Energy Efficiency
Walls	System built, as built, no insulation (assumed)	★☆☆☆☆
	Timber frame, as built, partial insulation (assumed)	★★★☆☆
Roof	(another dwelling above)	—
Floor	(other premises below)	—
Windows	Fully double glazed	★★★☆☆
Main heating	Boiler and radiators, mains gas	★★★★☆
Main heating controls	Programmer, no room thermostat	★☆☆☆☆
Secondary heating	None	—
Hot water	From main system	★★★★☆
Lighting	Low energy lighting in 29% of fixed outlets	★★★☆☆

Current primary energy use per square metre of floor area: 262 kWh/m² per year

The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

See addendum on the last page relating to items in the table above.

Low and zero carbon energy sources

Low and zero carbon energy sources are sources of energy that release either very little or no carbon dioxide into the atmosphere when they are used. Installing these sources may help reduce energy bills as well as cutting carbon. There are none provided for this home.

Opportunity to benefit from a Green Deal on this property

The Green Deal may enable owners and occupiers to make improvements to their property to make it more energy efficient. Under a Green Deal, the cost of the improvements is repaid over time via a credit agreement. Repayments are made through a charge added to the electricity bill for the property. To see which improvements are recommended for this property, please turn to page 3. You can choose which improvements you want to install and ask for a quote from an authorised Green Deal provider. They will organise installation by an authorised Green Deal installer. If you move home, the responsibility for paying the Green Deal charge under the credit agreement passes to the new electricity bill payer.



For householders in receipt of income-related benefits, additional help may be available.



To find out more, visit www.direct.gov.uk/savingenergy or call 0300 123 1234.



Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at www.direct.gov.uk/savingenergy. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick  are likely to be fully financed through the Green Deal since the cost of the measures should be covered by the energy they save. Additional support may be available for homes where solid wall insulation is recommended. If you want to take up measures with an orange tick , be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Low energy lighting for all fixed outlets	£25	£ 27	 D65	
Heating controls (room thermostat and TRVs)	£350 - £450	£ 80	 D68	

Alternative measures

There are alternative measures below which you could also consider for your home.

- Cavity, internal or external wall insulation

Choosing the right package

Visit www.epcadviser.direct.gov.uk, our online tool which uses information from this EPC to show you how to save money on your fuel bills. You can use this tool to personalise your Green Deal package.



Green Deal package	Typical annual savings
Heating controls	Total savings of £80
Electricity/gas/other fuel savings	£6 / £74 / £0

You could finance this package of measures under the Green Deal. It could **save you £80 a year** in energy costs, based on typical energy use. Some or all of this saving would be recouped through the charge on your bill.

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by NHER. You can get contact details of the accreditation scheme at www.nesltd.co.uk, together with details of their procedures for confirming authenticity of a certificate and for making a complaint. A copy of this EPC has been lodged on a national register. It will be publicly available and some of the underlying data may be shared with others for compliance and marketing of relevant energy efficiency information. The Government may use some of this data for research or statistical purposes. Green Deal financial details that are obtained by the Government for these purposes will not be disclosed to non-authorized recipients. The current property owner and/or tenant may opt out of having their information shared for marketing purposes.

Assessor's accreditation number: NHER001976
Assessor's name: Mr Anthony Kerr
Phone number: 07493865596
E-mail address: anthonyjkerr71@gmail.com
Related party disclosure: No related party

Further information about Energy Performance Certificates can be found under Frequently Asked Questions at www.epcregister.com.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions.

The average household causes about 6 tonnes of carbon dioxide every year. Based on this assessment, your home currently produces approximately 2.8 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. If you were to install these recommendations you could reduce this amount by 0.4 tonnes per year. You could reduce emissions even more by switching to renewable energy sources.

The environmental impact rating is a measure of a home's impact on the environment in terms of carbon dioxide (CO₂) emissions. The higher the rating the less impact it has on the environment.



Your home's heat demand

For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that could be saved in this property by insulating the loft and walls, based on typical energy use (shown within brackets as it is a reduction in energy use).

Heat demand	Existing dwelling	Impact of loft insulation	Impact of cavity wall insulation	Impact of solid wall insulation
Space heating (kWh per year)	7,779	N/A	N/A	N/A
Water heating (kWh per year)	1,961			

Addendum

This dwelling is a system built property or some of its walls are of non-conventional construction and requires further investigation to establish the type of construction, the type of wall insulation best suited (cavity insulation or internal/external insulation) and the savings it might deliver. Please go to www.direct.gov.uk/savingenergy to find out more.

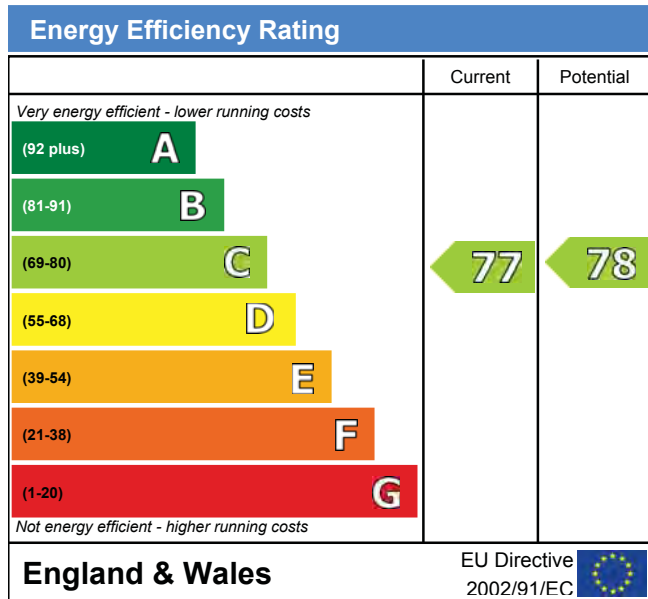
Energy Performance Certificate



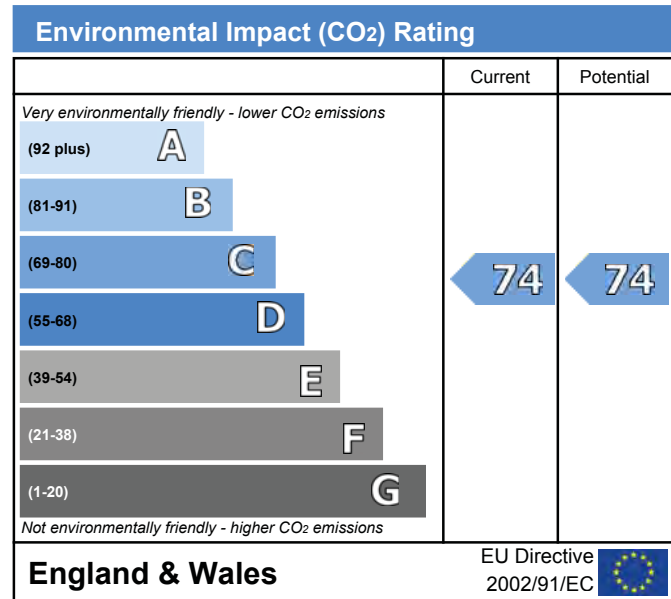
32, Holmshaw Close,
LONDON,
SE26 4TH

Dwelling type: Mid-floor flat
Date of assessment: 31 August 2010
Date of certificate: 31 August 2010
Reference number: 7598-6030-6258-7690-4914
Type of assessment: RdSAP, existing dwelling
Total floor area: 44 m²

This home's performance is rated in terms of the energy use per square metre of floor area, energy efficiency based on fuel costs and environmental impact based on carbon dioxide (CO₂) emissions.



The energy efficiency rating is a measure of the overall efficiency of a home. The higher the rating the more energy efficient the home is and the lower the fuel bills are likely to be.



The environmental impact rating is a measure of this home's impact on the environment in terms of Carbon dioxide (CO₂) emissions. The higher the rating the less impact it has on the environment.

Estimated energy use, carbon dioxide (CO₂) emissions and fuel costs of this home

	Current	Potential
Energy use	234 kWh/m ² per year	231 kWh/m ² per year
Carbon dioxide emissions	1.7 tonnes per year	1.7 tonnes per year
Lighting	£31 per year	£23 per year
Heating	£305 per year	£306 per year
Hot water	£78 per year	£78 per year

The figures in the table above have been provided to enable prospective buyers and tenants to compare the fuel costs and carbon emissions of one home with another. To enable this comparison the figures have been calculated using standardised running conditions (heating periods, room temperatures, etc.) that are the same for all homes, consequently they are unlikely to match an occupier's actual fuel bills and carbon emissions in practice. The figures do not include the impacts of the fuels used for cooking or running appliances, such as TV, fridge etc.; nor do they reflect the costs associated with service, maintenance or safety inspections. Always check the certificate date because fuel prices can change over time and energy saving recommendations will evolve.

To see how this home can achieve its potential rating please see the recommended measures.



Remember to look for the energy saving recommended logo when buying energy-efficient products. It's a quick and easy way to identify the most energy-efficient products on the market.

This EPC and recommendations report may be given to the Energy Saving Trust to provide you with information on improving your dwelling's energy performance.

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by Elmhurst Energy Systems Ltd, to a scheme authorised by the Government. This certificate was produced using the RdSAP 2005 assessment methodology and has been produced under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 as amended. A copy of the certificate has been lodged on a national register.

Assessor's accreditation number: EES/004895
Assessor's name: Mr. Richard Kenyon
Company name/trading name: Homesdale
Address: 6 Wiverton Road, Bromley, London, SE26 5HY
Phone number: 07795 234051
Fax number:
E-mail address: rkenyon4@hotmail.com
Related party disclosure: No related party

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are as above. You can get contact details of the accreditation scheme from their website at www.elmhurstenergy.co.uk together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

About the building's performance ratings

The ratings on the certificate provide a measure of the building's overall energy efficiency and its environmental impact, calculated in accordance with a national methodology that takes into account factors such as insulation, heating and hot water systems, ventilation and fuels used. The average Energy Efficiency Rating for a dwelling in England and Wales is band E (rating 46).

Not all buildings are used in the same way, so energy ratings use 'standard occupancy' assumptions which may be different from the specific way you use your home. Different methods of calculation are used for homes and for other buildings. Details can be found at www.communities.gov.uk/epbd.

Buildings that are more energy efficient use less energy, save money and help protect the environment. A building with a rating of 100 would cost almost nothing to heat and light and would cause almost no carbon emissions. The potential ratings on the certificate describe how close this building could get to 100 if all the cost effective recommended improvements were implemented.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The way we use energy in buildings causes emissions of carbon. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions and other buildings produce a further one-sixth.

The average household causes about 6 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. You could reduce emissions even more by switching to renewable energy sources. In addition there are many simple everyday measures that will save money, improve comfort and reduce the impact on the environment. Some examples are given at the end of this report.

**Visit the Department for Communities and Local Government website at
www.communities.gov.uk/epbd to:**

- Find how to confirm the authenticity of an energy performance certificate
- Find how to make a complaint about a certificate or the assessor who produced it
- Learn more about the national register where this certificate has been lodged - the Department is the controller of the data on the register for Data Protection Act 1998 purposes
- Learn more about energy efficiency and reducing energy consumption

Further information about Energy Performance Certificates can be found under Frequently Asked Questions
at www.epcregister.com

Recommended measures to improve this home's energy performance

32, Holmshaw Close,
LONDON, SE26 4TH

Date of certificate: 31 August 2010
Reference number: 7598-6030-6258-7690-4914

Summary of this home's energy performance related features

The table below gives an assessment of the key individual elements that have an impact on this home's energy and environmental performance. Each element is assessed by the national calculation methodology against the following scale: Very poor / Poor / Average / Good / Very good. The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

Elements	Description	Current performance	
		Energy Efficiency	Environmental
Walls	Cavity wall, as built, no insulation (assumed) Timber frame, as built, partial insulation (assumed)	Poor Average	Poor Average
Roof	(another dwelling above)	-	-
Floor	(other premises below)	-	-
Windows	Fully double glazed	Average	Average
Main heating	Boiler and radiators, mains gas	Good	Good
Main heating controls	Programmer and room thermostat	Average	Average
Secondary heating	None	-	-
Hot water	From main system	Good	Good
Lighting	Low energy lighting in 66% of fixed outlets	Good	Good
Current energy efficiency rating		C 77	
Current environmental impact (CO ₂) rating		C 74	

Low and zero carbon energy sources

None

Recommendations

The measures below are cost effective. The performance ratings after improvement listed below are cumulative, that is they assume the improvements have been installed in the order that they appear in the table.

Lower cost measures (up to £500)	Typical savings per year	Performance ratings after improvement	
		Energy efficiency	Environmental impact
1 Low energy lighting for all fixed outlets	£6	C 78	C 74
Total	£6		
Potential energy efficiency rating		C 78	
Potential environmental impact (CO ₂) rating		C 74	

Further measures to achieve even higher standards

None

Improvements to the energy efficiency and environmental impact ratings will usually be in step with each other. However, they can sometimes diverge because reduced energy costs are not always accompanied by a reduction in carbon dioxide (CO₂) emissions.

About the cost effective measures to improve this home's performance ratings

If you are a tenant, before undertaking any work you should check the terms of your lease and obtain approval from your landlord if the lease either requires it, or makes no express provision for such work.

Lower cost measures (typically up to £500 each)

These measures are relatively inexpensive to install and are worth tackling first. Some of them may be installed as DIY projects. DIY is not always straightforward, and sometimes there are health and safety risks, so take advice before carrying out DIY improvements.

1 Low energy lighting

Replacement of traditional light bulbs with energy saving recommended ones will reduce lighting costs over the lifetime of the bulb, and they last up to 12 times longer than ordinary light bulbs. Also consider selecting low energy light fittings when redecorating; contact the Lighting Association for your nearest stockist of Domestic Energy Efficient Lighting Scheme fittings.

About the further measures to achieve even higher standards

Not applicable

What can I do today?

Actions that will save money and reduce the impact of your home on the environment include:

- Ensure that you understand the dwelling and how its energy systems are intended to work so as to obtain the maximum benefit in terms of reducing energy use and CO2 emissions.
- Check that your heating system thermostat is not set too high (in a home, 21°C in the living room is suggested) and use the timer to ensure you only heat the building when necessary.
- Turn off lights when not needed and do not leave appliances on standby. Remember not to leave chargers (e.g. for mobile phones) turned on when you are not using them.
- Close your curtains at night to reduce heat escaping through the windows.
- If you're not filling up the washing machine, tumble dryer or dishwasher, use the half-load or economy programme.

For advice on how to take action and to find out about offers available to help make your home more energy efficient, call 0800 512 012 or visit www.energysavingtrust.org.uk.

Energy Performance Certificate



34, Holmshaw Close, LONDON, SE26 4TH

Dwelling type: Top-floor flat
Date of assessment: 28 January 2016
Date of certificate: 02 February 2016

Reference number: 8407-4484-8129-3827-0963
Type of assessment: RdSAP, existing dwelling
Total floor area: 61 m²

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

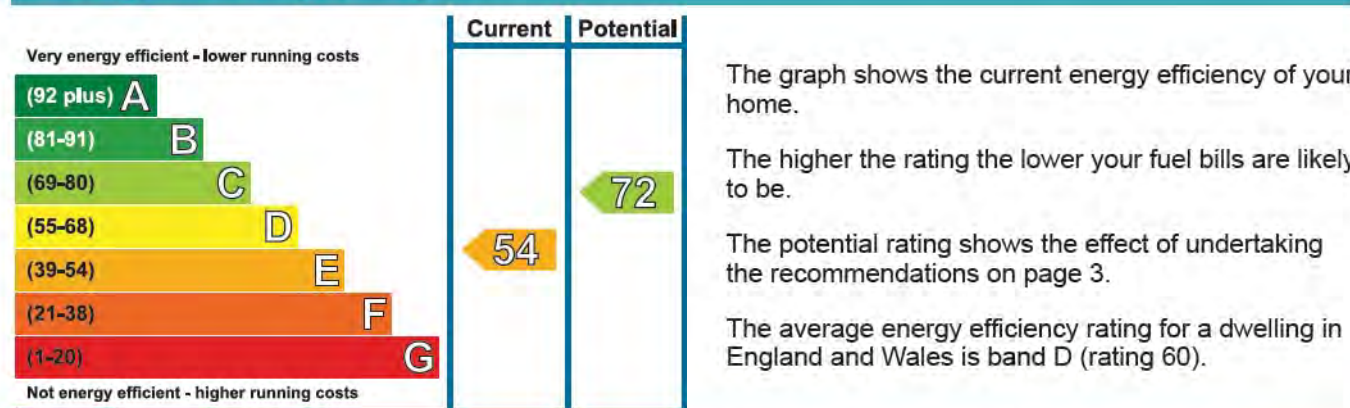
Estimated energy costs of dwelling for 3 years:	£ 2,658
Over 3 years you could save	£ 1,083

Estimated energy costs of this home

	Current costs	Potential costs	Potential future savings
Lighting	£ 225 over 3 years	£ 132 over 3 years	
Heating	£ 2,148 over 3 years	£ 1,158 over 3 years	
Hot Water	£ 285 over 3 years	£ 285 over 3 years	
Totals	£ 2,658	£ 1,575	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.

Energy Efficiency Rating



Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Flat roof insulation	£850 - £1,500	£ 798	✓
2 Low energy lighting for all fixed outlets	£25	£ 81	
3 Heating controls (room thermostat and TRVs)	£350 - £450	£ 201	✓

To find out more about the recommended measures and other actions you could take today to save money, visit www.direct.gov.uk/savingenergy or call 0300 123 1234 (standard national rate). The Green Deal may allow you to make your home warmer and cheaper to run at no up-front cost.

Summary of this home's energy performance related features

Element	Description	Energy Efficiency
Walls	System built, as built, no insulation (assumed)	★☆☆☆☆
	Timber frame, as built, partial insulation (assumed)	★★★☆☆
Roof	Flat, no insulation (assumed)	★☆☆☆☆
Floor	(another dwelling below)	—
Windows	Fully double glazed	★★★☆☆
Main heating	Boiler and radiators, mains gas	★★★★☆
Main heating controls	Programmer, no room thermostat	★☆☆☆☆
Secondary heating	None	—
Hot water	From main system	★★★★☆
Lighting	Low energy lighting in 29% of fixed outlets	★★★☆☆

Current primary energy use per square metre of floor area: 350 kWh/m² per year

The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

See addendum on the last page relating to items in the table above.

Low and zero carbon energy sources

Low and zero carbon energy sources are sources of energy that release either very little or no carbon dioxide into the atmosphere when they are used. Installing these sources may help reduce energy bills as well as cutting carbon. There are none provided for this home.

Opportunity to benefit from a Green Deal on this property

The Green Deal may enable owners and occupiers to make improvements to their property to make it more energy efficient. Under a Green Deal, the cost of the improvements is repaid over time via a credit agreement. Repayments are made through a charge added to the electricity bill for the property. To see which improvements are recommended for this property, please turn to page 3. You can choose which improvements you want to install and ask for a quote from an authorised Green Deal provider. They will organise installation by an authorised Green Deal installer. If you move home, the responsibility for paying the Green Deal charge under the credit agreement passes to the new electricity bill payer.



For householders in receipt of income-related benefits, additional help may be available.






To find out more, visit www.direct.gov.uk/savingenergy or call 0300 123 1234.



Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at www.direct.gov.uk/savingenergy. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick  are likely to be fully financed through the Green Deal since the cost of the measures should be covered by the energy they save. Additional support may be available for homes where solid wall insulation is recommended. If you want to take up measures with an orange tick , be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Flat roof insulation	£850 - £1,500	£ 266	 D67	
Low energy lighting for all fixed outlets	£25	£ 27	 D68	
Heating controls (room thermostat and TRVs)	£350 - £450	£ 67	 C72	

Alternative measures

There are alternative measures below which you could also consider for your home.

- Cavity, internal or external wall insulation

Choosing the right package

Visit www.epcadviser.direct.gov.uk, our online tool which uses information from this EPC to show you how to save money on your fuel bills. You can use this tool to personalise your Green Deal package.

Directgov
 Public services all in one place

Green Deal package	Typical annual savings
Flat roof insulation	Total savings of £333
Heating controls	
Electricity/gas/other fuel savings	£6 / £327 / £0

You could finance this package of measures under the Green Deal. It could **save you £333 a year** in energy costs, based on typical energy use. Some or all of this saving would be recouped through the charge on your bill.

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by NHER. You can get contact details of the accreditation scheme at www.nesltd.co.uk, together with details of their procedures for confirming authenticity of a certificate and for making a complaint. A copy of this EPC has been lodged on a national register. It will be publicly available and some of the underlying data may be shared with others for compliance and marketing of relevant energy efficiency information. The Government may use some of this data for research or statistical purposes. Green Deal financial details that are obtained by the Government for these purposes will not be disclosed to non-authorised recipients. The current property owner and/or tenant may opt out of having their information shared for marketing purposes.

Assessor's accreditation number: NHER001976
Assessor's name: Mr Anthony Kerr
Phone number: 07493865596
E-mail address: anthonyjkerr71@gmail.com
Related party disclosure: No related party

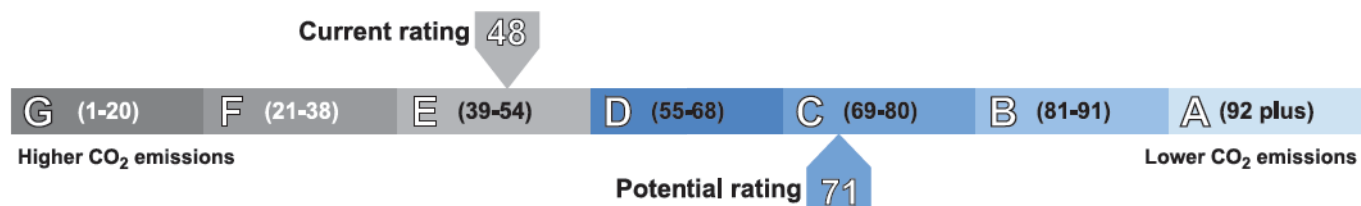
Further information about Energy Performance Certificates can be found under Frequently Asked Questions at www.epcregister.com.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions.

The average household causes about 6 tonnes of carbon dioxide every year. Based on this assessment, your home currently produces approximately 3.8 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. If you were to install these recommendations you could reduce this amount by 1.8 tonnes per year. You could reduce emissions even more by switching to renewable energy sources.

The environmental impact rating is a measure of a home's impact on the environment in terms of carbon dioxide (CO₂) emissions. The higher the rating the less impact it has on the environment.



Your home's heat demand

For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that could be saved in this property by insulating the loft and walls, based on typical energy use (shown within brackets as it is a reduction in energy use).

Heat demand	Existing dwelling	Impact of loft insulation	Impact of cavity wall insulation	Impact of solid wall insulation
Space heating (kWh per year)	11,601	N/A	N/A	N/A
Water heating (kWh per year)	1,880			

Addendum

This dwelling is a system built property or some of its walls are of non-conventional construction and requires further investigation to establish the type of construction, the type of wall insulation best suited (cavity insulation or internal/external insulation) and the savings it might deliver. Please go to www.direct.gov.uk/savingenergy to find out more.

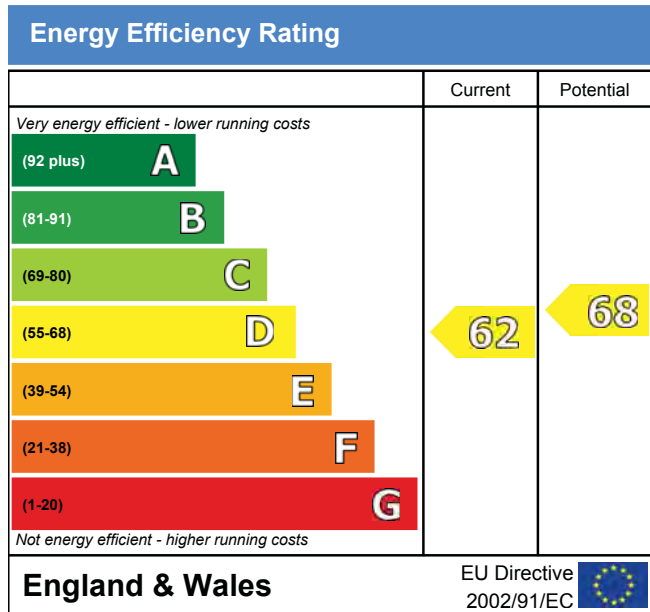
Energy Performance Certificate



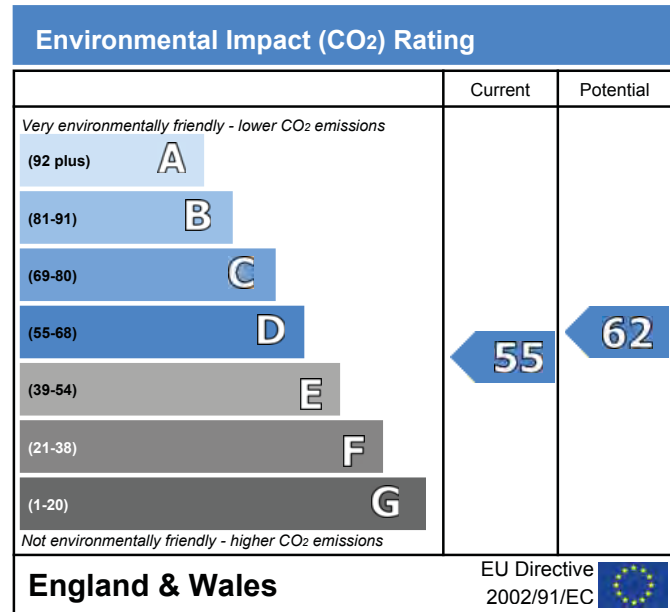
36, Holmshaw Close,
LONDON,
SE26 4TH

Dwelling type: Top-floor flat
Date of assessment: 01 June 2009
Date of certificate: 01 June 2009
Reference number: 8011-6626-6210-3249-5006
Total floor area: 64 m²

This home's performance is rated in terms of the energy use per square metre of floor area, energy efficiency based on fuel costs and environmental impact based on carbon dioxide (CO₂) emissions.



The energy efficiency rating is a measure of the overall efficiency of a home. The higher the rating the more energy efficient the home is and the lower the fuel bills are likely to be.



The environmental impact rating is a measure of this home's impact on the environment in terms of Carbon dioxide (CO₂) emissions. The higher the rating the less impact it has on the environment.

Estimated energy use, carbon dioxide (CO₂) emissions and fuel costs of this home

	Current	Potential
Energy use	339 kWh/m ² per year	286 kWh/m ² per year
Carbon dioxide emissions	3.6 tonnes per year	3.1 tonnes per year
Lighting	£47 per year	£31 per year
Heating	£517 per year	£455 per year
Hot water	£89 per year	£77 per year

Based on standardised assumptions about occupancy, heating patterns and geographical location, the above table provides an indication of how much it will cost to provide lighting, heating and hot water to this home. The fuel costs only take into account the cost of fuel and not any associated service, maintenance or safety inspection. This certificate has been provided for comparative purposes only and enables one home to be compared with another. Always check the date the certificate was issued, because fuel prices can increase over time and energy saving recommendations will evolve.

To see how this home can achieve its potential rating please see the recommended measures.



This EPC and recommendations report may be given to the Energy Saving Trust to provide you with information on improving your dwellings's energy performance.

For advice on how to take action and to find out about offers available to make your home more energy efficient, call 0800 512 012 or visit www.energysavingtrust.org.uk/myhome

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by Elmhurst Energy Systems Ltd, to a scheme authorised by the Government. This certificate was produced using the RdSAP 2005 assessment methodology and has been produced under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 as amended. A copy of the certificate has been lodged on a national register.

Assessor's accreditation number: EES/004895
Assessor's name: Mr. Richard Kenyon
Company name/trading name: Homesdale
Address: 6 Wiverton Road, London, Bromley, SE26 5HY
Phone number: 07795 234051
Fax number:
E-mail address: rkenyon4@hotmail.com
Related party disclosure:

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are as above. You can get contact details of the accreditation scheme from their website at www.elmhurstenergy.co.uk together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

About the building's performance ratings

The ratings on the certificate provide a measure of the building's overall energy efficiency and its environmental impact, calculated in accordance with a national methodology that takes into account factors such as insulation, heating and hot water systems, ventilation and fuels used. The average Energy Efficiency Rating for a dwelling in England and Wales is band E (rating 46).

Not all buildings are used in the same way, so energy ratings use 'standard occupancy' assumptions which may be different from the specific way you use your home. Different methods of calculation are used for homes and for other buildings. Details can be found at www.communities.gov.uk/epbd.

Buildings that are more energy efficient use less energy, save money and help protect the environment. A building with a rating of 100 would cost almost nothing to heat and light and would cause almost no carbon emissions. The potential ratings on the certificate describe how close this building could get to 100 if all the cost effective recommended improvements were implemented.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The way we use energy in buildings causes emissions of carbon. The energy we use for heating, lighting and power in homes produces over a quarter of the UK's carbon dioxide emissions and other buildings produce a further one-sixth.

The average household causes about 6 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. You could reduce emissions even more by switching to renewable energy sources. In addition there are many simple everyday measures that will save money, improve comfort and reduce the impact on the environment. Some examples are given at the end of this report.

Visit the Government's website at www.communities.gov.uk/epbd to:

- Find how to confirm the authenticity of an energy performance certificate
- Find how to make a complaint about a certificate or the assessor who produced it
- Learn more about the national register where this certificate has been lodged - the Government is the controller of the data on the register
- Learn more about energy efficiency and reducing energy consumption

Recommended measures to improve this home's energy performance

36, Holmshaw Close,
LONDON, SE26 4TH

Date of certificate: 01 June 2009
Reference number: 8011-6626-6210-3249-5006

Summary of this home's energy performance related features

The following is an assessment of the key individual elements that have an impact on this home's performance rating. Each element is assessed against the following scale: Very poor / Poor / Average / Good / Very good.

Elements	Description	Current performance	
		Energy Efficiency	Environmental
Walls	Cavity wall, as built, no insulation (assumed)	Poor	Poor
Roof	Flat, limited insulation (assumed)	Very poor	Very poor
Floor	(other premises below)	-	-
Windows	Fully double glazed	Good	Good
Main heating	Boiler and radiators, mains gas	Good	Good
Main heating controls	Programmer and room thermostat	Poor	Poor
Secondary heating	None	-	-
Hot water	From main system	Good	Good
Lighting	Low energy lighting in 50% of fixed outlets	Good	Good
Current energy efficiency rating		D 62	
Current environmental impact (CO₂) rating		D 55	

Low and zero carbon energy sources

None

Recommendations

The measures below are cost effective. The performance ratings after improvement listed below are cumulative, that is they assume the improvements have been installed in the order that they appear in the table.

Lower cost measures (up to £500)	Typical savings per year	Performance ratings after improvement	
		Energy efficiency	Environmental impact
1 Low energy lighting for all fixed outlets	£12	D 63	D 56
2 Upgrade heating controls	£14	D 64	D 57
Sub-total	£26		
Higher cost measures (over £500)			
3 Replace boiler with Band A condensing boiler	£63	D 68	D 62
Total	£89		
Potential energy efficiency rating		D 68	
Potential environmental impact (CO₂) rating			D 62

Further measures to achieve even higher standards

None

Improvements to the energy efficiency and environmental impact ratings will usually be in step with each other. However, they can sometimes diverge because reduced energy costs are not always accompanied by a reduction in carbon dioxide (CO₂) emissions.

About the cost effective measures to improve this home's energy ratings

If you are a tenant, before undertaking any work you should check the terms of your lease and obtain approval from your landlord if the lease either requires it, or makes no express provision for such work.

Lower cost measures (typically up to £500 each)

These measures are relatively inexpensive to install and are worth tackling first. Some of them may be installed as DIY projects. DIY is not always straightforward, and sometimes there are health and safety risks, so take advice before carrying out DIY improvements.

1 Low energy lighting

Replacement of traditional light bulbs with energy saving recommended ones will reduce lighting costs over the lifetime of the bulb, and they last up to 12 times longer than ordinary light bulbs. Also consider selecting low energy light fittings when redecorating; contact the Lighting Association for your nearest stockist of Domestic Energy Efficient Lighting Scheme fittings.

2 Heating controls (thermostatic radiator valves)

Thermostatic radiator valves allow the temperature of each room to be controlled to suit individual needs, adding to comfort and reducing heating bills provided internal doors are kept closed. For example, they can be set to be warmer in the living room and bathroom than in the bedrooms. Ask a competent heating engineer to install thermostatic radiator valves. Thermostatic radiator valves should be fitted to every radiator except the radiator in the same room as the room thermostat. Remember the room thermostat is needed as well as the thermostatic radiator valves, to enable the boiler to switch off when no heat is required.

Higher cost measures (typically over £500 each)

3 Band A condensing boiler

A condensing boiler is capable of much higher efficiencies than other types of boiler, meaning it will burn less fuel to heat this property. This improvement is most appropriate when the existing central heating boiler needs repair or replacement, but there may be exceptional circumstances making this impractical. Condensing boilers need a drain for the condensate which limits their location; remember this when considering remodelling the room containing the existing boiler even if the latter is to be retained for the time being (for example a kitchen makeover). Building Regulations apply to this work, so your local authority building control department should be informed, unless the installer is registered with a competent persons scheme¹, and can therefore self-certify the work for Building Regulation compliance. Ask a qualified heating engineer to explain the options.

About the further measures to achieve even higher standards

Not applicable

What can I do today?

Actions that will save money and reduce the impact of your home on the environment include:

- Ensure that you understand the dwelling and how its energy systems are intended to work so as to obtain the maximum benefit in terms of reducing energy use and CO2 emissions.
- Check that your heating system thermostat is not set too high (in a home, 21°C in the living room is suggested) and use the timer to ensure you only heat the building when necessary.
- Turn off lights when not needed and do not leave appliances on standby. Remember not to leave chargers (e.g. for mobile phones) turned on when you are not using them.
- Close your curtains at night to reduce heat escaping through the windows.
- If you're not filling up the washing machine, tumble dryer or dishwasher, use the half-load or economy programme.

¹ For information on approved competent persons schemes enter "existing competent person schemes" into an internet search engine or contact your local Energy Saving Trust advice centre on 0800 512 012.



Appendix 4

Bilfinger GVA Property & Economic Bulletin

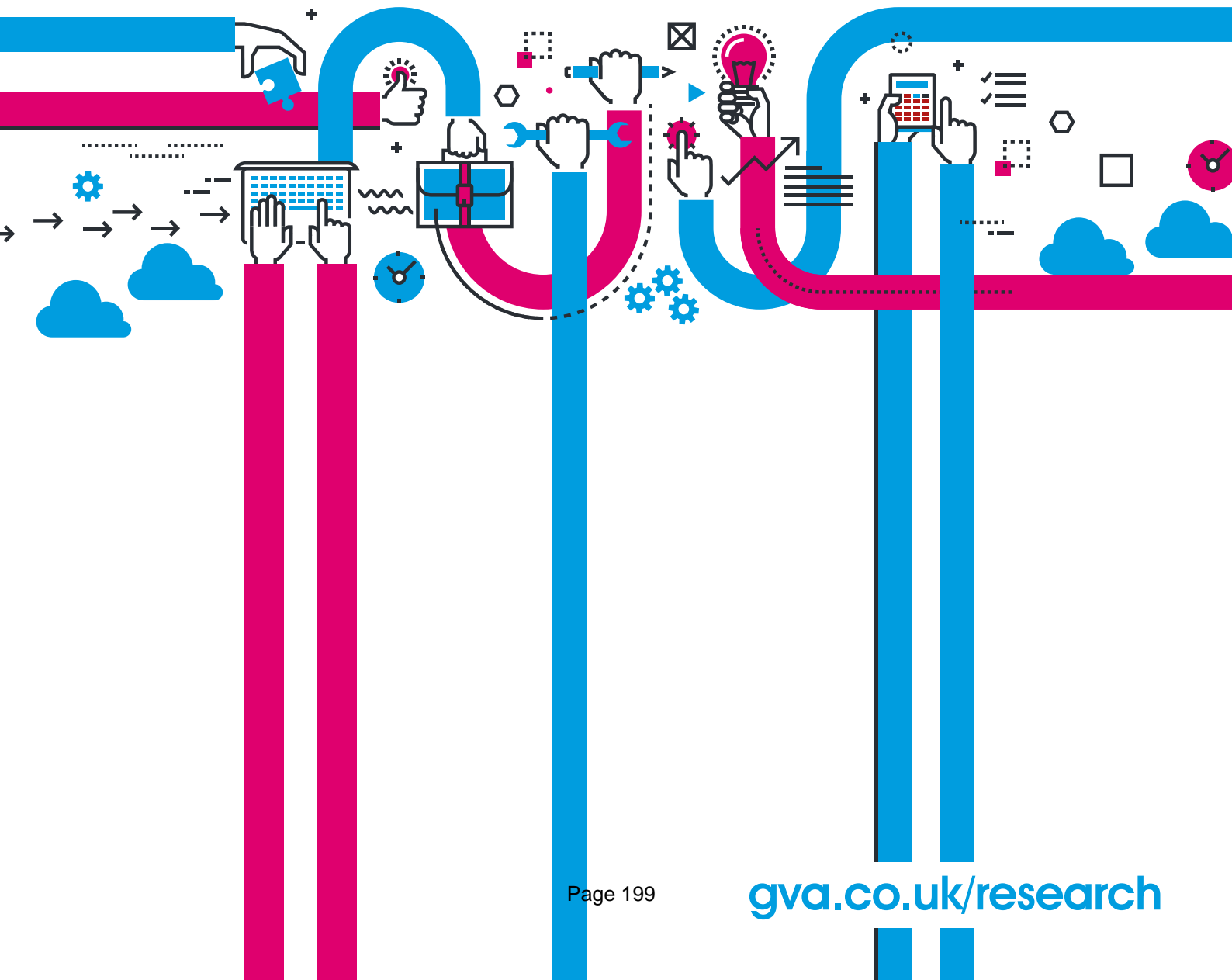


Research

EPMR UK

Post-referendum
outlook

September 2016



Economic outlook

Recent weeks have seen relative stability across the financial and property markets, helped by the quieter summer period. The rapid formation of a new government has helped to boost confidence, and an early general election appears to have been ruled out (although a second Scottish independence referendum is still theoretically possible).

A key point is that victory for the 'Leave' campaign was a vote against membership of the EU, rather than for any specific course of action. The question of the UK's future relationship with the EU remains as open as it was on 24 June and Government policy remains little more than "Brexit means Brexit".

One certainty is that the process of exiting the EU will be long and complicated. Indeed, it does not officially begin until the UK Government triggers the now-infamous Article 50 of the Lisbon Treaty. It has indicated that this will not happen until 2017, and it may well be delayed until next autumn, after the general elections in France and Germany have taken place.

Businesses need certainty and the Government is under immense pressure to clarify its approach to Brexit. However, it also needs to take the time to get its strategy right across a vast range of complex issues. This dilemma will be a significant challenge.

Whatever approach the Government takes, the UK will remain a member of the EU for two years after Article 50 is triggered, and we will still be able to trade with the EU on the existing basis during this time (although discretionary EU funding will become much harder to obtain).

The financial markets have settled down, with Sterling trading at circa 10% below its pre-referendum level against the US Dollar and the Euro. UK equities have increased in value since the referendum (the FTSE 100 by circa 8% and the FTSE 250 by circa 4%). That said, the share price of housebuilders and property REITs remains below pre-Brexit levels, but property shares were always going to be vulnerable to a 'Leave' vote compared with more defensive sectors. Fears that the UK's institutional "retail" funds would be overwhelmed by the level of redemptions have not materialised, with only a small number of forced sales.

Confidence

Most hard economic data still largely relates to the pre-referendum period, but there has been some reassuring post-result survey data. Consumer confidence has started to rebound from the immediate referendum shock. The latest GfK survey plummeted from -1 in June to -12 in July, but rose to -7 in August. Consumer demand has been resilient so far, and retail sales volumes over the period June-August were 1.6% higher than over the previous three months, and 5.5% higher than over the same period last year.

Business confidence saw a significant increase in August, with a rebound in the respected Markit/CIPS Purchasing Managers' Index back into positive territory.

This is illustrated in [chart 1](#) (which shows the average across the manufacturing, services and construction sectors).

Inflation and interest rates

CPI inflation was 0.6% in August, unchanged from July. The rate has risen from broadly zero a year ago and will rise faster over the next year due to Sterling's devaluation. The consensus view is for 2.5% in 2017 (although it is likely to peak higher than this), but any further volatility in the foreign exchange markets could alter this outlook.

The Bank of England deployed further stimulus in August to boost domestic demand. This included a reduction in the Base Rate to 0.25% and an injection of £70 billion into the economy through the purchase of government and corporate bonds (quantitative easing).

The Bank may well use further stimulus measures in the coming months, although there is only so much that monetary policy can achieve, particularly as interest rates are now so close to zero. Certainly, the Bank is not concerned at the prospect of inflation rising above its target range at this stage.

Government intervention

With interest rates close to zero, the bulk of any further stimulus measures will need to come from fiscal rather than monetary policy. With the previous target of eliminating the budget deficit (annual borrowing) by 2020 now jettisoned, there should be room for such stimulus.

This year's Conservative Party Conference in October and the Autumn Statement on 23 November will be keenly watched, as

Chart 1

Purchasing Managers' Index

Source: Markit/CIPS

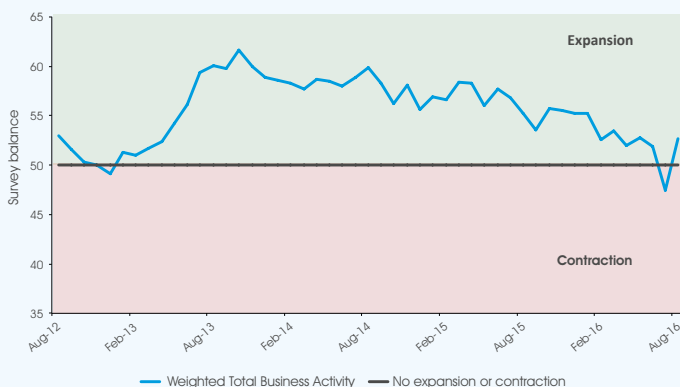
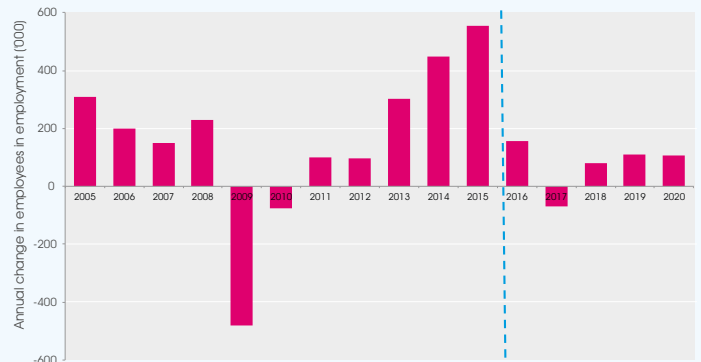


Chart 2

Annual change in total employees

Source: Experian, Biffinger GVA



they will set out the Government's fiscal agenda. It is already clear that the new administration will signal some significant changes across a range of policy areas.

Infrastructure investment may well feature heavily. There is a strong argument in favour of this, given the low cost at which the government can borrow and the need to make significant improvements across a wide variety of infrastructure types. Without this, the more uncertain environment, lower economic growth and increased cost of imported materials are likely to mean a fall in investment.

Another key test will be the willingness of the new Government to take key decisions in this area, most notably on additional runway capacity in the South East. The Government's commitment to the important **devolution agenda** will also come under close scrutiny.

Employment trends

In total more than a million jobs were added to the **UK labour force** during 2014 and 2015. This growth was unsustainable and was already slowing prior to the EU referendum. However, the latest data suggests that the labour market has remained robust. During May-July (so partly covering the post-referendum period) employment rose by 174,000 compared with the previous three months. The unemployment rate has fallen to 4.9%, the lowest since Q3 2005.

The picture is likely to weaken as some businesses put hiring decisions on hold, and we expect a modest fall in employment next year, before growth resumes in 2018 (see **chart 2**).

Earnings are currently rising at a little over 2% pa. As the employment outlook weakens and inflation rises, earnings could be falling in real terms by the end of next year (see **chart 3**). This erosion of consumer spending power is likely to negatively impact retail spending.

Outlook for growth

The UK economy was growing at a healthy rate in the run-up to the EU referendum, rising by 0.6% in Q2 (in line with the long-term trend), up from 0.4% in Q1. We expect a marked **slowdown in growth** during the second half of this year although given post-referendum survey evidence, a major recession seems unlikely. However a technical recession (two quarters of declining output) remains possible, which would adversely affect confidence.

Growth of just 0.9% is now forecast for 2017, compared with the 2.1% previously expected (well below the long-term average of circa 2.6% pa).

Looking further ahead growth is expected to accelerate, but should remain well below trend. The revised forecasts suggest that the economy will be 4% smaller by 2020 than would have been the case using pre-referendum forecasts.

Chart 4 illustrates the forecast revisions. The EU remains our most important trading partner, and will also feel the impact of Brexit. Although only Ireland is heavily exposed to the UK in terms of exports, there is likely to be a negative impact on consumer and investor sentiment. **Eurozone** growth is already weak and is now likely to be even more subdued. The European Central Bank will probably come under pressure to provide more monetary stimulus.

The longer-term impact of Brexit remains highly uncertain, and much will depend on the type of trade deal that can be negotiated. A number of economic studies on the long-term impact have been undertaken. Most suggest a marked negative effect, but the wide range of possible impacts underlines the uncertainty.

With EU trade negotiations not starting until next year, markets are now likely to focus their attention on November's US Presidential election. We may also see further market volatility as more substantive policy announcements are made on the Government's approach to Brexit and more meaningful post-referendum economic data becomes available.

Ultimately, it is the reaction of the UK's consumers and corporates that will determine the health of the economy during and after the Brexit process.

Table 1

Latest consensus forecasts, September 2016			
Source: HM Treasury (compilation of forecasts), Biflanger GVA			
	2016	2017	25 year trend
Economic growth (GDP)	1.8%	0.9%	2.6% pa
Private consumption	2.7%	1.2%	–
Employment growth	1.1%	0.1%	0.7% pa
Bank base rate (Q4)	0.2%	0.2%	–
CPI – Inflation (Q4)	1.3%	2.5%	–
RPI – Inflation (Q4)	2.2%	3.1%	–

Chart 3

Inflation and wage growth

Source: Experian, HM Treasury Consensus

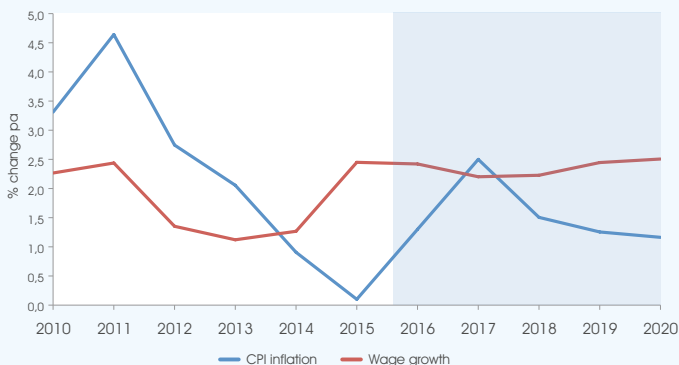
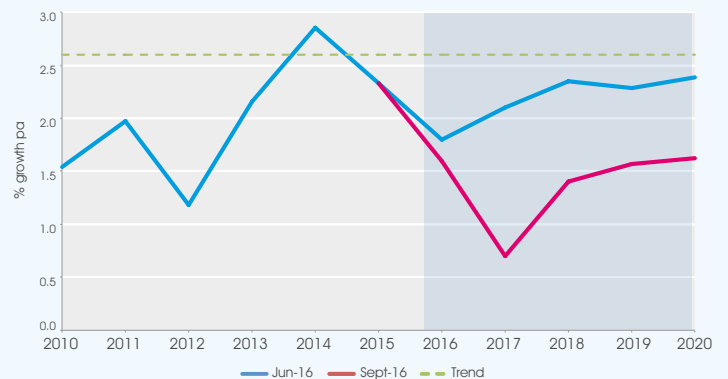


Chart 4

GDP growth forecasts

Source: HM Treasury Consensus, Experian, Biflanger GVA



Commercial occupier market

Occupier demand

Occupiers now face considerable uncertainty across a range of fundamental issues including their ability to trade with the EU and to employ labour from the EU, as well as a more uncertain economic outlook.

There have been few concrete announcements by corporates on their strategies to deal with Brexit. This is unsurprising. Not only do strategies take months or years to evolve and implement, but corporates also lack hard information on the implications of Brexit upon which they can base any decisions.

A 'soft' Brexit which retained many of the current benefits of EU membership, including the UK's important 'passporting' rights, could mean a relatively limited impact. A 'hard' Brexit would have wider-reaching implications.

Survey evidence suggests that more than half of corporates did not undertake any contingency planning for a 'Leave' vote. They will now be undertaking this process in earnest, and the longer the uncertainty continues the more these contingency plans will have to be put into action.

Supply

The recent development cycle has been relatively subdued, meaning that few prime commercial occupier markets are in an oversupply situation and many are experiencing a shortage of stock.

Chart 5 illustrates the low level of commercial construction in the current cycle (using new construction orders as a proxy). Although activity has recovered sharply, it has remained well below levels seen before the financial crisis.

The subdued development cycle has meant less new stock coming on stream. But other factors are also working to reduce the level of existing stock. These include the changes to **permitted development rights** legislation, which have accelerated the conversion of offices to other uses; and the minimum energy efficiency standards (MEES), which will prevent the granting of a new lease (or lease renewal) on a building with an EPC rating below 'E' from 1 April 2018.

Coupled with this, strong long-term underlying demand will underpin many key property sectors, including logistics, healthcare, student accommodation, and the private rented sector. The huge potential of PRS could be further increased if Brexit uncertainty means fewer first-time-buyers are willing to enter the housing market.

Clearly, there is only limited data on construction post-referendum. The latest ONS figures report that total UK construction output was flat in July, with new construction work rising by 0.5%. This suggests that the sector was resilient during the initial post-referendum period, but these figures can be quite volatile from month to month, so should be treated with caution.

There is now less certainty over **future occupier demand**, so it is likely that development activity will fall as schemes are put on hold. This will vary across sectors, reflecting the outlook for demand. The distribution sector, for example, may well be more insulated.

Sector impacts

In the lead up to the EU referendum, occupier activity across the **Central London office market** was muted with many businesses waiting to see the outcome

before committing to office space. This resulted in just 4 million sq ft of take-up for the first half of the year, the lowest since 2012 and 18% down on the corresponding period in 2015. However, for many occupiers Brexit changes very little. Whilst there has been a tail off in new demand, continued low levels of availability are underpinning rental levels for the time being.

Demand across the **'Big Nine' regional office centres** held up well in Q2, just 3% below the five-year average, in spite of the referendum uncertainty. Over the summer there has been a reasonable level of viewing activity and enquiry levels, although there has been a slowdown in the quantity of transactions.

Brexit uncertainty is certainly causing some occupiers to review their strategies. However the affects across most markets will be somewhat insulated by the shortage of quality stock and constrained development pipeline, with the prominence of more cautious pre-let development activity witnessed over the past two years.

A number of factors will help to cushion any impact on demand. For example, a significant number of civil service jobs will move from central London over the next five years, with the creation of 16 new super-hubs in outer London and many of the UK's regional cities. The UK's growing 'knowledge' sectors will also continue to fuel demand, and the Government's commitment to safeguard funding for research and innovation projects is reassuring.

Against a background of limited supply in many key locations, the **industrial and logistics** sector looks to be in a relatively strong position. The recent strong rate of average rental growth continues, with rental values rising by 4% over the 12 months to August.

Chart 5

New Construction Orders (Development activity) Retail, office and industrial

Source: ONS, Bilfinger GVA

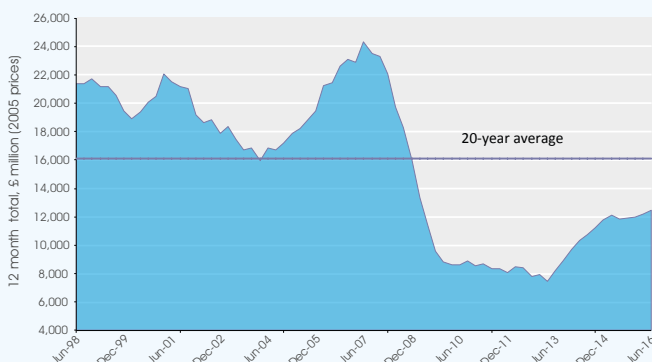
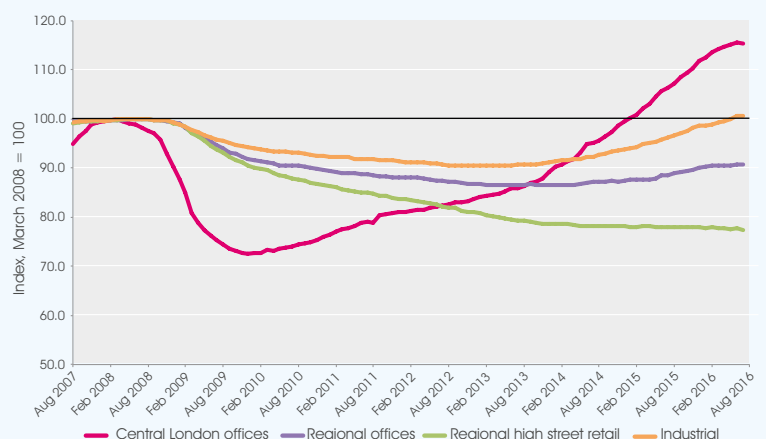


Chart 6

Average rental levels

Source: IPD Monthly Index, Bilfinger GVA



We remain positive about the prospects for the industrial and logistics sectors. Manufacturers won't escape the economic impacts, but the positive effect of weaker Sterling will help to offset this. The huge shifts in the retail market will continue despite Brexit, and retailers will still need to respond to changing logistics requirements. Along with third-party logistics providers, retailers continued to provide the majority of demand during the first half of the year.

The early signs of a bounce-back in consumer confidence are certainly welcome news for the **retail sector**. Clearly, Brexit does not change the fundamental challenges faced by physical stores of the relentless move online. However, it could serve to accelerate the demise of retailers who were already in long-term difficulties.

The latest figures from the Local Data Company suggest that the overall vacancy rate for shops increased marginally from 12.3% in June to 12.4% in July, reversing the trend of gradually falling rates seen since mid-2012. However, shopping centres saw a further fall in vacancy, and there has been very little new development over the latest cycle. This will help to maintain rental levels in the prime centres.

The **leisure sector** has been growing strongly, and should benefit from the depreciation of Sterling across a range of subsectors including restaurants, hotels and leisure parks. A rise in 'staycations' and more overseas tourists in the UK will help significantly. However, the leisure sector is particularly vulnerable to a change in immigration policy as it employs a significant number of EU nationals. This will come on top of the additional cost burden associated with the new National Living Wage.

Outlook for rental growth

There are plenty of reasons to think that the property market will continue to be resilient in the face of the challenges ahead. For occupiers, the current market represents a good time to renegotiate their lease terms. Indeed, with increased levels of uncertainty, we expect to see more occupiers re-gear existing leases rather than move.

Average rental levels remain below their previous 2008 peak across most UK commercial property sectors, with the main exception of the central London markets (see [chart 6](#)). Coupled with this, the lack of quality supply will help to underpin rental values, and so the likelihood of significant falls looks remote.

Even in central London, recent development activity has mainly replaced existing stock rather than provide additional space. Given the inherent advantages for many occupiers of locating in the capital (which include skills, English language, cultural benefits, access to world-class educational and technological institutions, plus our strategic time zone) we think occupier demand will prove resilient.

The loss of 'passporting' rights has the potential to have a significant impact on London's office market, but this is by no means certain, and will be a key part of trade negotiations. The Government has already sought to allay concerns over the ability of key overseas staff to work in the UK. On the retail and leisure side, central London will benefit disproportionately from the devaluation of Sterling.

There is a direct link between economic and rental performance. Lower forecasts for economic output and employment

growth following the EU referendum inevitably mean we have lowered our expectations for rental growth over the next five years.

All property rental growth has been decelerating over the course of this year. Average rental values increased by 1.3% during the first six months, and have been virtually flat during July and August (IPD Monthly Index, see [chart 7](#)).

We expect rental values to be broadly flat in 2017. Thereafter, rental values should begin to rise again, although this is likely to be a gradual acceleration. Given the shortage of stock in many markets, prime rents should outperform. However, the nature of Brexit and its impact on occupier demand is clearly hard to predict at this stage, and so there is a higher than usual level of uncertainty over this outlook.

Our revised forecasts for all property rental value growth are shown in [chart 8](#) and [table 2](#)

Table 2

All property rental growth forecasts			
Source: IPF, REFL, Biffinger GVA			
IPF Quarterly Consensus (August 2016)	2016	2017	2018
Maximum	3.2%	2.0%	2.1%
Minimum	-1.5%	-5.0%	-1.3%
Average	1.3%	-0.7%	0%
Biffinger GVA (September 2016)	1.4%	-0.3%	0%

Chart 7

All property average rental growth

Source: IPD Monthly Index

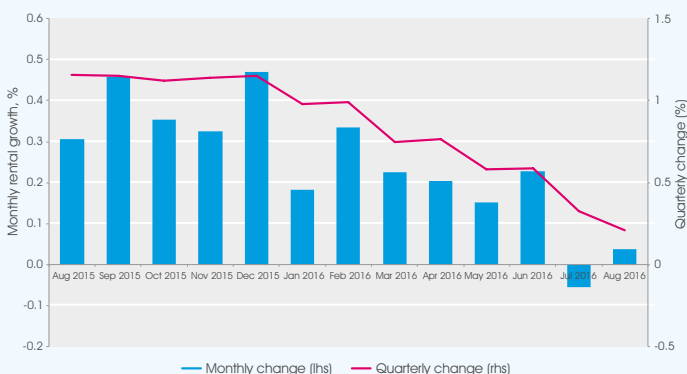
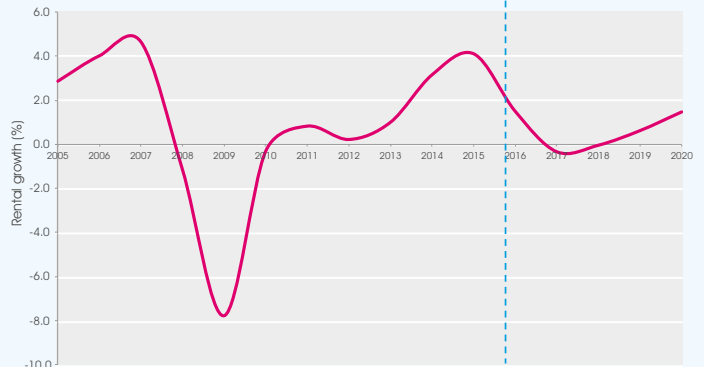


Chart 8

All property average rental growth forecasts

Source: MSCI, REFL, Biffinger GVA



Commercial investment market

Initial concerns about a severe adverse reaction to the 'Leave' vote have proved unfounded although there has inevitably been a fall in investment transaction volumes, as many investors have opted for a 'wait-and-see' approach.

A slowdown in activity was already happening in the run-up to the EU referendum, with £12.3 billion transacted in Q2, the lowest since Q1 2014, and a sharp contrast from the £20 billion transacted in Q2 2015 (Property Data). The summer is always a quiet period, so the overall impact is hard to gauge, but a total of only £3.1 billion was transacted during July and August - a monthly average of just £1.5 billion. More than £8 billion was transacted over the same period last year.

Sterling's depreciation is already making the UK a more attractive place for **overseas buyers**, and this will benefit the investment markets in London and the key regional cities. Almost half of the value of purchases so far in Q3 has been from overseas buyers, up from 42% during the first half of the year.

However, **UK property companies** are also seeing purchasing opportunities in the current market. There have been relatively few forced transactions from the **'retail' funds**, which are gradually returning to business as usual.

The overall level of debt in the real estate market is not concerning, in sharp contrast to the situation after the financial crisis, with outstanding lending to real estate 40% lower than at its peak, according

to Bank of England figures. The modest fall in capital values is unlikely to trigger a rise in real estate enforcement and while some lenders may reduce their level of new lending or become more selective, most are still firmly in the market.

A fall in **commercial property values** was inevitable following the referendum result, but it has certainly not been the sharp correction that could have occurred; the IPD Monthly Index recorded a drop of 2.8% in July plus a further fall of just 0.7% in August (see **chart 9**). Added to the modest drop seen prior to the vote in June, all property values have fallen by 3.7% over the last three months on the IPD measure.

Gilt yields, already historically low before the referendum, have tumbled further, standing at circa 0.8% for 10-year gilts. This has further widened the gap with commercial property yields, as **chart 10** illustrates, making property relatively more attractive.

There is now greater certainty over **property values** than in the initial post-referendum period and this should help to boost confidence and activity going forward. However, for very large central London office developments, land and buildings, retail parks and shopping centres, valuers are still exercising a greater degree of judgement in view of the lack of transactional evidence.

The economic outlook has undeniably deteriorated, although it is increasingly difficult to view Brexit in isolation; the vote to leave has arguably been a catalyst for an immediate correction to the economy and property markets which would have taken place in any event over a longer time period.

For many parts of the investment market, such as **healthcare, student accommodation and PRS**, a compelling long-term demand story coupled with long-dated secure income means that Brexit will hardly be an issue at all, although clearly the opportunities are not uniform across all UK locations.

We are also upbeat about the **distribution/logistics sector**, where immense opportunities exist. The demand created by major shifts to retail distribution networks will not abate and, if anything, Brexit will serve to accelerate the rate of change as the pressure on retailers to achieve efficiencies becomes more acute.

Clearly **total returns performance** will be impacted by the 'Leave' vote, and slowing rental growth plus a modest upward shift in all property yields will mean much lower returns for this year and next than we have seen recently. As with rental growth, there is a higher than usual level of uncertainty over the outlook and an unfavourable outcome to the forthcoming Brexit negotiations (from the UK's point of view) could negatively impact occupational strategies.

Restricted supply will boost rental growth performance for quality stock and the significant weight of global capital looking to invest will maintain values.

Brexit has not altered the fundamental benefits of investing in UK commercial property, which include high market transparency, liquidity, market size and quality, and its 'safe haven' status. Ultimately, commercial property is a long-term investment and we believe investors will continue to take a long-term view.

Chart 9

Monthly change in capital values

Source: IPD Monthly Index

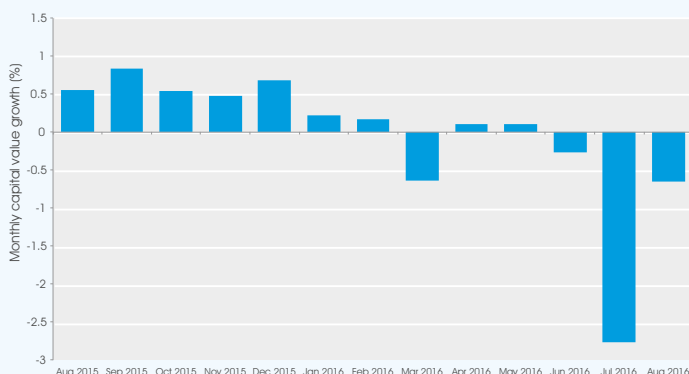
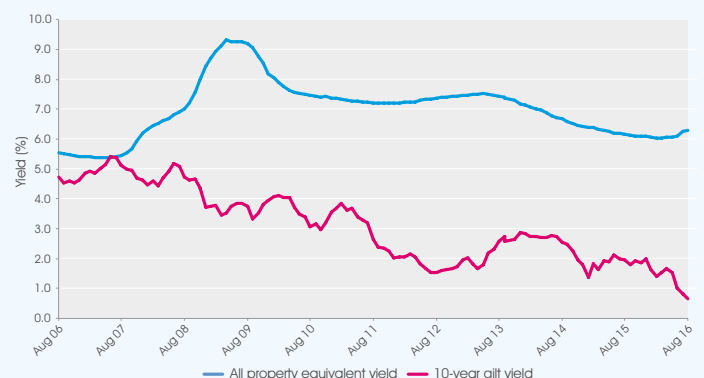
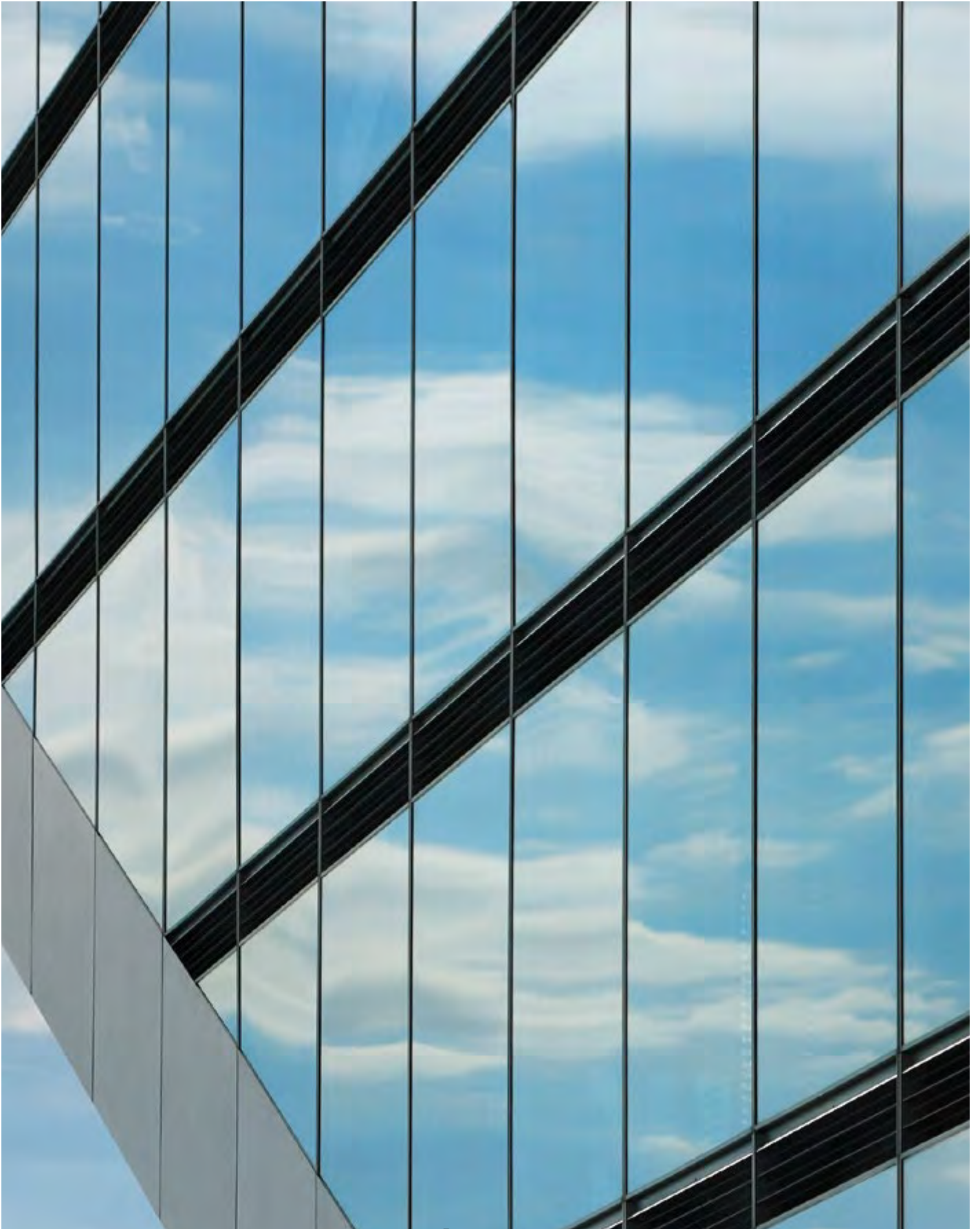


Chart 10

Property and gilt yields

Source: IPD, FT, Biffinger GVA





London
Birmingham
Bristol
Cardiff
Dublin
Edinburgh
Glasgow
Leeds
Liverpool
Manchester
Newcastle

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advisers operating globally. Bilfinger GVA
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Definitions & Reservations for Valuations

Definitions and reservations for valuations



Information

All information supplied by the Client, the Client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources is accepted as being correct unless otherwise specified.

Tenure

Title Deeds and Leases are not inspected (unless specifically stated) and, unless we are informed to the contrary, it is assumed that a property is free of any onerous covenants, easements, other restrictions or liabilities including mortgages, grants and capital allowances which may affect the value.

No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.

Tenants

Tenants' status is investigated only where we are so instructed and so specified in the valuation.

Plans

Any plans supplied are for identification purposes only unless otherwise stated. The valuation assumes site boundaries are as indicated to us. The reproduction of Ordnance Survey sheets has been sanctioned by the Controller of Her Majesty's Stationery Office, Crown Copyright reserved.

Site areas

Site areas are normally computed from plans or the Ordnance Survey and not from a physical site survey. They are approximate unless otherwise indicated.

Floor areas and dimensions

Floor areas and dimensions are taken from inspection unless otherwise specified but are nevertheless approximate. Areas quoted are calculated in accordance with the RICS Professional Statement – RICS Property Measurement 1 edition, May 2015 on the basis agreed with the Client, i.e. adopting either (1) The Code of Measuring Practice, 6th edition published by the Royal Institution of Chartered Surveyors, or (2) The International Property Measurement Standards (IPMS): Office Buildings.

The following bases are those most frequently used under the Code of Measuring Practice, 6th edition:

Net Internal Area - Measured to the internal faces of external walls, excluding toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Gross Internal Area - Measured to the internal faces of external walls, including toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Gross External Area - Measured to the external faces of external walls, including toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

The following bases are those used under The International Property Measurement Standards (IPMS): Office Buildings:

IPMS1 - The sum of the areas of each floor level of a building measured to the outer perimeter of external construction features and reported on a floor by floor basis.

IPMS 2 - Office - The sum of the areas of each floor level of an office building measured to the internal dominant face and reported on a component by component basis for each floor of a building.

IPMS 3 - Office - The floor area available on an exclusive basis to an occupier, but excluding standard facilities and calculated on an occupier-by-occupier or floor by floor basis for each building.

Ground conditions

Soil stability, mining and geological reports are not undertaken by us or normally inspected. Unless we are instructed to the contrary, we assume that the ground and any adjoining or nearby areas are not contaminated, that there are no dangerous materials in the vicinity and that it is capable of development without the need for abnormal costs on foundations and services.

Condition of buildings, plant etc

Our inspection of a property does not constitute a structural survey. When preparing our valuation we have regard to apparent defects and wants of repair and take into account the age of the property. We do not however carry out the detailed search for defects which is undertaken as part of the structural survey neither do we necessarily set out the various defects when making the report.

We do not inspect woodwork or other parts of the structure which are covered, unexposed or inaccessible. We do not arrange for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or any other deleterious materials or permanent woodwool shuttering or composite panelling has been used in the construction.

Unless so instructed we do not arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous material or techniques have been used in the construction of the property or has since been incorporated and the services are not tested.

We are therefore unable to report that the property is free from defect in these respects.

For valuation purposes we assume unless otherwise stated that the property (including associated plant and machinery, fixtures and fittings) is in serviceable order and will remain so for the foreseeable future. It will be assumed that the building/s is/are in good repair, except for defects specifically noted.

Asbestos regulations

The Control of Asbestos Regulations 2012 came into force on 6 April 2012, updating previous asbestos regulations to take account of the European Commission's view that the UK had not fully implemented the EU Directive on exposure to asbestos (Directive 2009/148/EC). Your legal advisers should enquire as to compliance with these regulations and property owners will need to be able to provide confirmation as to the existence and condition of asbestos.

Fire safety

The Regulatory Reform (Fire Safety) Order 2005 (The Order) replaces previous fire safety legislation including both the Fire Precautions Act 1971 and the Fire Precautions (workplace) Regulation 1997. Consequently any fire certificate issued under the Fire Precautions Act 1971 will cease to have any effect. The Order came into force completely on the 1st April 2006.

The Order applies to the majority of premises and workplaces in England and Wales although does not include people's private homes. It covers general fire precautions and other fire safety duties, which are needed to protect 'relevant persons' in case of fire in and around most 'premises'.

Under the order, anyone who has control in a premises or anyone who has a degree of control over certain areas may be classified as a 'responsible person'. It is thus the duty of such individual to comply with the requirements of the Order and make certain that all measures are taken to ensure the safety of all the people he or she is directly or indirectly responsible for.

The responsible person must then carry out a Fire Risk Assessment. In short this is a five-point process whereby fire hazards must be identified, relevant persons at risk recognised, potential risks reduced, staff training implemented and the whole assessment regularly

reviewed. The assessment must pay particular attention to those at special risk such as disabled people, those who have special needs and young persons. Furthermore the responsible person must provide and maintain clear Means of Escape, Signs, Notices, Emergency Lighting, Fire Detection & Alarm and Extinguishers.

This approach is different from previous legislation, as it is now necessary to consider everyone who might be on your premises, whether they are employees, visitors or members of the public.

The Risk Assessment must be regularly reviewed and if necessary amended. Finally if the responsible person employs five or more people, the premises are licensed or the Inspector requires it then the Risk Assessment must be formally recorded.

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 effective 1 October 2015 require that landlords of residential property must provide (1) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (2) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. The landlord has a responsibility to ensure that the detectors are checked and in proper working order.

It is assumed that the property is compliant in regard to the above regulations.

Accessibility

From 1 October 2010, the Equality Act 2010 replaced previous anti-discrimination laws, including the Disability Discrimination Act, with a single Act to make the law simpler and to remove inconsistencies. The Equality Act protects the important rights of disabled people to access everyday facilities and services and to ensure that disabled workers are not disadvantaged.

Our report will contain observations of a general nature on the extent to which we consider that the building would be regarded by the market as complying with the accessibility requirements of the Equality Act. We have not, however, carried out an in-depth study which would be required to reach a formal view.

Energy performance certificates

From 2008 Energy Performance Certificates (EPCs) are required for the sale, rental or construction of commercial buildings. The requirement was phased in over 6 months between 6 April and 1 October 2008. Commercial properties with a useful floor area of more than 10,000 sq. m. were affected from 6 April 2008, those exceeding 2,500 sq. m. had to comply from 1 July 2008 and the remaining properties had to comply from 1 October 2008. An EPC must be provided on the sale, rental or construction (or in some cases modification) subject to transitional arrangements. Non-compliance may lead to sanction under civil legislation, involving a financial penalty. Our valuation assumes that the property has an Energy Performance Certificate (if required under the Energy

Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007) and that the Certificate will be maintained as required.

Services

It is assumed that the services and any associated controls or software, are in working order and free from defect.

Composite panels and insurance

We will not test any panels within the property to see whether there are any polystyrene insulated composite panels. The presence of such panels may result in the property being uninsurable, which would have an adverse impact on value.

Defective Premises Act 1972

Obligations or liabilities or any rights thereunder, whether prospective or accrued, are not reflected in valuations unless actually specified.

Environmental issues

Our valuation report does not, constitute an environmental audit or survey and nothing contained in it should be treated as a statement that there are no contamination or pollution problems relating to the property or confirmation that the property, or any process carried on therein, complies with existing or proposed legislation on environmental matters. If we have been provided with third party reports we have accepted their contents as being correct.

Enquiries

Enquiries of local authorities and statutory undertakers are made verbally in respect of contingent liabilities such as road widening, road charges, redevelopment proposals and the possible effect of any town planning restrictions, and on occasion in respect of rating assessments. Local searches are not undertaken. No responsibility is accepted for any inaccurate information provided.

Generally it is assumed that buildings are constructed and used in accordance with valid Town Planning Consents, Permits, Licences and Building Regulation Approval, with direct access from a publicly maintained highway, that Town Planning Consents do not contain restrictions which may adversely affect the use of a property and that there are no outstanding statutory or other notices in connection with a property or its present or intended use.

It is further assumed unless otherwise stated that all necessary licences, permits etc either run with the property or are transferable to a new occupier as appropriate.

Flooding risk

The valuer will make enquiries concerning flooding risk where it is perceived to be of relevance as published by the Environmental Agency. However we are not qualified to definitively assess the risk of flooding and our valuation will assume no difficulties in this regard. Further, Bilfinger

GVA shall not undertake any additional enquiries to confirm this information.

Plant, machinery, fixtures and fitting

Unless otherwise specified, all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments, including:-

Fixed space heating, domestic hot water systems, lighting and mains services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial processes, sub-station buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant and machinery.

Unless otherwise specified, the following items are excluded:-

All items of process plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant, machinery, fixtures and fittings.

In the case of filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

Taxation and grants

Value Added Tax, taxation, grants and allowances are not included in capital and rental values as, unless otherwise specified in the report, these are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Bilfinger GVA will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of

grants or capital allowances, available to a purchaser of the property.

Market value (MV)

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Market Value provides the same basis as the OMV basis of value supported by the first four editions of the Red Book, but no longer used as a defined term.

Fair value

1. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 2013).
2. The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13).

Depreciated replacement cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Operational entities

The RICS advises that the most appropriate basis of valuation of properties normally sold as operational entities is Market Value as defined above. Such properties include public houses, hotels and other leisure uses, together with nursing homes, residential care homes, private hospital and petrol filling stations.

Our valuations reflect the following:-

- a. The market's perception of trading potential with an assumed ability on the part of the purchaser to renew existing licenses, consents, registrations and permits;
- b. That the property is offered with vacant possession throughout, although in the case of nursing and residential care homes, subject to the contractual rights of the patients/residents occupying the home from time to time;
- c. That trade fixtures, fittings, furniture, furnishings and equipment are included.

Our valuations also specifically assume, unless otherwise specified that the business will continue to operate at a level not significantly worse than that indicated to us.

Existing use value

The estimated amount for which a property should exchange on the valuation date between a willing buyer

and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

Market rent

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Insurance

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate.

Reinstatement cost assessment

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, normally for insurance purposes, on the basis that:-

- a. the accommodation provided will be similar in construction, design and area to the existing buildings;
- b. the works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;
- c. unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hardstandings, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated, the reinstatement cost does not include any allowance for:-

- a. any loss of rent incurred during rebuilding;
- b. planning restrictions which a planning authority might impose;
- c. special foundations required for plant and machinery or due to adverse ground conditions;
- d. any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading "Plant, Machinery, Fixtures and Fittings" for details of items normally included);
- e. any effect of inflation on building costs occurring after the valuation date;
- f. VAT (except on professional fees) which will normally be payable in addition.

Note - A reinstatement cost assessment is not a valuation. The valuer's assessment of the reinstatement cost assessment should be regarded as an informal estimate and should not be used to arrange insurance cover with.

Apportionment of values

Apportionments provided between buildings, land and plant and machinery are normally for depreciation purposes only. In normal circumstances apportionments are not valuations and they should not be used for any other purpose unless specified in our report.

Future useful economic life

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

Compliance with valuation standards

Where applicable our valuations are in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015), published by the Royal Institution of Chartered Surveyors ("RICS"), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) "Listing Rules" ("Source Book") and "City Code on Takeovers and Mergers" ("Blue Book") as amended and revised from time to time. A copy is available for inspection.

RICS investigations

The valuation may be investigated by the RICS for the purposes of the administration of the Institutions conduct and disciplinary regulations. Guidance on the operation of the RICS monitoring scheme including matters relating to confidentiality is available from www.rics.org.

Total valuation

Where provided this is the aggregate of the value of each individual property. It is envisaged that properties would be marketed singly or in groups over an appropriate period of time. If all properties were to be sold as a single lot, the realisation would not necessarily be the same as the total of the valuations. This assumption is not applicable to valuations made for taxation purposes.

Legal issues

Any interpretation of leases and other legal documents and legal assumptions is given in our capacity as Property Consultants (including Chartered Surveyors and Chartered Town Planners) and must be verified by a suitably qualified lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

Jurisdiction

In the event of a dispute arising in connection with a valuation, unless expressly agreed otherwise in writing, Bilfinger GVA, the client and any third party using this valuation will submit to the jurisdiction of the British Courts only. This will apply wherever the property or the client is located, or the advice is provided.

Date, market conditions and validity of valuation

Valuations may be relied upon for the stated purpose as at the date specified. In normal market conditions the value may not change materially in the short term. However the property market is constantly changing and is susceptible to many external facets which can affect business confidence. If any reliance is to be placed on the valuation following any changes which could affect business confidence, then further consultation is strongly recommended. In any event, the valuation should not be considered valid after a period of three months.

Valuations and reports

Valuations and Reports are only for the use of the party to whom they are addressed. They may be disclosed only to other professional advisors assisting in respect of that purpose. No responsibility is accepted to any third party for the whole or any part of the contents.

Reports should be considered in their entirety and should only be used within the context of the instructions under which they are prepared.

Neither the whole nor any part of a valuation, report or other document or any reference thereto may be included in any published article, document, circular or statement or published in any way without prior written approval of Bilfinger GVA of the form and context in which it may appear.

Warranties

The client warrants and represents that, to the best of its knowledge, information and belief, the information supplied by and on its behalf to Bilfinger GVA is true and accurate and that it will advise and instruct its third party advisers to advise Bilfinger GVA in the event that it and/they receive notice that any such information is either misleading or inaccurate.

Updated December 2015

Appendix 3 – Residual Development Appraisal

Project	Bell Green, Sydenham									
Client	IMA Real Estate									
Date	Jul-17									
Type	Financial Viability Assessment									
Gross Development Value										
Tenure	Floor area	Gross average rate per sq ft	Gross value	Tenure %	Revised gross value	Sales costs %	Actual sales cost	Net value	Net capital value per sq ft	
Market sale	15209	£ 600	£ 9,125,400	100%	£ 9,125,400	3%	£ 273,762	£ 8,851,638	£ 582	
Affordable rent	0	£ 600	£ -	50%	£ -	1.50%	£ -	£ -	#DIV/0!	
Intermediate	0	£ 600	£ -	60%	£ -	1.50%	£ -	£ -	#DIV/0!	
Total	15209	£ 600	£ 9,125,400	100	£ 9,125,400	3	£ 273,762	£ 8,851,638	£ 582	
Commercial floor area	Value per sq ft	Annual gross rent	Yield	Year's purchase	Capital value	Sales costs	Actual sales costs	Net capital value	Net capital value per sq ft	
678	£ 18	£ 11,863	7.75%	13.3	£ 158,172	2.50%	£ 3,954	£ 154,218	£ 228	
Ground rent - no' of units	Average ground rent per annum	Annual gross ground rent	Yield	Year's purchase	Capital value	Sales costs	Actual sales costs	Net capital value	Net capital value per unit	
23	£ 275	£ 6,325	5.50%	18.2	£ 115,000	2.50%	£ 2,875	£ 112,125	£ 4,875	

GDV Summary	Amounts
Residential sales	£ 8,851,638
Commercial investment	£ 154,218
Ground rent investment	£ 112,125
Total GDV	£ 9,117,981
Development Costs	
Build cost (inc' 5% contingency)	£ 5,650,000
Fees at 10%	£ 565,000
Section 106	£ 50,000
CIL	£ 158,830
Sub-total	£ 6,423,830
Finance at 6.75% (2 year programme)	£ 433,609
Sub-total	£ 6,857,439
Profit at 17.5% of Total GDV	£ 1,595,647
Total scheme costs	£ 8,453,085
Total GDV	£ 9,117,981
Total scheme costs	£ 8,453,085
Gross residual land value	£ 664,896
Gross plot value per unit	£ 28,909

Appendix 4 – Residential Comparable Evidence

Properties in Bell Lane - Sydenham, available for sale July 2017							
Agent	Address	Sale Price	No of beds	Type - eg/ Flat	Gross Internal Floor Area Sq Ft	Value per sq ft	Energy Rating
Foxtons	Bell Green, Sydenham SE26	£235,000	1	Flat	515	£456.31	C
Stanford Estates	Paxton Road, London SE23	£300,000	1	Flat	498	£602.41	D
Purplebricks	179 Sydenham Road, Sydenham SE26	£285,000	1	Flat	532	£535.71	C
Housesimple	Berrymans Lane, London SE26	£335,000	1	End Terrace	562.2	£595.87	C
Foxtons	Bell Green Lane, Sydenham SE26	£340,000	2	Flat	712	£477.53	C
Robinson Jackson	Champion Road, Sydenham, London SE26	£325,000	2	Flat	669	£485.80	D
Stanford Estates	Moremead Road, London SE6	£325,000	2	Maisonette	538	£604.09	C
Property World	Sunnydene Street, London SE26	£435,000	2	House	863	£504.06	D
Property World	Addington Grove, London SE26	£425,000	2	Terraced House	887	£479.14	C
Alan De Maid	Moremead Road, London SE6	£325,000	2	Maisonette	584	£556.51	C
Robinson Jackson	Larkbere Road, Sydenham, London SE26	£450,000	2	Terraced	821	£548.11	C
Benjamin Matthews	Queenswood Road, London SE23	£475,000	2	Flat	821	£578.56	D
Crest Nicholson	Plots from Bloosleigh Business Park	£299,997	2	Flat	744	£403.22	Not available
Barnard Marcus	Dillwyn Close, London SE26	£375,000	3	End Terraced	890	£421.35	D
Robinson Jackson	Sunnydene Street, London SE26	£450,000	3	Terraced House	865	£520.23	D
Robinson Jackson	Fairlawn Park, London SE26	£550,000	3	Terraced House	1185	£464.14	D
Stanford Estates	Perry Hill, London SE6	£495,000	3	Terraced House	1301	£380.48	D
Alexander Charles & Browne	Priestfield Road, London SE23	£600,000	3	End Terraced	951	£630.91	F
Property World	Fairlawn Park, London SE26	£600,000	4	Terraced	1456	£412.09	D
Barnard Marcus	Perry Hill, London SE6	£750,000	4	End Terraced	1990	£376.88	C

Appendix 5 – Pellings’ Cost Plan and Report

COST ESTIMATE

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

at

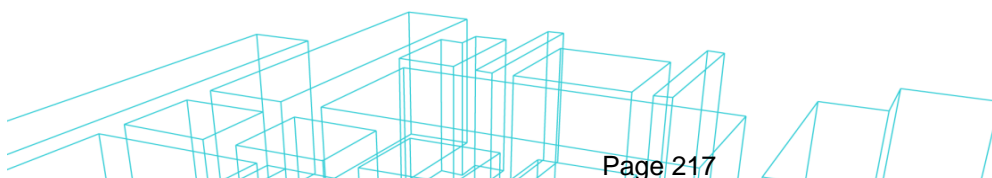
**86 - 92 Bell Green, London
SE26 4PZ**

for

IMA Real Estate

Issue 04

July 2017



CLARIFICATIONS AND ASSUMPTIONS

1 Basis of Estimate

This Preliminary Cost Estimate is based on the following information:

- 1 Chassay Studio drawings:
 - 1535-01 Version 10 - Site Location Map
 - 1535-02 Version 10 - Site Context Plan - Existing
 - 1535-03 Version 10 - Ground floor plan - Existing
 - 1535-04 Version 10 - First Floor Plan - Existing
 - 1535-05 Version 10 - Second Floor Plan - Existing
 - 1535-10 Version 08 - Site Context Plan - Proposed
 - 1535-11 Version 08 - Ground Floor Plan - Proposed
 - 1535-12 Version 08 - 1-3 Floor Plan - Proposed
 - 1535-13 Version 08 - 4-5 Floor Plan - Proposed
 - 1535-13 Version 08 - 6th Floor Plan - Proposed*
 - 1535-14 Version 08 - Penthouse floor Plan - Proposed
 - 1535-15 Version 08 - Roof Plan proposed
 - 1535-20 Version 08 - East Elevation - Proposed
 - 1535-21 Version 08 - South Elevation - Proposed
 - 1535-22 Version 08 - West Elevation - Proposed
 - 1535-23 Version 08 - North Elevation - Proposed
- * - duplicated drawing number with unique title
- 2 We have not had an opportunity to conduct a detailed survey of the site but we have utilised existing publicly available electronic photographic resources

2 Qualifications

- 1 We assume that the level of finish for the Residential scheme is to reflect private sale or rental specifications.
- 2 We assume that the Retail unit will be finished to a Category "A" level of fit-out; i.e. Shell, basic finishes and essential services.
- 3 The basis of the indicative £/m² rate derived can be better appreciated by interrogating the detailed estimates appended to this report.
- 4 GIFA is approximate due to early stage of design, with individual GIA figures rounded to the nearest whole number.
- 5 For clarity, we assume the proposed building is to be constructed with traditional construction methods (external block/brick masonry walls).
- 6 Costs are based on 2Q2017 prices with no allowance for inflation.
- 7 Costs are based on a Single Stage Competitive D&B procurement route.
- 8 Costs are based on a Contractor 'best programme' contract period
- 9 Contractors design fees are based upon appointment with planning consent under JCT D&B contract.
- 10 Given the design is in its infancy, all cost allowances are indicative based on the information provided, our interpretation of the client's aspirations and costs obtained for schemes of a similar nature. Consequently costs are likely to evolve as the design progresses and more information is made available.
- 11 Some nominal allowances have been made for incoming services and drainage connections. No allowance has been made for works to the immediate external or wider public realm spaces.
- 12 We have not included any sustainability enhancements to achieve any specific level of Code for sustainable Homes
- 13 No allowances have been made for increasing or reinforcing the electrical supply network in the area.
- 14 Cost include for Contractor's OH&P @ 7%
- 15 It is advisable that a non-negligent liability insurance cover is put place for the works; due to the proximity of the Bell Green Road.

CLARIFICATIONS AND ASSUMPTIONS

3 Exclusions

- 1 Asbestos removal, unless specifically stated.
- 2 Repairs or strengthening works underpinning, etc. to the adjacent / adjoining substructure.
- 3 Specialist lighting and controls
- 4 Clients professional fees (including statutory fees)
- 5 VAT
- 6 Provision of loose fittings and furnishings
- 7 Removal or diversion of buried services within the boundary of the site
- 8 Service upgrade.
- 9 Any off-site works.
- 10 Costs of compliance with any conditions imposed by Statutory bodies
- 11 Costs of Section 106, 278 and other Agreement(s) or Community Infrastructure Levy charges
- 12 Assumed no Party Wall or Rights of Lights issues
- 13 Parking suspension costs
- 14 Site security watch
- 15 Soft landscaping - shrubs to planters
- 16 Allowances for abnormal ground conditions
- 17 Land acquisition fees, and marketing / disposal fees
- 18 Tenant Improvement to B1 / A1 retail unit

4 Commercial Commentary

- 1 Given that likely timescales are unknown, no allowance has been made for inflation
- 2 However, PLLP is mindful that the construction industry is currently volatile, with some projects experiencing extra ordinarily high tender price inflation.
- 3 In our experience the most competitive prices are being achieved in the market via Contractors with an established and dependable supply chain. However, we anticipate that the current pressures prevalent within the construction industry means it is unlikely that they will remain completely insulated from the wider market forces.
- 4 Conversely, cost increases are greatest when significant risks remain unresolved, particularly where the Contractor is entirely responsible for the inherent commercial risk associated with such unknowns.
- 5 We are also mindful that the cost at 5% to 5.5% average year on year increase has been viewed by some commentators as conservative. However, at this juncture it is proving difficult to predict the impact of market forces and whether the level of growth currently being experienced will be sustained.
- 6 We would suggest that the Client retains a reasonable, undeclared Contingency to offset the potential risk that market forces will increase tender prices.

INTRODUCTORY SUMMARY

1. Client

IMA Real Estate

2. Project Title

Redevelopment of 86 - 92 Bell Green as a Residential Development

3. Project description

The purpose of the proposal is to redevelop the site at 86 - 92 Bell Green as a residential development. The immediate neighbourhood has been the subject of regeneration within the past decade. The proximity of a substantial vacant site immediately to the east off Stanton Way strongly suggests that further regeneration will continue in the next few years.

The development proposed is regarded as a next stage in the ongoing regeneration of the area. The site is currently occupied by a 3-storey building containing 4 unoccupied retail units at ground floor with 4 flats above. The existing building has a poor visual quality about it when approaching from the south, this is due to the bare brick gable and prominent metal extraction flue. The proposal is to replace the existing building with a new building that responds to housing need, maximises the development potential of the site and enhances the appearance of the surroundings.

4. Location

The site is located on the west side of Bell Green at the junction with Southend Lane. Bell Green is a busy road characterised by a number of junctions, including the junction with Perry Hill and Perry Rise to the north of the site and the junction with Stanton Way and Sydenham Road to the south. The west side of Bell Green marks a transition in scale from the smaller-scale two and three-storey houses on Holmshaw Close and other residential streets to the west, to much larger scale buildings on the east side of Bell Green, including the 8-storey form of Orchard Court, the 4-storey block of Pear Tree Court and the 10-storey gasholders behind the buildings on Perry Hill. In townscape terms, the development site relates to Bell Green and the aforementioned buildings on this busy A-road.

5. Assumed solutions

Substructure

- Due to the space constraints on site and the proximity of the Bell Green Road, we have assumed that the substructure will be bored pile foundation with strip / raft pile cap system
- We have assumed that ready-mixed concrete trucks can access the site via Holmshaw close and that no road closure would be required during the concreting period.

Frame

- The Ground floor is assumed to be constructed in reinforced concrete frame.
- All other floors are assumed to be structural steel frame.

Upper floors

- The first floor slab is taken as a 250mm thick reinforced concrete slab with reinforcement allowed at 200kg/m³.
- From the second floor slab to the seventh floor, allowance has been made for composite reinforced concrete slabs with metal troughed permanent formwork with fabric reinforcement and rebar.

6. Dates

- Costs are current in 2nd quarter 2017, based on a South East location and Design and build procurement.
- Construction commencement is yet to be confirmed so no allowance has been included for inflation

7. Executive cost commentary

- The project will be finished to a good specification for either market sale or rent and therefore, for the purposes of benchmarking, the BCIS upper quartile category is a reasonable and appropriate comparator.
- The scheme achieves an overall cost of £2,627/m². This reduces to £2,341/m² when demolition, external works and contingencies are omitted. When benchmarked with BCIS cost data for similar schemes we find that the cost is within a close margin of BCIS upper quartile costs. In our further analysis, we found a comparable benchmark analysis on BCIS (#32338) for a scheme of 21 flats and a commercial unit in London SE1 area which achieved a cost of £2,374/m².
- It should be noted that the development site is quite tight, achieving close to a 100% site coverage. Accordingly, construction costs would tend to be marginally higher to take account of parking, waste, cycle and other common parts being part of the superstructure of the building. In addition, usable terraces at the upper floors plus integral balconies for all apartments serve to add to marginal costs. The relatively shallow plot (in width and depth) and corresponding relatively low gross to net ratios result in a comparatively high wall to floor ratio thus also adding to marginal costs.
- Notwithstanding the above the base build cost (excluding demolition, preliminaries and other general cost items) is £1,890/m². This compares favourably with average cost of similar schemes. Demolition and preliminaries allowances include site specific considerations which are provisional at this stage
- No allowances have currently been incorporated in the cost plan for Construction insurances or tender price inflation to start on site.

8. Design Efficiency Ratios

Item	Current Scheme
Gross Internal Floor Area	2,151 m ²
Wall to Floor ratio	0.806
Net to Gross Internal Floor areas (Overall)	69%
Net to Gross Internal Floor areas (Ground floor)	20%
Net to Gross Internal Floor areas (First to Fifth floors)	79%
Net to Gross Internal Floor areas (Sixth floor)	72%
Net to Gross Internal Floor areas (Seventh floor)	64%

MAIN SUMMARY

ACCOMMODATION SCHEDULE

Description	Number	Area (m ²)	GIFA
NEWBUILD RESIDENTIAL			
1B2P	10	50 m2	500 m2
2B3P	5	62 m2	310 m2
2B3P	3	75 m2	225 m2
3B4P	4	75 m2	300 m2
3B4P	1	78 m2	78 m2
Balconies	aggregate	189 m2	189 m2
Circulation areas (Upper floors)	aggregate	232 m2	232 m2
Circulation areas (Ground floor entrance)	aggregate	50 m2	50 m2
Total Residential units (inc 4 nr. Intermediate units)	23 No.		1,884 m2
RETAIL UNITS			
Shop (A1 / B1)	1	63 m2	63 m2
	Total Retail units		63 m2
COMMUNAL SPACES			
Covered car parking, bike and bin store areas	aggregate	204 m2	204 m2
	Total		204 m2
			2,151 m2

This feasibility cost estimate is prepared for IMA Real Estate Limited for the construction of a Mixed-use block containing 23 nr. residential units and 1nr. Retail unit as set out on proposed drawings.

This exercise realises the following indicative figures, subject to specific assumptions and qualifications (refer to the 'Clarifications and Assumptions' section of this report)

Item	sub-totals	Totals	%	£/m2
GROSS INTERNAL FLOOR AREA	2,151 m2			
0.0 Facilitating works estimate	£130,500	£130,500	2%	61
1.0 Substructure	£268,360	£268,360	5%	125
2.0 Superstructure				
.1 Frame	£283,483			
.2 Upper Floors	£320,552			
.3 Roof	£41,420			
.4 Stairs and ramps	£63,000			
.5 External Walls	£442,000			
.6 Windows and External doors	£393,500			
.7 Internal walls and partitions	£279,700			
.8 Internal doors	£132,000	£1,955,655	36%	909
3.0 Internal Finishes				
.1 Wall finishes	£213,740			
.2 Floor finishes	£196,195			
.3 Ceiling finishes	£102,645	£512,580	10%	238
	sub-total carried forward	£2,867,095		£1,333

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS



MAIN SUMMARY

Item		sub-totals brought forward	Totals £2,867,095	%	£/m2 1,333
4.0	Fittings, furnishings and equipment	£229,000	£229,000	4%	106
5.0	Services				
.1	Sanitary Installations	£66,000			
.2	Services equipment	£32,030			
.3	Disposal Installations	£52,811			
.4	Water Installations	£85,933			
.5	Heat Source	£58,410			
.6	Space Heating and air conditioning	£179,124			
.7	Ventilation Systems	£16,150			
.8	Electrical installations	£232,845			
.9	Fuel Installations / Systems	Not used			
.10	Lift and Conveyor installation / systems	£95,000			
.11	Fire and lightning protection	£66,463			
.12	Communications, security and control systems	£98,062			
.13	Specialist Installations	£30,000			
.14	Builders' work in Connection	£30,400	£1,043,228	19%	485
6.0	External works				
.1	Site preparation works	Included			
.2	Roads, paths, pavings and surfacings	£32,040			
.3	Soft landscaping, planting and irrigation systems	Excluded			
.4	Fencing, railings and walls	£11,000			
.5	External fixtures	£40,900			
.6	External drainage	£39,000			
.7	External services	£800			
.8	Minor building works and ancillary buildings	£4,250	£127,990	2%	60
		sub-total	£4,267,313		1,984
7.0	Contractor's General Cost Items: preliminaries etc				
.1	Management, site offices & general cost items	£645,950			
.2	Overheads & Profit	7.0% £298,712			
.3	Design fees	4.0% £170,693			
.4	Other fees and costs	Excluded	£1,115,355	21%	519
		sub-total	£5,382,668		2,502
8.0	Client's General cost items				
.1	Consultants' fees - precontract services	To be advised			
.2	Insurances / warranties & Statutory costs	To be advised	£0		0
		sub-total	£5,382,668		2,502
9.0	Contingencies / Provisional Allowances				
.1	Allowance for design development, etc.	£5,382,668	5% £269,133		
		sub-total	£5,651,801		2,628
10.0	Inflation (Based on BCIS All-in Tender Price Indices)	[programme yet to be advised]	excluded		
			£5,651,801		2,628
ESTIMATED CONSTRUCTION COST		say	£5,650,000		

Equivalent to (on average)

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£2,627/m²

£244/ft²

[Refer to Clarifications and Assumptions section]

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS



Summary	m ²	ft ²
Residential Units GIFA	1,884	20,279
Retail Unit GIFA	63	678
Covered car parking, bike and bin store areas	204	2,196
TOTAL GIFA	2,151	23,153

BUDGET COST ALLOWANCES**0.0 Facilitating works estimate**

Item	Description	Qty	Unit	Rate	Totals
0.01	Provisional allowance for asbestos survey and removal	1	item	£40,000	£40,000
0.02	Allowance for full site investigation / trial holes / boreholes	1	item	£15,000	£15,000
0.03	Allowance for CCTV survey of existing drainage and / or CAT scan of buried services	1	item	£5,000	£5,000
0.04	Make safe, disconnect and strip out existing services - water, gas and electrics	1	item	£15,500	£15,500
0.05	Strip out fixtures, fittings and equipment, dispose off site	1	item		Excluded
0.06	Demolish existing building to ground level including breaking out ground slab and grubbing up foundations assumed not exceeding 1 m deep	1,860	m ³	£25	£46,500
0.07	Site clearance (within site boundary)	340	m ²	£25	£8,500
Sub-total					£130,500

Facilitating works (Element Total)**£130,500**

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**1.0 Substructure**

Item	Description	Qty	Unit	Rate	Totals
Assumptions:					
- Due to the space constraints on site and the proximity of the Bell Green Road, we have assumed that the substructure will be bored pile foundation with strip / raft pile cap system					
- We have assumed that ready-mixed concrete trucks can access the site via Holmshaw close and that no road closure would be required during the concreting period.					
1.1	Reduced level excavation commencing at Ground level, depth n.e. 700mm; including offsite disposal	236	m ³	£70	£16,520
1.2	Keeping excavations clear of water (provisional)	1	Item	£2,000	£2,000
1.3	Surface treatment; level and compact	336	m ²	£5	£1,680
Pile foundation					
1.4	General attendances and pile mat, thickness average 450mm; including clearing away on completion	336	m ²	£60	£20,160
Bored piles					
1.5	Mobilisation	1	Item	£6,000	£6,000
1.6	Installation of piles 450mm diameter; nominal length 20m; including cutting off top of piles	60	nr	£1,500	£90,000
1.7	Provisional allowance for breaking out obstructions	1	Item	£2,500	£2,500
1.8	Pile testing	1	Item	£3,500	£3,500
1.9	Filling to make up level; including Levelling and compacting	336	m ²	£10	£3,360
1.10	Blinding beds	336	m ²	£10	£3,360
1.11	Pile cap raft slab, incorporating downstand beams to structural engineer's design; including reinforcement and formwork to sides of slab	168	m ³	£350	£58,800
1.12	Allowance for reinforcement - 200kg/m ³	33.60	T	£1,300	£43,680
1.13	DPC laid horizontally with a min 150mm lap on vertical walls	336	m ²	£20	£6,720
1.14	Insulation	336	m ²	£30	£10,080
Sub-total					£268,360

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**2.0 Superstructure****2.1 Frame**

Item	Description	Qty	Unit	Rate	Totals
	(Assumed construction)				
2.1.1	Reinforced concrete frame to Ground floor	336	m ²	£180	£60,480
2.1.2	Structural steel frame, erected and bolted on site, primed; First to third floor	55	T	£2,000	£109,263
2.1.3	Structural steel frame, erected and bolted on site, primed; Fourth to seventh floor	57	T	£2,000	£113,740
Sub-total					£283,483

2.2 Upper Floors

Item	Description	Qty	Unit	Rate	Totals
------	-------------	-----	------	------	--------

Assumptions:

- The first floor slab is taken as a 250mm thick reinforced concrete slab with reinforcement allowed at 200kg/m³
- From the second floor slab to the seventh floor, allowance has been made for composite reinforced concrete slabs with metal troughed permanent formwork with fabric reinforcement and rebar.

First Floor

2.2.1	250 thick reinforced insitu concrete floor slab	75	m ³	£180	£13,545
2.2.2	Formwork to slab; sides and soffit	301	m ²	£50	£15,050
2.2.3	Reinforcement to slab @ 200 kg/m ³	15	t	£1,300	£19,565
2.2.4	Allowance for inserts, holes and voids	1	Item	£1,000	£1,000
2.2.5	Cantilevered balconies construction, included above (finishes elsewhere)	189	m ²	-	Included

Second Floor to Seventh Floor

2.2.6	Slab taken as composite 150mm thick reinforced insitu slab	230	m ³	£165	£37,942
2.2.7	Permanent troughed metal formwork to steel floor frames/. "Holorib" or equal approved	1,636	m ²	£105	£171,780
2.2.8	Mesh reinforcement ; single layer	1,533	m ²	£10	£15,330
2.2.9	Reinforcement to slab @ 150 kg/m ³	34	t	£1,300	£44,840
2.2.10	Allowance for inserts, holes and voids	1	Item	£1,500	£1,500
2.2.11	Cantilevered balconies construction, included above (finishes elsewhere)		m ²	-	Included
Sub-total					£320,552

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**2.0 Superstructure (cont.)****2.3 Roof**

Item	Description	Qty	Unit	Rate	Totals
2.3.1	Structural steel frame to Pent house roof; galvanized roof decking	117	m ²	£80	£9,360
2.3.2	Allowance for EPM single ply roof membrane	117	m ²	£150	£17,550
2.3.3	Roof insulation; Celotex or equal approved	117	m ²	£30	£3,510
2.3.4	Allowance for flashings to service penetrations	1	item	£2,000	£2,000
2.3.5	Mansafe system to pent house roof area	1	item	£4,000	£4,000
2.3.6	Allowance for internal rainwater pipe system	1	item	£5,000	£5,000
Sub-total					£41,420

2.4 Stairs and ramps

Item	Description	Qty	Unit	Rate	Totals
2.4.1	Allowance for staircases between floors, including balustrades, handrails and finishes	7	nr	£9,000	£63,000
Sub-total					£63,000

2.5 External Walls

Item	Description	Qty	Unit	Rate	Totals
2.5.1	Cavity wall construction, external skin of facing brick £600 /1000 and internal skin of 140 thick 7N/mm ² concrete blockwork, 90 wide cavity, 70 thick insulation; parge coat to achieve air seal (measured over openings)	1,740	m ²	£230	£400,200
2.5.2	Fire rated Hollow glass block walling to stairwell; including reinforcement with 6mm dia. stainless steel rods, pointed both sides	40	m ²	£620	£24,800
2.5.3	Two skins facing bricks, 50 wide cavity, to parapets at 6th floor communal Roof terrace	35	m ²	£150	£5,250
2.5.4	Coping / flashing to parapet wall above	35	m	£50	£1,750
2.5.5	Two skins facing bricks, 50 wide cavity, to parapets at 7th floor private roof terrace	50	m ²	£150	£7,500
2.5.6	Coping / flashing to parapet wall above	50	m	£50	£2,500
Sub-total					£442,000

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**2.0 Superstructure (cont.)****2.6 Windows and External doors**

Item	Description	Qty	Unit	Rate	Totals
Retail Unit					
2.6.1	Composite Timber/ Aluminium windows and fixed lights, double glazed units, cills, frames, fixed into prepared openings.	30	m ²	£550	£16,500
2.6.2	Glazed entrance door and screen composite construction to match window, nominal 2400 high overall, ironmongery, single door	1	nr	£3,000	£3,000
Residential Units					
2.6.3	Composite Timber/ Aluminium windows, double glazed units, cills, frames, fixed into prepared openings.	500	m ²	£550	£275,000
2.6.4	Ground floor Entrance door (Front and rear); composite construction to match window, nominal 2400 high overall, ironmongery, single door	2	nr	£3,000	£6,000
2.6.5	Complete external single doors, including frame and ironmongery	5	nr	£2,500	£12,500
2.6.6	Complete external double doors, including frame and ironmongery	23	nr	£3,500	£80,500
Sub-total					£393,500

2.7 Internal walls and partitions

Item	Description	Qty	Unit	Rate	Totals
2.7.1	Reinforced insitu concrete walls; to lift core, including rebar, formwork etc (Provisional)	1	Item	£30,800	£30,800
2.7.2	Internal block work - 200mm thick	1,530	m ²	£100	£153,000
2.7.3	Internal partitions - assumed stud wall, including plaster board each side and skim coat	1,370	m ²	£70	£95,900
Sub-total					£279,700

2.8 Internal doors

Item	Description	Qty	Unit	Rate	Totals
Residential Units					
2.8.1	Solid hardwood entrance doors and stairwell doors; 900 x 2100 high, c/w ironmongery. Assumed 1 hour fire doors to communal areas	36	nr	£1,500	£54,000
2.8.2	New single timber doors, paint finish; including architrave, lining and ironmongery	87	nr	£800	£69,600
Residential Units (Intermediary)					
2.8.3	New single timber doors, paint finish; including architrave, lining and ironmongery	12	nr	£700	£8,400
Sub-total					£132,000

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**3.0 Internal Finishes****3.1 Wall finishes**

Item	Description	Qty	Unit	Rate	Totals
Retail Unit					
3.1.1	Plaster to walls	108	m ²	£20	£2,160
3.1.2	One mist and two full coats to plastered surfaces	108	m ²	£10	£1,080
3.1.3	Full height tiling to WC (assumed; none shown on drawing)	21	m ²	£50	£1,050
Residential Units					
3.1.4	Plaster to internal blockwork	4,800	m ²	£20	£96,000
3.1.5	One mist and two full coats to plastered surfaces	4,800	m ²	£12	£57,600
3.1.6	One mist and two full coats to plasterboard surfaces	2,740	m ²	£10	£27,400
3.1.7	Full height tiling to bathroom; including backing	569	m ²	£50	£28,450
Sub-total					£213,740

3.2 Floor finishes

Item	Description	Qty	Unit	Rate	Totals
Retail Unit					
3.2.1	Basic floor finishes, including screed	63	m ²	£60	£3,780
3.2.2	Skirting generally; including paint finish	36	m	£20	£720
Residential Units					
3.2.3	Floor finishes, including screed	1,495	m ²	£80	£119,600
3.2.4	Skirting generally; including paint finish	2,225	m	£25	£55,625
Residential Units (Intermediary)					
3.2.5	Floor finishes, including screed	200	m ²	£60	£12,000
3.2.6	Skirting generally; including paint finish	298	m	£15	£4,470
Sub-total					£196,195

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**3.0 Internal Finishes (cont.)****3.3 Ceiling finishes**

Item	Description	Qty	Unit	Rate	Totals
Retail Unit					
3.3.1	Cornice generally; paint finish		m		excluded
3.3.2	Decoration to concrete soffit	63	m ²	£15	£945
Residential Units					
3.3.3	Cornice generally; paint finish	2,523	m		excluded
3.3.4	Suspended MF ceiling with plaster board; including decoration	1,695	m ²	£60	£101,700
Sub-total					£102,645

Internal Finishes (Element Total)**£512,580**

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**4.0 Fittings, furnishings and equipment**

Item	Description	Qty	Unit	Rate	Totals
Residential Units					
4.1	FFE generally, including Kitchen fittings; wall and base units, worktop, extract hood, and white goods	19	nr.	£10,000	£190,000
4.2	Fitted wardrobes (aggregate allowance)	19	nr.		To be confirmed
Residential Units (Intermediate)					
4.3	Adaptations for wheelchair users to 3 nr. flats	3	nr.	£5,000	£15,000
4.4	FFE generally, including Kitchen fittings; wall and base units, worktop, extract hood, and white goods	4	nr.	£6,000	£24,000
	Fitted wardrobes		Item		excluded
Sub-total					£229,000

Fittings, Furnishings & Equipment (Element Total)**£229,000**

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**5.0 Services****5.1 Sanitary Installations**

Item	Description	Qty	Unit	Rate	Totals
Retail Unit (assumed)					
5.1.1	Sanitary Appliances WC, WHB, Mirror, roll holder, cloth hook etc	1	item	£750	£750
Residential Units					
5.1.2	Sanitary Appliances Bath with bath panel; bath filler including wastes	19	nr	£600	£11,400
	WC and concealed cistern	22	nr	£400	£8,800
	Vanity unit, wash hand basin & taps	22	nr	£500	£11,000
	Mirror to WCs and / or bathrooms	22	nr	£50	£1,100
	Shower unit tray and screen	1	nr	£1,500	£1,500
	Heated towel rail	19	nr	£350	£6,650
	Sundries	19	nr	£500	£9,500
	Allow for tanking to wet rooms	22	nr	£350	£7,700
Residential Units (Intermediate)					
5.1.3	Sanitary Appliances Bath with bath panel; bath filler including wastes	4	nr	£300	£1,200
	WC and concealed cistern	4	nr	£200	£800
	Wash hand basin & taps	4	nr	£150	£600
	Mirror to WCs and / or bathrooms	4	nr	£50	£200
	Heated towel rail	4	nr	£350	£1,400
	Sundries	4	nr	£500	£2,000
	Allow for tanking to wet rooms	4	nr	£350	£1,400
Sub-total					£66,000

COST ESTIMATE**IMA REAL ESTATE**

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MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**5.0 Services (cont.)****5.2 Services equipment**

Item	Description	Qty	Unit	Rate	Totals
	Utilities mains supplies (Provisional)				
5.2.1	Allow roads traffic control or roads closure	1	item	£5,000	£5,000
5.2.2	Water	1	Item	£5,000	£5,000
5.2.3	Gas	1	Item	£5,000	£5,000
5.2.4	Electric	1	Item	£5,000	£5,000
5.2.5	Allow for new rising mains within building	23	nr	£500	£11,500
5.2.6	Builder's work in connection	2%	item	£26,500	£530
Sub-total					£32,030

5.3 Disposal Installations

Item	Description	Qty	Unit	Rate	Totals
5.3.1	Rainwater Disposal installations.	1,947	m ²	£13	£25,311
5.3.2	Soil, vent waste and overflow installations; to kitchen sinks, washing machines; basins; showers and WCs	50	nr	£250	£12,500
	Sewer connection :				
5.3.3	Allow a provisional sum for alterations and improvements to existing sewer connection or sewer connections	1	prov. sum	£10,000	£10,000
5.3.4	Allow for all necessary traffic control including all attendances and permissions etc.	1	prov. sum	£2,500	£2,500
5.3.5	Allow for all necessary road closures as necessary including all attendances and permissions etc.	1	prov. sum	£2,500	£2,500
Sub-total					£52,811

5.4 Water Installations

Item	Description	Qty	Unit	Rate	Totals
5.4.1	Cold water installation and distribution	1,947	m ²	£22	£42,834
5.4.2	Hot water installation and distribution	1,947	m ²	£17	£33,099
5.4.3	Boosted cold water supplies; booster pumps, riser pipework, and such like	1	Item	£10,000	£10,000
Sub-total					£85,933

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**5.0 Services (cont.)****5.5 Heat Source**

Item	Description	Qty	Unit	Rate	Totals
5.5.1	Gas installation; meter, gas distribution pipe through service riser; main boilers	1,947	m ²	£30	£58,410
Sub-total					£58,410

5.6 Space Heating and air conditioning

Item	Description	Qty	Unit	Rate	Totals
5.6.1	Heating: Primary and secondary distribution from service riser, plenums and ductworks, grilles, instrumentation and controls, and insulation	1,947	m ²	£32	£62,304
5.6.2	Underfloor heating wet system to private areas served by individual boiler plant	1,947	m ²	£60	£116,820
5.6.3	Comfort cooling required for each apartment		m ²		Excluded
Sub-total					£179,124

5.7 Ventilation Systems

Item	Description	Qty	Unit	Rate	Totals
5.7.1	Local extract ventilation to bathrooms and WC	27	nr	£200	£5,400
5.7.2	Local extract ventilation to kitchens	23	nr	250	£5,750
5.7.3	Option : full heat recovery system		nr		Excluded
5.7.4	Allowance for Ventilation to stairwell, services duct and lift well, including controls	1	item	£5,000	£5,000
Sub-total					£16,150

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**5.0 Services (cont.)****5.8 Electrical installations**

Item	Description	Qty	Unit	Rate	Totals
Retail Unit (assumed)					
5.8.1	General power; including sockets; U-pvc	63	m ²	£30	£1,890
5.8.2	Power supply to mechanical services	63	m ²	£5	£315
5.8.3	Lighting and emergency lighting	63	m ²	£15	£945
5.8.4	Allowance for basic lights	63	m ²	£30	£1,890
5.8.5	Provision of meters and consumer units	1	nr	£450	£450
Residential Units					
Small Power					
5.8.6	General power; including sockets; U-pvc	1,747	m ²	£30	£52,410
5.8.7	Small power to communal areas	282	m ²	£15	£4,230
5.8.8	Power supply to mechanical services	1,747	m ²	£5	£8,735
5.8.9	Extra for enhanced finish to standard residential units	1,747	m ²	£10	£17,470
5.8.10	Waterproofed external power sockets (say)	10	nr	£200	£2,000
Lighting					
5.8.11	Lighting and emergency lighting to communal areas	282	m ²	£15	£4,230
5.8.12	Allowance for LED lighting to residential areas	1,747	m ²	£45	£78,615
5.8.13	Extra for enhanced finish to standard residential units	1,747	m ²	£15	£26,205
5.8.14	Brick light luminaires or similar to roof terraces	222	m ²	£20	£4,440
5.8.15	Waterproofed luminaire to private balconies (say)	189	m ²	£30	£5,670
5.8.16	Provision of meters and consumer units	19	nr	£450	£8,550
Residential Units (Intermediate)					
5.8.17	General power; including sockets; U-pvc	200	m ²	£30	£6,000
5.8.18	Power supply to mechanical services	200	m ²	£5	£1,000
5.8.19	Allowance for Basic lights	200	m ²	£30	£6,000
5.8.20	Provision of meters and consumer units	4	nr	£450	£1,800
Sub-total					£232,845

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**5.0 Services (cont.)****5.9 Fuel Installations / Systems**

Item	Description	Qty	Unit	Rate	Totals
	Not used				
Sub-total					

5.10 Lift and Conveyor installation / systems

Item	Description	Qty	Unit	Rate	Totals
5.10.1	6-8 person hydraulic lift; 0.4m/s; serving eight floors	1	nr	£95,000	£95,000
Sub-total					£95,000

5.11 Fire and lightning protection

Item	Description	Qty	Unit	Rate	Totals
5.11.1	Allow provisional sum for creation of points and means of emergency egress, ladders, access hatches, doors etc.	1	prov. sum	£10,000	£10,000
5.11.2	Fire alarm / CO detection system	1,947	m ²	£6	£11,682
5.11.3	Lightning Protection, Earthling and bonding	1,947	m ²	£8	£15,576
5.11.4	Allowance for Sprinkler system and installation of dry riser inlets	1,947	m ²	£15	£29,205
Sub-total					£66,463

5.12 Communications, security and control systems

Item	Description	Qty	Unit	Rate	Totals
Residential units					
5.12.1	Allowance for phone lines, broadband connections, aerial installation, cabling and containment (includes for Sky + system or equivalent)	1,413	m ²	£12	£16,956
5.12.2	Allowance for video door entry system to residential apartments; 1nr per unit and 1nr to each entrance	25	nr	£600	£15,000
5.12.3	Allowance for CCTV to common areas; including recording equipment	1	Item	£10,000	£10,000
5.12.4	CAT6 cabling; including outlets (Standard residential units only)	1,213	m ²	£30	£36,390
5.12.5	Connection to centralised satellite TV & data installation	23	nr	£120	£2,760
5.12.6	Intruder Alarm system	1,413	m ²	£12	£16,956
Sub-total					£98,062

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**5.0 Services (cont.)****5.13 Specialist Installations**

Item	Description	Qty	Unit	Rate	Totals
5.13.1	Budgetary costings for Photo Voltaic panels for energy collection for the project.	1	Item	£30,000	£30,000
5.13.2	Allowance for other renewables		Item		Excluded
				Sub-total	£30,000

5.14 Builders' work in Connection

Item	Description	Qty	Unit	Rate	Totals
5.4.1	Allowance for BWIC (Provisional - 3% of services installation)	1	item	£30,400	£30,400
				Sub-total	£30,400

Services (Element Total)**£1,043,228**

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**6.0 External works****6.1 Site preparation works**

Item	Description	Qty	Unit	Rate	Totals
	elsewhere				
Sub-total					

6.2 Roads, paths, pavings and surfacings

Item	Description	Qty	Unit	Rate	Totals
6.2.1	Tarmacadam paving to carpark area	208	m ²	£90	£18,720
6.2.2	External Pavings to Terraces	222	m ²	£60	£13,320
Sub-total					£32,040

6.3 Soft landscaping, planting and irrigation systems

Item	Description	Qty	Unit	Rate	Totals
	Excluded				
Sub-total					

6.4 Fencing, railings and walls

Item	Description	Qty	Unit	Rate	Totals
6.4.1	Metal balustrade to balconies, terraces, anodised steel handrails	22	nr.	£500	£11,000
Sub-total					£11,000

6.5 External fixtures

Item	Description	Qty	Unit	Rate	Totals
6.5.1	Balconies to upper floors comprising steel framing, insulation, screed, waterproofing, non-slip tile finish; perimeter flashing and rainwater outlet	22	nr.	£850	£18,700
6.5.2	Vertical timber cladding to recessed balconies	22	nr.	£750	£16,500
Cycle storage Spaces					
6.5.3	Installation of bike racks	38	nr.	£150	£5,700
Sub-total					£40,900

COST ESTIMATE

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MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**6.0 External works (cont.)****6.6 External drainage**

Item	Description	Qty	Unit	Rate	Totals
6.6.1	Foul water drainage	1	Item	£19,500	£19,500
6.6.2	External surface water drainage	1	Item	£19,500	£19,500
Sub-total					£39,000

6.7 External services

Item	Description	Qty	Unit	Rate	Totals
6.7.1	Electric car charging points	2	nr	£400	£800
Sub-total					£800

6.8 Minor building works and ancillary buildings

Item	Description	Qty	Unit	Rate	Totals
6.8.1	Bin store construction, including lighting	15	m ²	£190	£2,850
6.8.2	Double door to bin store	1	nr	£1,000	£1,000
6.8.3	Single door to bin store	1	nr	£400	£400
Sub-total					£4,250

External Works (Element Total) £127,990

COST ESTIMATE**IMA REAL ESTATE**

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS**7.0 Contractor's General Cost Items: preliminaries etc****7.1 Management, site offices & general cost items**

Item	Description	Qty	Unit	Rate	Totals
7.1.1 STAFF AND SUPERVISION					
	Contract Manager - 2 days / wk.	60	week	£660	£39,600
	Site Manager	60	week	£1,260	£75,600
	Site Foreman	60	week	£1,050	£63,000
	Site Engineers - 1 day / wk.	60	week	£210	£12,600
	Quantity Surveyor - 2 day / wk.	60	week	£560	£33,600
	Project co-ordinator	60	week	£1,300	£78,000
	Site Labour / banksman	60	week	£400	£24,000
	Office cleaning	60	week	£140	£8,400
	Banksman	60	week	£400	£24,000
7.1.2 SITE ACCOMMODATION					
	Multipurpose site accommodation (canteen, drying room & office) - time related	60	week	£80	£4,800
	Multipurpose site accommodation (canteen, drying room & office) - fixed cost	1	item	£500	£500
	Canteen per unit - time related		week	£50	included above
	Canteen per unit - fixed cost		item	£500	included above
	Communications, faxes copiers computers etc	60	week	£30	£1,800
	Consumables	60	week	£60	£3,600
	Drying room per unit - time related		week	£30	included above
	Drying room per unit - fixed cost		item	£200	included above
	First aid and safety per unit - time related		week	£20	included above
	Meeting room per unit - time related		week	£40	assumed not required
	Meeting room per unit - fixed cost		item	£300	assumed not required
	Site Offices per unit - time related		week	£50	included above
	Site Offices per unit - fixed cost		item	£800	included above
	Storage per unit - time related	60	week	£20	£1,200
	Storage per unit - fixed cost	1	item	£150	£150
	Welfare facility - Time related cost	60	week	£60	£3,600
	Welfare facility - Fixed cost	1	item	£600	£600
7.1.3 TEMPORARY WORKS					
	Site compound setup / protection; including reinstatement of surface (parking lot)	1	item	£1,000	£1,000
	Site security watch	60	week	£450	Excluded
	Rubbish per skip	60	skip	£900	£54,000
	Site lighting power and water	60	week	£80	£4,800
	Moving of materials forklift	60	week	£100	£6,000
	Road cleaning	60	week	£100	£6,000
	Sign boards etc	1	item	£1,000	£1,000
	Entrance gates	1	nr	£1,200	£1,200
	Hoardings	120	m	£70	£8,400
7.1.4 PLANT					
	Small tools weekly	60	week	£200	£12,000
	Scaffolding including materials hoist	1,900	m ²	£70	£133,000
	Scaffold safety, including netting, rails etc	1,900	m ²	£15	£28,500
	Scaffold Health and safety inspection	50	week	£300	£15,000
Sub-total					£645,950

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**7.0 Contractor's General Cost Items: preliminaries etc (cont.)****7.2 Overheads & Profit**

Item	Description	Qty	Unit	Rate	Totals
	As main summary				
	OH&P uplift on base build costs (Items 0 - 6)	£4,267,313		7%	£298,712
				Sub-total	£298,712

7.3 Design fees

Item	Description	Qty	Unit	Rate	Totals
	As main summary				
	Uplift on base build costs (Items 0 - 6)	£4,267,313		4%	£170,693
				Sub-total	£170,693

7.4 Other fees and costs

Item	Description	Qty	Unit	Rate	Totals
7.4.1	Allowance for achieving Code Level 4; sustainable homes		item		Excluded
				Sub-total	

Contractor's General Cost Items (Element Total)**£1,115,355**

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS



8.00 Client's General cost items

Item	Description	Qty	Unit	Rate	Totals
8.1	Consultants' fees - precontract services				To be advised
8.2	Insurances / warranties & Statutory costs				To be advised

Sub-total

Client's General Cost Items (Element Total)

COST ESTIMATE

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86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS



9.00 Contingencies / Provisional Allowances

Item	Description	Qty	Unit	Rate	Totals
9.1	Allowance for design development, etc.				
	Contingency on overall costs (Items 0 - 8)	£5,382,668		5%	£269,133
				Sub-total	£269,133

Contingencies / Provisional Allowances (Total) £269,133

COST ESTIMATE

IMA REAL ESTATE

86 - 92 BELL GREEN, LONDON SE26 4PZ

MIXED-USE DEVELOPMENT OF 1NR. RETAIL UNIT AND 23NR. RESIDENTIAL UNITS

**10.0 Inflation**

Item	Description	Qty	Unit	Rate	Totals
10.1	Inflation (Based on BCIS All-in Tender Price Indices) "[programme yet to be advised] "				excluded

Sub-total

Inflation (Total)

OVERALL SUMMARY

Elements	Amount
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COLLECTION PAGE

0.0	Facilitating works estimate	£130,500
1.0	Substructure	£268,360
2.0	Superstructure	£1,955,655
3.0	Internal Finishes	£512,580
4.0	Fittings, furnishings and equipment	£229,000
5.0	Services	£1,043,228
6.0	External works	£127,990
7.0	Contractor's General Cost Items: preliminaries etc	£1,115,355
8.0	Client's General cost items	To be advised
9.0	Contingencies / Provisional Allowances	£269,133
10.0	Inflation	Excluded

Estimated Construction Cost **£5,651,801**
SAY **£5,650,000**

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 ■ Health & Safety

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Appendix B

86-92 BELL GREEN, LONDON, SE26 4PZ
Urban Delivery FVA Report

November 2017



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DELIVERY | VIABILITY | CAPACITY

86-92 Bell Green, Sydenham, SE26 4PZ

Financial Viability Review Report

London Borough of Lewisham

November 2017

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1 INTRODUCTION

Background

- 1.1** Urban Delivery was instructed by the London Borough of Lewisham (the "Council") to review a viability assessment provided by IMA Real Estate (the "Applicant") in support of its planning application to develop the site at 86-92 Bell Green, Sydenham, SE26 4PZ (the "Property" or "Site") to create 23 new dwellings and 63 sq m of commercial accommodation. The purpose of this report is to provide guidance to the Council on the reasonableness of assumptions applied by the Applicant with regard to its financial viability assessment (FVA) for the proposed development scheme and to test whether it could be financially viable to provide affordable homes to improve compliance with local planning policy.
- 1.2** The advice provided in this report does not represent a Valuation in accordance with the RICS Valuation Global Standards 2017 (The Red Book), published by the Royal Institution of Chartered Surveyors, and should not be regarded as such. The advice provided herein must only be regarded as an indication of potential value, on the basis that all assumptions are satisfied.
- 1.3** Following the outcome of the EU referendum in June 2016, despite the immediate market reaction being less adverse than some commentators were anticipating, negotiations on the terms of the UK's exit and future trade agreement with the remaining Member States are on-going and we remain in a period of relative economic uncertainty. The short to medium term impact on the housing market and the commercial property market remains volatile, with domestic and international investors and home buyers likely to be deterred by an adverse outcome to negotiations. We would, therefore, recommend that particular attention is paid to the sensitivity analysis provided in section 6 of this report, considering both the impacts on future value growth as well as the potential for a downturn in property values over the duration of the proposed development.

Conflict of Interests

- 1.4** We confirm that in providing this advice to the Council there is no conflict of interest between Urban Delivery and the Applicant.

Information Provided

- 1.5** In undertaking this review Urban Delivery has collected evidence from a number of third party sources. Urban Delivery cannot be held responsible for the accuracy of this data.

- 1.6** This report contains confidential information provided by the Applicant and the report must not be used by any person other than for whom it has been commissioned, without Urban Delivery's expressed permission. In any event, Urban Delivery accepts no liability for any costs, liabilities or losses as a result of the use of, or reliance upon, the contents of this report by any person other than the commissioner for planning purposes.

- 1.7** In undertaking the review of the Applicant's FVA, Urban Delivery has been provided with the following information:

1. A copy of the Applicant's Financial Viability Assessment prepared by Sheridan Development Management Limited (SDML), dated July 2017. This report includes a further 5 appendices which comprise of:
 - a. Appendix 1: Schedule of Accommodation
 - b. Appendix 2: Existing Use Valuation (Prepared by GVA)
 - c. Appendix 3: Residual Development Appraisal
 - d. Appendix 4: Residential Values Comparable Evidence
 - e. Appendix 5: Cost Plan (Prepared by Pellings)

- 1.8** In addition to the above information that was supplied as part of the Applicant's FVA, we have downloaded planning application documents from the Council's website. These include:

1. Scheme drawings prepared by Chassay Studio

2. Design and Access Statement prepared by Chassay Studio, dated July 2017
3. Planning Statement prepared by WYG, dated July 2017.

1.9 During the review process a range of clarifications were sought from the Applicant and response received from its own FVA consultant, Sheridan Development Management Limited, and cost consultant, Pellings. We have given consideration to the information received from these enquiries in the advice contained in this viability review report.

2 PROJECT DETAILS

Location

- 2.1** The Property is situated close to the corner of Bell Green (A212) and Sydenham Road approximately 0.6km northwest of Lower Sydenham Station, within the London Borough of Lewisham. Bell Green is a busy arterial road that runs north towards Catford. Towards the eastern side of Bell Green is Bell Green Retail Park including a Sainsbury's supermarket and range of retail warehouse outlets. The western side of Bell Green is characterised by low density residential uses plus a health centre directly behind the Property.

The Site

- 2.2** The Site extends to 346 square metres and currently comprises four vacant ground floor retail units fronting onto Bell Green with four residential units above extending to 3 storeys. It is our understanding that the residential accommodation on the upper floors comprises four 2-bedroom flats which are accessed from Holmshaw Close. To the rear of the building is a parking courtyard enclosed by a brick wall and also accessed from Holmshaw Close. A footpath extending access from Holmshaw Close with Bell Green runs along the north boundary.
- 2.3** We have only inspected the subject site from the road and have not undertaken an internal inspection or carried out a measured survey. We are therefore reliant on the accuracy of the information provided by the Applicant and its advisers.

Development Overview

- 2.4** The Applicant seeks to redevelop the Site to provide a part 8-storey, part 6-storey building comprising 23 residential units and a ground floor commercial unit fronting onto Bell Green. The residential accommodation will total 1,411 sq m (15,188 sq ft) of Net Sales Area with a residential Gross Internal Area of 1,750 sq m (25,567 sq ft), inclusive of integral balconies. The ground floor commercial unit is 63 sq m (678 sq ft). The development also proposes five car parking spaces (of which three are for disabled parking), 38 secure cycle parking spaces and refuse storage.

- 2.5** The Applicant's financial viability assessment indicates that all 23 apartments will be provided for private market sale on the basis that the development cannot support any on-site affordable housing on viability grounds.

Planning

- 2.6** In July 2017, the Applicant submitted a planning application seeking planning permission for the following development:

"Demolition of existing buildings and construction of a mixed use development comprising part 8-storey, part 6-storey building, 23 no. residential units, 63sqm (GIA) commercial floorspace (A1, A2 & B1), 5 car parking spaces; 38 cycle parking spaces; refuse storage; communal amenity area; and associated highway works."

- 2.7** Current LB Lewisham planning policy requires 50% of all proposed dwellings to be provided as affordable housing unless it can be demonstrated through viability that a lower provision is appropriate. In exceptional circumstances, it is possible for the applicant to offer a payment in lieu of on-site affordable homes. In either circumstance an assessment must demonstrate that the maximum level of affordable housing has been secured or that an equivalent sum is paid to provide the equivalent number of affordable homes off-site.
- 2.8** In August 2017, the Mayor of London issued Supplementary Planning Guidance on affordable housing and viability assessments, stating that where a minimum of 35% affordable housing is provided on-site and meets the specified tenure mix, without access to public subsidy, the need for an FVA can be omitted in an attempt to speed up the planning process. With no affordable housing proposed, a detailed viability review remains a requirement in the determination of this planning application.

Section 106 and CIL Proposals

- 2.9** The Applicant has allowed for Borough CIL and Mayoral CIL costs at £70 and £35 per sq m respectively. These rates have been applied to the proposed net increase

in accommodation relating to the new-build residential accommodation, allowing for affordable housing relief, where applicable. The Applicant has included a total CIL contribution of £158,830.

2.10 It is our understanding however, that the current CIL liability would be greater than the allowance currently included in the Applicant's FVA on the basis that the base charge rates have not been indexed as at the time the FVA was prepared. In order to reflect a more accurate liability, Urban Delivery has applied the latest charge rates to the CIL calculations. These are understood to be £77.29 per sq m for the Borough CIL and £44.69 per sq m for the Mayoral CIL.

2.11 Based on a net increase in floor area for residential accommodation of 1,492 sqm and 63 sqm for the commercial accommodation, we have provisionally estimated the CIL liability to be:

LBL Borough CIL:	Residential: 1,492 sqm x £77.29	= £115,317
Mayoral CIL:	Residential: 1,492 sqm x £44.69	= £66,677
	Commercial: 63 sqm x £44.69	= £2,815

2.12 The CIL liability and contribution is therefore likely to be as follows:

- Mayoral CIL: £69,492
 - LB Lewisham CIL: £115,317
- TOTAL LBL CIL & MCIL COST: £184,809**

2.13 In addition, an allowance has been made for S106 contributions totalling £50,000 for off-site children's play space.

2.14 We would recommend that these S106 and CIL figures are confirmed by the Council, with particular attention given to required indexation of the CIL liability since charging schedules were adopted. Should additional CIL or S106 contributions be required this will impact on the viability of the development and could affect the Applicant's ability to deliver the proposed scheme.

3 APPROACH TO VIABILITY APPRAISAL

Limitation of residual development appraisals

3.1 We have prepared a series of development appraisals using the industry standard Argus Developer software to appraise the project viability. Please note the following;

- Development appraisals are highly sensitive to their inputs (i.e. small changes in inputs can lead to a marked change in outputs).
- Development appraisals are required to assess viability as at today's date, which is reinforced in the RICS Financial Viability in Planning guidance note. They are permitted to factor in historic costs and also potential future market and cost inflation. However, this all needs to be considered as at today's date.

Approach to Appraisal

3.2 In undertaking a viability assessment for planning purposes Urban Delivery gives full consideration of the RICS Guidance Note 94/2012 (GN94) – Financial Viability in Planning. GN94 provides an objective methodology framework to support Affordable Housing viability assessment. The GN94 highlights that it is grounded in the statutory and regulatory planning regime that currently operates in England. It is consistent with the Localism Act 2011, the NPPF and Community Infrastructure Levy (CIL) Regulations 2010 (as Amended). GN94 concludes that the fundamental issue in considering viability assessments in a town planning context is whether an otherwise viable development is made unviable by the extent of planning obligations or other requirements.

3.3 GN94 defines financial viability for planning purposes as follows:

"An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project".

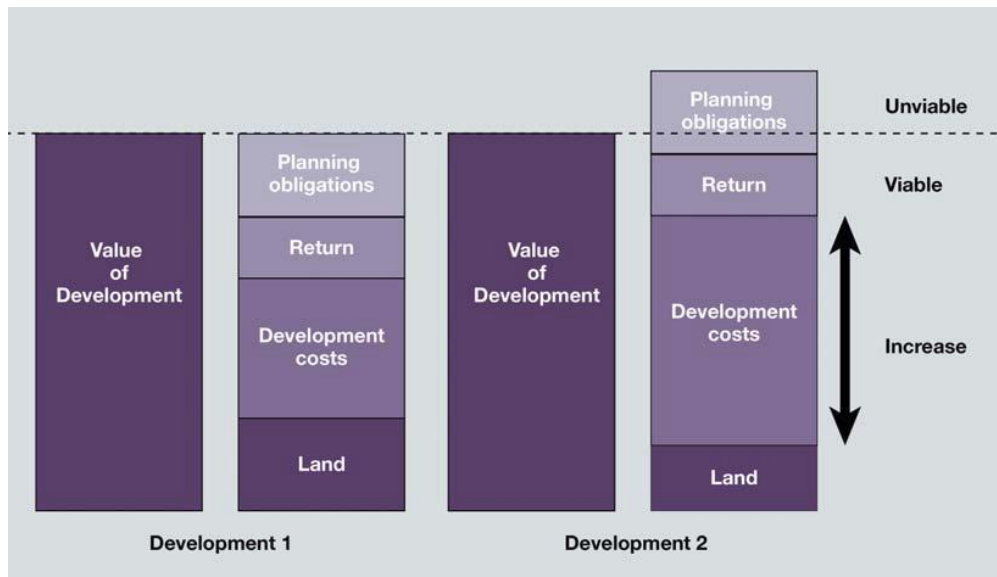
- 3.4** GN94 proposes the use of a residual appraisal methodology for financial viability testing and that such a methodology is normally used, where either the level of return or site value can be an input and the consequential output (either a residual land value or return respectively) can be compared to a benchmark having regard to the market in order to assess the impact of planning obligations or policy implications on viability. GN94 defines site value as follows:

“Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan”.

- 3.5** It is accepted however that any assessment of site value will have regard to potential planning obligations, and the purpose of the viability appraisal is to assess the extent of these obligations while also having regard to the prevailing property market.

- 3.6** This principle is demonstrated by the diagram found in GN94 and replicated in fig.3.1 below. The costs and necessary returns of Development 1 are such that policy can be met in delivering all planning obligations while meeting a site value for the land, all other development costs and a market risk adjusted return. In contrast, Development 2 indicates that an increase in costs results in an inability of that development to absorb the original planning obligations and is therefore unviable. A financial viability assessment would be required to ascertain what could viably be delivered in the way of planning obligations while ensuring that the proposed development was viable and deliverable.

Fig.3.1: Demonstration of viability



Source: RICS Guidance Note 94/2012.

- 3.7 While Urban Delivery accepts the RICS definition of Market Value as an appropriate basis to assess site value, we are aware of growing concern among Local Planning Authorities of the miss-use of this approach and a failure to account for appropriate planning obligations in the determination of development land values.

- 3.8 The NPPF acknowledges that 'willing sellers' of land should receive 'competitive returns'. Competitive returns can, in theory, only be achieved in a market context (i.e. Market Value).

- 3.9 It is noted that as of August 2017, the Mayor of London has adopted its Affordable Housing and Viability SPG which sets out the preferred method of Benchmark Land Value assessment. The Mayor considers that the EUV+ approach is usually the most appropriate approach for planning purposes.

- 3.10 Where the existing site or property is undeveloped or in a condition unsuitable for use or occupation, an alternative approach could be to consider the Alternative Use Value (AUV). This methodology seeks to identify an alternative use or development that could be permitted on the site, in line with planning policy. The cost of constructing this hypothetical development must be considered and deducted from the potential development value in order to generate a Residual Land Value (RLV). This RLV can then be suggested as the Benchmark Land Value.

- 3.11** This viability assessment has been undertaken in accordance with the LB Lewisham's Supplementary Planning Document (SPD) on Planning Obligations, adopted on the 25th February 2015. This includes guidance on financial viability assessments (paragraphs 4.31 to 4.38). In respect of land value, the SPD notes that the analysis should be based on land values as set by the application of planning policy in determining the permissible scope of development rather than the price actually paid for the land.
- 3.12** The site value adopted in this viability assessment is based on Existing Use Value+, in respect to its current state as a mixed-use retail and residential block.
- 3.13** In determining the EUV+, Urban Delivery will have regard to transactional evidence for similar properties in the local vicinity, or further afield were appropriate and justified.

Residual Development Appraisal Assumptions

- 3.14** Our residual development appraisal has been prepared using Argus Developer, a recognised industry standard package that models individual development schemes and development phases. The model is based on costs and values adopted by the appraiser and can then be applied to a bespoke timeframe with assumptions on cost breakdown throughout the life of the project. This assumption on costs, revenues and the timing of such is then used to calculate finance costs.
- 3.15** In our residual development appraisal we have adopted our own assumptions on the amount and timing of income and expenditure, explaining why these differ from the Applicant's assumptions, if applicable. As part of our review we have examined all assumptions and formed our own independent view on whether these assumptions are applicable in the current market conditions.
- 3.16** We have appraised the development scheme as a single phase. We provide a copy of this appraisal in Appendix 3 and set out the revenue and cost assumptions adopted.

4 MARKET ANALYSIS

Local Property Market

- 4.1** We have undertaken a review of the local property market to identify a range of comparable evidence relating to sales, rental values and investment yields for retail properties as well as new build residential unit sales.

Benchmark Land Value Review

- 4.2** The existing use of the Property is a mixed-use block comprising four retail units on the ground floor with four 2 bedroom apartments on two upper floors. In order to review the existing use value for the Property we have investigated transactional evidence from around the local vicinity to ascertain reasonably achievable investment values for retail and residential units.
- 4.3** The Applicant has valued the existing Property at £980,000. To incentivise a landowner to release the site for development a premium of 20% has been applied which generates a Benchmark Land Value (BLV) of £1,176,000.

Retail Property Values

- 4.4** During the course of our market review we have noted Land Registry records identify the Property was acquired by IMA Project Two Limited on the 10th June 2016, for a sum in the order of £1,125,000. The acquiring party is assumed to be the Applicant. It is noted that this purchase price is £51,000 lower than the adopted BLV within the Applicant FVA. It is not certain however whether the acquisition price is subject to any overage payments related to the successful grant of planning permission or any other trigger to generate additional value. For the purpose of this FVA review, it is assumed this was an unconditional acquisition and this price reflects the total land cost.
- 4.5** Despite having this information available, it should be noted that the BLV should be based on the Existing Use Value plus a premium, as at the date of the FVA. For this reason, we have sought to establish the likely achievable rental value and investment

yield that the Property could expect to achieve. To assist in forming this opinion we have made reference to the available comparable evidence.

167 Sydenham Road, SE26

- 4.6** This retail unit is located approximately 0.7km to the west of the Property, and is more central to Sydenham and is considered to be a superior retail location. The unit extends to 70 sqm (753 sq ft) and was leased to Beer Rebellion, a craft beer venue, in January 2017 for a rent of £26,000 pa. This reflects a rental rate of £371 per sq m (£34.50 per sq ft), overall. As a leisure retail unit it would be expected this unit to achieve a premium rental level compared to A1 retail units.

170 Sydenham Road, SE26

- 4.7** This retail unit is located approximately 0.7km to the west of the Property, and again, is more central to Sydenham. The unit extends to 52 sqm (565 sq ft) and was leased in January 2015 for a term of nine years at a rent of £7,500 pa. This reflects a rental rate of £143 per sq m (£13.30 per sq ft), overall.

341 Sydenham Road, SE26

- 4.8** This retail unit is located approximately 0.1km to the west of the Property, close to the corner of Bell Green. The unit extends to 33 sqm (350 sq ft) and was leased in December 2014 for a rent of £10,000 pa. This reflects a rental rate of £307 per sq m (£28.50 per sq ft), overall.

287 Sydenham Road, SE26

- 4.9** This retail unit is located approximately 0.3km to the west of the Property. The unit extends to 129 sqm (1,390 sq ft) of which 59 sqm (640 sq ft) is used for retail sales area. The unit was marketed in 2015 to either lease or for sale. The asking rent was £12,000 pa, reflecting a rental rate of £93 per sq m (£8.60 per sq ft), overall. However, the unit was eventually acquired in December 2015 for a sum of £140,000 reflecting a capital value of c.£1,085 per sqm (£101 per sq ft) and an investment yield of 8.35% net of purchaser's costs.

99 Kirkdale, SE26

- 4.10** This retail unit is located approximately 1.5km to the west of the Property, on the other side of Sydenham. The unit extends to 41 sqm (437 sq ft). The unit was leased in July 2017 for a term of 10 years at a rent of £11,000 pa, reflecting a rental rate of £271 per sq m (£25 per sq ft), overall. However, the unit was subsequently sold as an investment in October 2017 at auction for the sum of £150,000 reflecting a capital value of c.£3,660 per sqm (£343 per sq ft) and an investment yield of 7.1% net of purchaser's costs.

278-280 Kirkdale, SE26

- 4.11** This newly constructed retail unit is located approximately 1.2km to the west of the Property, close to Sydenham station. The unit extends to 149 sqm (1,604 sq ft) across ground and basement levels. The unit was leased in November 2016 for a term of 15 years to Acorn Estate Agents at a rent of £30,000 pa, reflecting a rental rate of £201 per sq m (£18.70 per sq ft), overall. The unit was sold as an investment in December 2016 at auction for the sum of £425,000 reflecting a capital value of c.£2,850 per sqm (£265 per sq ft) and an investment yield of 6.75% net of purchaser's costs.
- 4.12** We have also had regard to evidence set out in the GVA valuation report included with the Applicant's FVA. This report acknowledges the limited comparable evidence and refers to the historic lettings at 86-92 Bell Green which were agreed in 2013 and 2014 and typically secured rents at £7,500 pa, reflecting Zona A rental values of c.£231 to £242 per sqm (£21.50 to £22.50 per sq ft).
- 4.13** We note that the transactional evidence available is not truly comparable in terms of location and quality, with the Property itself being located in a secondary or tertiary pitch and is in a poor state of decoration. It will therefore be necessary to make a judgement on appropriate adjustments to the evidence stated above to form an opinion on achievable rental and capital values for the existing retail units.

4.14 The retail lettings evidence indicates an overall rental range of £93 to £371 per sqm (£8.60 to £34.50 per sq ft) which is considered to be quite broad. The middle of this range is calculated to be approximately £231 per sq m (£21.50 per sq ft).

4.15 Having considered the retail letting evidence available, we are of the opinion that the existing four retail units could achieve a rent equivalent to £231 to £242 per sqm (£21.50 to £22.50 per sq ft) in the current market. We would also expect investment yields to be in the region of 7% to 8%, assuming the premises were suitable for accommodation.

Residential Rental Property

4.16 The existing Property includes four 2 bedroom flats. The Applicant's BLV calculation assumes these will be let on AST agreements at an average rent of £1,000 pcm, rather than sold as long leasehold interests. We have given both options due consideration in the arrival at our opinion on an appropriate BLV.

4.17 A review of the property websites Rightmove and Zoopla has identified a range of two bedroom flats available for rent in the vicinity of the Property, on Sydenham Road, Southend Lane and Worsely Bridge Road. Asking rents start from £1,100 pcm and range up to £1,450 pcm.

4.18 On the basis that the units within the Property are on a busy road and appear to be in a poor state of decoration we would anticipate rental values to be towards the lower end of this range. A rent of £1,000 to £1,100 pcm could be achievable although allowance would need to be made for voids between lettings.

Residential Sale Property

4.19 With regard to sales evidence for long leasehold units, a review of the local property market identifies that two bedroom apartments within older blocks and in need of renovation are currently being priced at between £200,000 and £230,000. Allowing for a 5% discount on asking prices this would reduce the range to c.£190,000 and £219,000. Adopting the lower range would indicate a capital value of c.£760,000 for

the four units. However, it is assumed that capital expenditure would be necessary to renovate the units and put them into a saleable condition.

- 4.20** Assuming an allowance of £30,000 per apartment, the net price that could potentially be achieved for the four units, on the assumption they are sold with the benefit of a long leasehold, could be in the order of £600,000 to £650,000.

New Build Residential Sales Evidence

- 4.21** For the purpose of considering the potential development value of the proposed scheme, we have undertaken a review of new build developments in the local area to identify a range of comparable sales evidence. This information is set out below.

Dylon Works, Station Approach, SE26 5HD

- 4.22** Dylon Works is a large development currently under construction by Crest Nicholson and is located approximately 0.6 km southeast of the subject property on Worsley Bridge Road. The development comprises of 223 one, two and three bedroom units
- 4.23** The prices achieved so far at this development are higher than we would expect to be achieved at the proposed development due to its location, proximity to Lower Sydenham station, the scale of development creating a greater sense of place with landscaped gardens and set back from the main arterial highways. Additionally, the 'Help to Buy' scheme is also supporting buyers with the availability of a 20% equity loan that has helped improve affordability over the initial five year period of ownership. The developer is also understood to provide car parking included within the unit price and offers to pay the buyers stamp duty. Discussion with the marketing agent has indicated that listed asking prices are achieved as agreed sale prices. Therefore, the average sale value of £631 per sq ft, as evidenced in the table below, should be regarded as a gross sales value with a deduction for incentives reducing this figure slightly.

Dylon Works, Worsley Bridge road								
Unit Ref	Beds	Floor Level	Description	Area (Sq m)	Area (Sq ft)	Prie	£ sq ft	Sold Date
C070	2	G	patio	75	804	£514,995	£641	N/A
C075	3	1	balcony	109	1175	£599,995	£511	N.A
C077	1	1	balcony	53	572	£394,995	£691	Nov-16
C082	3	2	balcony	109	1175	£599,995	£511	N/A
C083	1	2	balcony	53	572	£399,995	£699	Feb-17
C084	1	2	balcony	53	572	£399,995	£699	Feb-17
C085	1	2	balcony	53	572	£399,995	£699	Apr-17
C088	2	3	balcony	82	885	£534,995	£605	Jun-17
C094	2	3	balcony	93	1004	£549,995	£548	N/A
C095	1	4	balcony	52	560	£429,995	£768	Apr-17
C098	1	4	balcony	49	532	£394,995	£742	N/A
E118	1	1	balcony	52	557	£379,995	£682	N/A
E122	1	2	balcony	55	589	£402,500	£683	N/A
E124	2	2	balcony	63	679	£502,995	£741	N/A
E135	1	3	balcony	52	557	£389,995	£700	N/A
F148	1	G	patio	51	546	£389,995	£714	N/A
F166	1	G	patio	51	546	£395,000	£723	N/A
C071	3	G	patio	109	1175	£599,995	£511	N/A
C072	1	G		52	557	£384,995	£691	Apr-17
C073	1	G	patio	52	557	£379,995	£682	N/A
C074	2	1	balcony	82	885	£524,995	£593	Jun-17
C076	1	1	balcony	53	571	£394,995	£692	Feb-17
C078	1	1	balcony	53	572	£394,995	£691	Apr-17
C079	2	1	balcony	88	949	£529,995	£558	N/A
C081	2	2	balcony	82	885	£529,995	£599	Nov-16
C086	2	2	balcony	88	949	£529,995	£558	N/A
C087	2	2	balcony	93	1004	£534,995	£533	N/A
C093	2	2	balcony	88	949	£534,995	£564	N/A
C097	2	4	balcony	70	753	£534,995	£710	Apr-17
C099	2	4	balcony	70	755	£529,995	£702	N/A
D102	2	1	balcony	73	790	£519,995	£658	Feb-17
D103	3	1	balcony	107	1147	£599,995	£523	Jun-17
D104	3	2	balcony	107	1147	£599,995	£523	Apr-17
D108	2	3	balcony	73	790	£529,995	£671	Feb-17
D110	1	4	terrace	52	562	£419,995	£747	Apr-17
D113	1	4	terrace	52	562	£419,995	£747	Jun-17
E115	2	1	balcony	80	860	£524,995	£610	N/A
E119	1	1	balcony	52	557	£379,995	£682	N/A
E120	2	1	balcony	89	956	£524,995	£549	N/A
E125	2	2	balcony	69	743	£502,995	£677	N/A
E126	1	2	balcony	52	557	£384,995	£691	N/A
E127	1	2	balcony	52	557	£384,995	£691	Jun-17
E134	1	3	balcony	52	557	£389,995	£700	N/A
E138	2	4	balcony	70	754	£539,995	£716	N/A
E140	2	4	balcony	77	824	£534,995	£649	N/A
E141	1	4	balcony	51	549	£414,995	£756	N/A
E142	3	4	balcony	86	926	£599,995	£648	N/A
E143	1	4	balcony	50	533	£419,995	£788	N/A
F144	3	G	patio	114	1231	£599,995	£487	N/A
F154	1	1	balcony	51	546	£392,500	£719	N/A
F160	1	2	balcony	51	546	£395,000	£723	N/A
Average							£631	

Zanara Court, Sydenham Road, SE26

4.24 This scheme comprises a total of 18 apartments with a mix of one, two and three bedroom units, of which two are provided as intermediate rent affordable homes. The development is under construction and initial marketing of the first four units has only recently commenced with the main launch to be released in January 2018. So far only the one bedroom unit has been reserved and the remaining three units are available. Details are included in the table below.

Zanara Court, Sydenham Road, SE26							
Unit/Type	Floor	No Beds	Area (sq m)	Area (sq ft)	Asking Price	£psf	Sold Date
Flat 1	Grd	1	55	592	£385,000	£650	Reserved
Flat 2	Grd	2	64	689	£450,000	£653	OTM
Flat 3	Grd	3	88	947	£610,000	£644	OTM
Flat 4	Grd	3	90	969	£625,000	£645	OTM
Average						£647	

4.25 This development is located on Sydenham Road, closer to Sydenham station, approximately 1.1km west along Sydenham Road from the subject Site. While the units are of a similar size to the proposed scheme we attribute the higher value to its situation away from the busy junction on Bell Green, availability of a communal courtyard amenity space and its closer proximity to the railway station. There is also no certainty yet that the higher priced two and three bedroom units will achieve the initial asking prices and these should be viewed with caution at the current time.

Barclay Court, Venner Road, SE26

4.26 Barclay Court was a development of four one and two bedroom contemporary apartments located approximately 1.3km to the west of the subject Property. The units are described as being completed to a luxury finish. Since the release of these units in July 2016 a £75,000 reduction has been made on the available units. The unit sizes within this development are considerably smaller than within the proposed development therefore the £per sq ft will be higher at Barclay Court. Current prices are set out in the table below:

Barclay Court, Venner Road, SE26							
Unit/Type	Floor	No Beds	Area (sq m)	Area (sq ft)	Price	£psf	Sold Date
Flat 1	Grd	1	39	424	£300,000	£708	OTM
Flat 3	1st	2	53	570	£390,000	£684	OTM
Flat 4	2nd	2	53	570	£390,000	£684	OTM
Average				1564		£691	

Chaffinch Court, Rowden Road, BR3

- 4.27** Chaffinch Court is a development of six two bedroom contemporary apartments located approximately 0.3km from Clock House Station and 2km to the South of the Property. The development includes parking and is also offered on the Help to Buy scheme. We are advised that one unit in the current phase remains available and that the second phase is due to be released at the end of this year. Prices for the recently marketed units are set out in the table below:

Chaffinch Court, Rowden Road, Beckenham						
Unit Ref	Beds	Area (Sq m)	Area (Sq ft)	Price	£ Sq ft	Sold Date
1	2	61	660	£429,950	£651	SSTC
4	2	61	657	£437,500	£666	OTM
5	2	61	657	£442,500	£674	SSTC
Average					£664	

- 4.28** As can be identified from the table above, floor areas for the two bedroom units are similar in size to the units within the proposed development. However, Rowden Road is a superior residential location with quieter suburban streets close to Beckenham. As such, the units are likely to achieve a greater unit price than homes on the corner of Bell Green.

Albemarle Place, BR3

- 4.29** This new build scheme is a small development comprising nine two bedroom units, located 0.6km from Ravensbourne Station and 2.7km South east of the subject Site. The units are spacious and built to a high specification. It is understood from the sales agent that the development completed in December 2016 and all units are now sold. The table below includes sold prices, provided verbally by the agent. The two bedroom units in this development are considerably larger than in the proposed

development which is reflected in the higher capital values per unit. Due to the size of these units, it is believed the average £/sq ft is lower than could be achieved within the subject development.

Albermarle Place, Albemarle Road, Beckenham						
Unit Ref	Beds	Area (Sq m)	Area (Sq ft)	Price	£ sq ft	Sold Date
1	2	103	1,112	£535,000	£481	2H/2017
3	2	98	1,060	£520,000	£490	1H/2017
5	2	81	868	£495,000	£570	1H/2017
6	2	103	1,112	£530,000	£481	1H/2017
8	2	81	868	£495,000	£570	1H/2017
9	2	960	1,030	£535,000	£519	1H/2017
Average					£514	

Newbeck Court, BR3 1QJ

4.30 Newbeck Court is a collection of one and two bedroom units marketed by JDM New Homes, set within a gated development, located close to New Beckenham Station and is approximately 1.4km south of the subject Site. The development was launched at the end of 2015 and all units are now sold.

4.31 Upon enquiring about this development the marketing agent advised that in their opinion the property market had not moved significantly in terms of availability of similar developments and these prices should provide a good indication of achievable prices in the local area.

Newbeck Court, Beckenham						
Unit Ref	Beds	Area (Sq m)	Area (Sq ft)	Sold Price	£ Sq ft	Sold Date
11	2	63	679	£375,000	£552	Mar 2017
10	2	77	825	£425,000	£515	Apr 2017
12	1	52	557	£310,000	£570	Sept 2017
Average					£539	

Resale Apartments

4.32 Due to a limited selection of new-build apartments within the local vicinity to Bell Green, we have also given consideration to resale units within the immediate area. Resales of older homes in the Sydenham area have been included in the table below to provide an indication of likely achievable sale prices for the subject development.

Apartment resales						
Address	Description	Area (Sq ft)	Sale Date	Sale Price	£/Sq ft	
Flat 4, 266-268 Kirdale road, SE26 4RS	1 bed, 2002 conversion, above a shop	484	April	£295,000	£609	
Flat 4, The Arc, 85 Willow way, SE26 4AR	2 bed flat	721	Oct-16	£385,000	£533	
First Floor Flat, 75, Larkbere Road, SE26 4HA	1 bed flat	484	Aug-17	£320,000	£661	No Image Available
10 Loxley Close, Sydenham, SE26 5DU	1 bed, top floor flat	624	Aug-17	£280,000	£449	
33b Burghill Road, Sydenham, SE26 4HJ	2 bed flat situated within converted house	883	Sep-17	£390,000	£441	
Flat 6, Burghill Court, Mayow Road, Sydenham, SE26 4HW	2 bed flat	678	Sep-17	£350,000	£516	No Image Available

4.33 The re-sale evidence above indicates a range of sales values for one and two bedroom units in the vicinity of the subject Property. The one bed units range from £280,000 to £320,000 while the two bedroom units range in value from £350,000 to £390,000. The £/sq ft values range from £441 to £609 per sq ft, although this metric is dependent on unit size in relation to the sale price and unit type.

4.34 We would comment that due to the limited availability of comparable new-build units within the immediate locality, the resale evidence provides a good indication of the potential pricing for respective unit types. However, we would expect new-build units to command a premium to existing housing stock, particularly where sale incentives are to be offered to purchasers as well as access to the Help to Buy scheme.

Summary

4.35 Urban Delivery has conducted market research by speaking to local estate agents in Sydenham and surrounding areas. It is the consensus from speaking to these agents that the market has remained strong for one and two bedroom units. While three bedroom units are less common, it is believed these will be popular with purchasers seeking larger properties to accommodate a family, particularly where private outside amenity space is available, although these will be price sensitive.

4.36 Agents have indicated that over the past few years, sale prices within the larger developments have been supported by the government's Help to Buy scheme and as such prices have been slightly inflated. There is a risk that when this scheme expires sales rates could start to fall back slightly.

4.37 We would suggest that although it is useful to be aware of larger developments such as Dylon Works, it is more helpful to reference similar scale developments on the market such as units at Zanara Court, Barclay Court and Chaffinch Court. While these schemes are all situated in different locations with differing characteristics to the Property at Bell Green, they help to offer an indication of unit pricing.

4.38 With regard to estimating the achievable average unit sales prices for the one bedroom units we suggest a range between £317,500 and £327,500. With regard to the two bedroom units we suggest a range of between £410,000 and £465,000. With regard to the three bedroom units, on the basis these appear to be small units, we suggest pricing between £495,000 to £535,000. The application of this unit pricing range generates an average sales value of £6,555 per sq m (£609 per sq ft). This is marginally greater than the residential sales values applied to the Applicant's FVA of

£6,458 per sq m (£600 per sq ft). A copy of the indicative pricing schedule is attached at Appendix 2.

Residential Rental Values

4.39 To assess the potential value of any rented affordable homes, our assessment of the price a Registered Provider could pay to acquire any of these units is based on the Local Housing Allowance rates as at November 2017 for this location. These are currently as stated below:

- 1 bed @ £204.08 per week
- 2 bed @ £265.29 per week
- 3 bed @ £330.72 per week

4.40 These figures have been adopted to test the value that could be attributed to on-site affordable homes and therefore their impact on viability and the total number and mix of tenures that could be provided by the Applicant.

4.41 In assessing the potential value attributable to any Affordable Rented units we have taken into account the government's requirement for Registered Providers to reduce rents by 1% per annum up to 2020. We have concluded that a Registered Provider may typically adopt a blended rate for the one, two and three bedroom units of £2,650 per sq m (£246 per sq ft), reflecting a value of circa 40% of the estimated private sales value. We note however that the Applicant has indicated a rate of £2,860 per sq m (£266 per sq ft) within its own FVA report.

4.42 With regard to shared ownership units we have adopted market values and made an assumption on the initial sale of equity to the purchaser. This is assumed to be 25%. The rental payments on the interest retained by a Registered Provider are then calculated based on a maximum of 2.75% of the outstanding value per annum.

4.43 This approach indicates a blended value for the one, two and three bedroom units at £3,875 per sq m (£360 per sq ft), reflecting a value of circa 60% of the estimated private sales value. We note however that the Applicant has indicated a rate of £3,820 per sq m (£355 per sq ft) within its own FVA report.

5 VIABILITY ASSESSMENT

Benchmark Land Value

5.1 The Applicant's FVA allows for a Benchmark Land Value of £1,176,000. This is calculated based on an estimated EUV of £980,000 plus a 20% premium of £196,000. To complete an objective viability assessment, Urban Delivery has sought to review the potential existing use value for the Property in its current use as four ground floor retail units and four 2 bedroom flats on the upper two storeys.

Existing Use Value

5.2 Based on the evidence we set out in the previous section of this report relating to retail property values, we are of the opinion that that achievable rent for the retail units would be in the order of £231 per sq m (£21.50 per sq ft).

5.3 We are advised by the Applicant that the four retail units comprise the accommodation as set out in the table below, with which we have used to estimate the market rent.

Retail Unit	Area (Sqm)	Area (Sq Ft)
86 Bell Green	30.9	333
88 Bell Green	32.3	348
90 Bell Green	32.1	345
92 Bell Green	25.5	275

5.4 Applying the rental value stated to these floor areas would generate a rental revenue of just under £28,000 per annum.

5.5 With regard to the residential units, we have based the likely achievable income on the evidence stated in section 4 of this report which supports the Applicant's assumption of a monthly rent of circa £1,000 pcm for each of the units. Assuming all four units could be re-let, this would generate an annual revenue of £48,000.

5.6 The combined rental income would generate a revenue of circa £76,000 per annum. To reflect the risk of this investment however, we would apply a yield of 7.5%, compared with the Equivalent yield of c.6.3% adopted by the Applicant's valuer. This appraisal is summaries below, and generates a new current use value in the order of £960,000.

Current Use Value			
86-92 Bell Green, Sydenham, SE26			
Retail Accommodation			
86 Bell Green	333	Sq Ft	
88 Bell Green	348	Sq Ft	
90 Bell Green	345	Sq Ft	
92 Bell Green	275	Sq Ft	
Total Retail Accommodation	1,301	Sq Ft	
Rent @ £21.50psf	£	27,972	
	Say	£ 28,000	Per Annum
Residential Accommodation			
Flat 1	£ 12,000	Per Annum	
Flat 2	£ 12,000	Per Annum	
Flat 3	£ 12,000	Per Annum	
Flat 4	£ 12,000	Per Annum	
Total Residential Income	£ 48,000	Per Annum	
Reversion			
Total Revenue	£ 76,000		
YP in Perp @ 7.50%	13.3333		
Gross Value		<u>£ 1,013,333</u>	
Gross EUV		<u>£ 1,013,333</u>	
Less: purchasers costs @ 5.4%		<u>£ 961,417</u>	
	Say:	£ 960,000	

5.7 This figure is £20,000 lower than the value assumed by the Applicant, and is therefore within an acceptable tolerance. We would agree that a premium of 20% is reasonable to incentivise the owner to release the asset for development, which applied to our own EUV calculation would indicate a BLV of £1,152,000.

Appraisal Inputs

Residential Revenue

- 5.8** Based on the limited evidence of new-build residential sales data in the local vicinity, we are of the opinion that for the purpose of this viability assessment it would not be appropriate to adopt a strict value per sq m (or sq ft) on this alone and have also had regard to some of the re-sales evidence reported locally. In view of this mix of evidence we have given consideration to the potential unit pricing for the mix of one, two and three bedroom apartments in this proposed scheme, at the current time.
- 5.9** In consideration of the sales evidence for both new-build and re-sale homes in the local vicinity, we have applied estimate sale prices for each unit as summarised in the table below:

Apartment Type	No. of Units	Unit Price
1 Bed Unit	10	£317,500 to £327,500
2 Bed Unit	8	£410,000 to £465,000
3 Bed Unit	5	£495,000 to £535,000
Total	23	£9,242,500

- 5.10** Our own assessment of the residential sales revenue is c.£117,000 greater than suggested in the Applicant's viability report and reflects only a marginal increase.

Ground Rent Revenue

- 5.11** The Applicant has applied an average ground rent of £275 per annum for all proposed dwellings. This generates an annual ground rent income of £6,325. We would comment that this level of ground rent is towards the lower end of the range for new developments in London and would expect ground rents to be in the order of £250 for one bed units, £300 for two bed units and £350 for the three bed units. We have applied this range to our own FVA which generates an annual ground rent income of £6,650.

5.12 The Applicant has applied a yield of 5.5% to the ground rent investment. We are of the opinion this is an acceptable investment return for the proposed ground rent investments and we have therefore applied a yield of 5.50% within our own appraisals.

Commercial Revenue

5.13 The proposed development includes a 63 sqm (678 sq ft) retail unit. The Applicant has applied a rental value equivalent to £194 per sq m (£18 per sq ft) and a yield of 7.75%. Based on the evidence to support the BLV we believe this is lower than should be achieved and have applied a rental value equivalent to £231 per sqm (£21.50 per sq ft) and a yield of 7.5%. This assumption generates a value approximately £35,000 greater than the Applicant had included within its own FVA.

Cost Advice

5.14 In order to check the Applicant's cost assumptions we have taken advice from Trident Building Consultancy. Trident has reviewed the Applicant's cost summary and analysed the broad inputs that make up the total construction costs. A copy of Trident's report is attached at Appendix 1.

5.15 In summary, Trident has found the cost assumptions adopted by the Applicant to be towards the higher end of the cost range it would expect for a development of this nature. As such, Trident has suggested that the cost figure adopted within the Applicant's FVA should be reduced from an inflation adjusted figure of £5,708,319 to £5,408,319 which equates to around £2,662 per sq m (£247 per sq ft), inclusive of external works, abnormal costs and design contingencies.

S106 and CIL Contributions

5.16 We have applied the overall Borough CIL and Mayoral CIL contributions to our appraisal as set out in paragraph 2.12. These total £184,809. These calculations are understood to be based on the appropriate CIL contributions that would be due for the proposed development. We would recommend that the Council check these figures are accurate based on the agreed floor areas and any indexation to be applied to the agreed CIL charge rates.

- 5.17** The Applicant has allowed for S106 contributions of £50,000 for providing an off-site children's play area. We have therefore applied this S106 cost to our own appraisals.

Professional Fees

- 5.18** The Applicant has adopted an average cost for professional fees reflecting 10% of construction costs. For a new scheme, depending on scale and complexity, we would ordinarily allow for fees in the order of 8% to 12% of build costs. On the basis that this proposed development is relatively non-complex, we would accept the Applicant's figure and have adopted a rate of 10% within our own appraisal.

Marketing Costs

- 5.19** The Applicant has applied marketing and sales costs of 3.00% of the private residential sales values and 2.5% for the commercial and ground rent investment to cover agency fees in addition to advertising and production of marketing materials. This could also potentially include the preparation of a show flat.
- 5.20** We are aware that different developers attribute different marketing rates and that such rates typically range from a relatively notional rate up to circa 3.5%. These costs would usually be expected to cover the preparation of a show apartment, production of brochures and website, running the marketing suite and paying marketing staff salaries and/or commission to achieve sales. We are of the opinion that the rate applied by the Applicant is acceptable and we have adopted the same rate within our own appraisal.

Legal Fees

- 5.21** There is no specific reference within the Applicant's FVA for Legal Fees. However, it is usual for some allowance to be included to cover conveyancing matters. Within our appraisal we have allowed for sales legal fees equivalent to 0.25% of the residential sales values and 0.5% of the capital value for the retail unit and ground rent investments.

Finance Costs

- 5.22** The Applicant has adopted a finance rate of 6.75% across the development. We note that there is no separate fee for arrangement costs or loan exit fees which typically range from 1% to 2% of the funds borrowed.
- 5.23** It should also be borne in mind however that in practice, in order to limit loan to value ratios to no more than 70% to 80%, a proportion of the development funds will be drawn from internal reserves which can attract a higher 'cost of money' where opportunity costs require an internal rate of return in excess of finance rates offered by financial institutions. As such, for the purpose of this viability assessment the Applicant's adopted rate appears reasonable.

Developer Profit

- 5.24** Within the Applicant's FVA the Applicant has targeted a profit rate is 17.5% profit on Gross Development Value. Typically, developers will target a rate of return in excess of this figure for the purpose of viability assessments and a rate of 20% is often cited as a minimum level of return at the planning stages of a development. For the purpose of this FVA review we would accept the Applicant's profit rate and have therefore based our target return on a profit of 17.5% on private sales and the commercial use. Where applicable, we would adjust the profit rate to 6% where any on-site affordable homes are included.
- 5.25** With regard to a suitable development return for a standard development project, we consider the GLA Toolkit's default allowance of 20% of Gross Development Value a reasonable benchmark. However, we are aware that other viability toolkits permit a range of profit levels to suit the phasing and perceived risk of the project.
- 5.26** We would also have regard to past appeal cases where the Planning Inspectorate has passed judgement on the acceptability of certain profit levels within viability assessments. One particularly prominent case being The University of Reading Vs Wokingham BC in which the Inspector accepted a developer return of 20% profit on GDV.

5.27 We would also note that with continuing uncertainty on the impact of the UK's departure from the EU and uncertainty continuing over the short to medium-term performance of the London housing market, there is greater risk perceived in the lending market which has seen development funding increase in cost over the past 12 months. As such, lenders are potentially likely to require developers to provide a greater 'buffer' to repay loans and this could reinforce the requirement for a slightly greater developer profit to be achieved.

6 VIABILITY OUTPUTS

Viability Findings

- 6.1** We have undertaken our own appraisal and have arrived at the main outcomes described below.
- 6.2** Based on our opinion of Gross Development Value for the proposed development, the development costs, an acceptable level of developer profit and a Benchmark Land Value of £1,152,000, we are of the opinion that the development is generating a viability gap of circa £157,000. In view of this output, we are of the opinion that the proposed development is unable to support the inclusion of any on-site affordable housing, which would further impact negatively on the viability of the development scheme.

Sensitivity Analysis

- 6.3** In view of the current property market uncertainties resulting from the vote for Britain to exit the EU and broader economic performance in the London housing market, we have undertaken a series of sensitivity analyses to identify the potential upside and downside risk to the Applicant.
- 6.4** The table below sets out the surplus or deficit that the scheme with 100% private sale units could generate where the sales values of the private units fall and rise by the stated level. For the purpose of this sensitivity testing we have applied our own opinion on sales values.

Private Sales Value	Deficit / Surplus (Target RLV is £1,152,000)
+5%	£150,000
+10%	£456,000
+15%	£763,000
-5%	-£464,000
-10%	-£771,000
-15%	-£1,085,000

6.5 With the current proposal being assessed as financially non-viable, the sensitivity testing indicates that average sales values would need to increase by approximately 2.50% to achieve a scheme that breaks-even. As set out in the above table, any further reductions in sale value, caused by current market uncertainties, will significantly impact on the viability and potential delivery of the proposed development.

Policy Compliant Affordable Housing

6.6 To provide a policy compliant mix of affordable homes we have undertaken further sensitivity testing to identify the required average private sales value to support the development. The average base sales value is set at £6,555 per sq m (£609 per sq ft). This sensitivity testing assumes a mix of 70% affordable rented homes and 30% shared ownership homes. The average blended rate adopted for the mix of rented and intermediate Affordable Housing is £3,150 per sq m (£293 per sq ft).

% Affordable Homes	Required Sales Value	Alternative Surplus
50% (11 units)	£900 per sq ft	£2,779,000
35% (8 units)	£783 per sq ft	£1,601,000

6.7 In order to achieve a 50% policy compliant mix of affordable homes the average private sales value would need to increase by approximately 47.85% to achieve an average of £9,687 per sq m (£900 per sq ft). The column indicating the 'Alternative surplus' reflects the surplus the development project would achieve assuming the stated sales value was achieved, having allowed for the agreed Benchmark Land Value and the developers target profit equivalent to 17.5% profit on GDV.

Review Mechanism

6.8 For larger schemes we would typically recommend a review mechanism within a S106 agreement to review viability of the scheme towards the end of the development programme. This would be used to assess the average sales values that have been achieved and ascertain whether any 'top-up' payments should be made to the Council. While review mechanisms have not typically been applied to

smaller or single phase schemes, this is something that is now being advocated by the Mayor of London in order to ensure a fair contribution is received from developers towards the provision of affordable housing across London.

7 CONCLUSION

- 7.1** Having reviewed the Applicant's proposal for the development of the subject Property we are of the opinion that the development is not financially viable and will generate a deficit of circa £157,000.
- 7.2** As at the date of this report, this level of deficit indicates that the proposed development scheme will not be able to support the inclusion of any affordable homes.
- 7.3** Additionally however, as indicated by the sensitivity analysis set out in section 6 of this report, consideration should also be given to current property market uncertainties caused partly by the referendum vote to exit the EU as well as a broad slowing or decline of house price growth in London and the risk implications this has for the Applicant in proceeding with this project. Should house prices fall over the following 12 months and beyond, this will have significant implications on the financial viability of the project and the delivery of the proposed development scheme.

APPENDIX 1

Trident Cost Report

Financial Viability Report

86 – 92 Bell Green

Sydenham

Lewisham

London

SE26 4PZ

Report Dated 18 October 2017

Financial Viability Report

Prepared for London Borough of Lewisham
C/O Urban Delivery Limited
17 Hanover Square
London
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Prepared by Trident Building Consultancy Limited
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London
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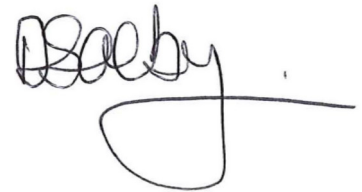
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A handwritten signature in black ink, appearing to read "Dave Saxby". The signature is written in a cursive style with a long horizontal stroke at the end.

A handwritten signature in blue ink, appearing to read "CD". The signature is written in a cursive style.

Checked by Colin Dunne BSc (Hons) MRICS

Reference CD/E2017-0928

Date issued 18 October 2017

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1.0 Introduction

- 1.1 Trident Building Consultancy Limited were appointed by Urban Delivery Limited to review the construction cost estimate for the proposed residential development at 86-92 Bell Green, Sydenham, Lewisham, London, SE26 4PZ.
- 1.2 The construction cost review will form part of a Financial Viability Study undertaken by Urban Delivery Limited. This report is for the purposes of Urban Delivery Limited only and has been prepared in accordance with our scope of services document included within our appointment document.

2.0 Project Description and Information Received

2.1 PROJECT DESCRIPTION

- 2.1.1 The development site is approximately 0.034 hectares in area and is rectangular in shape. Access into site is via the busy Bell Green road to the front.
- 2.1.2 The application site houses a detached terrace of 4 no. retail shops with 4 no, 2 bedroom residential flats above built c.1960.
- 2.1.3 The proposed development will comprise the demolition of existing building and construction of a mixed use development comprising part 8-storey, part 6-storey building, accommodating 23 no. residential units and 63sqm of commercial floor space. The scheme will deliver a mix of 1, 2 and 3 bedroom apartments. The development will include a communal outdoor amenity space, cycle parking, refuse provisions and associated highway works.
- 2.1.4 The proposed residential unit mix is as follows:

Unit Type	Nr. Of Units	%
1-bed, 2-person	10	43
2-bed, 3-person	8	35
2-bed, 4-person		
3-bed, 4-person	5	22
TOTAL	23	100

2.2 INFORMATION RECEIVED

2.2.1 We have received the following information in respect of the construction cost review:

- 86 – 92 Bell Green, Sydenham, Lewisham, London, SE26 4PZ Financial Viability Assessment (FVA) Report For IMA Real Estate July 2017;
- Information in respect of Planning Application DC/17/102792 http://planning.lewisham.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal= LEWIS DCAPR_90694

2.3 DEVELOPMENT AREAS

2.3.1 The Applicant's Appraisal is based on a construction cost using a Gross Internal Floor area of 23,145ft² (2,151m²). This area accords with the Pellings Cost Estimate Issue 04 dated July 2017. The breakdown provided to this area is as follows:

Unit Type	Nr.		Area (m ²)	Total Area (m ²)
1-bed, 2-person	10	@	50	500
2-bed, 3-person	5	@	62	310
2-bed, 3-person wheelchair accessible	3	@	75	225
3-bed, 4-person	4	@	75	300
3-bed, 4-person	1	@	78	78
Commercial unit	1	@	63	63
Covered car parking, bin and bike stores	1	@	204	204
Sub-Total				1,680
Circulation Areas				282
Balconies				189
TOTAL GROSS INTERNAL FLOOR AREA				2,151

2.3.2 We have undertaken our own check measure and calculated the GIFA to be 21,862ft² (2031m²). This is close to the GIA included on the schedule of accommodation within the Financial Viability Assessment Report which totals 21,636ft² (2010m²). It therefore seems the GIFA included within the Pellings cost estimate of 23,153ft² (2151m²) has been miscalculated. We would also note within the Pellings GIFA they have allowed for balcony areas, which in line with measuring code of practice, should not be included within the GIFA total.

3.0 Review of Construction Cost

3.1 SUMMARY OF CONSTRUCTION COST

3.1.1 The Cost estimate prepared by Pellings has been provided in the total construction cost of £5,651,801; this is based on costs at 2nd Quarter 2017 and includes a contingency of £269,133 (which equates to 5%) and excludes Inflation and VAT.

An allowance of 4% has been included for main contractors design fees.

3.1.2 The Pellings cost estimate breakdown is as follows:

1	Facilitating works		£130,500	£64.25
1.1	Facilitating works		£130,500	£64.25
1	Substructure Sub-total		£268,360	£132.13
1.1	Substructure		£268,360	£132.13
2	Superstructure Sub-total		£1,955,655	£962.90
2.1	Frame		£283,483	£139.58
2.2	Upper floors		£320,552	£157.83
2.3	Roof		£41,420	£20.39
2.4	Stairs and ramps		£63,000	£31.02
2.5	External walls		£442,000	£217.63
2.6	Windows and external doors		£393,500	£193.75
2.7	Internal walls and partitions		£279,700	£137.72
2.8	Internal doors		£132,000	£64.99
3	Internal finishes Sub-total		£512,580	£252.38
3.1	Wall Finishes		£213,740	£105.24
3.2	Floor Finishes		£196,195	£96.60
3.3	Ceiling Finishes		£102,645	£50.54
4	Fittings, furnishings and equipment		£229,000	£112.75
4.1	Fittings, furnishings and equipment		£229,000	£112.75
5	Services Sub-total		£1,043,228	£513.65
5.1	Sanitary installations		£66,000	£32.50
5.2	Services equipment		£32,030	£15.77
5.3	Disposal installations		£52,811	£26.00
5.4	Water installations		£85,933	£42.31
5.5	Heat source		£58,410	£28.76
5.6	Space heating and air conditioning		£179,124	£88.19
5.7	Ventilation systems		£16,150	£7.95
5.8	Electrical installations		£232,845	£114.65
5.10	Lift and conveyor installations		£95,000	£46.77
5.11	Fire and lightning protection		£66,463	£32.72
5.12	Communication, security and control systems		£98,062	£48.28
5.13	Specialist Installations		£30,000	£14.77
5.14	Builder's work in connection with services		£30,400	£14.97
6	External works Sub-total		£127,990	£63.02
6.1	External Works		£127,990	£63.02
	Building works estimate		£4,267,313	£2,101.09
7.1	Main contractor's preliminaries	15%	£645,950	£318.05
7.2	Main contractor's overheads and profit	7%	£298,712	£147.08
7.3	Main contractors design fees	4%	£170,693	£84.04

	Base cost estimate		£5,382,668	£2,650.26
	Design development risk	5%	£269,133	£132.51
11	Risks Sub-total		£269,133	£132.51
Cost limit (excluding inflation)			£5,651,801	

3.2 REVIEW OF CONSTRUCTION COST

3.2.1 Once adjusted for the correct GIFA (2031m²), the Applicant's Cost Plan equates to a construction cost of £2,782.77/m² including abnormals, external works and contingency. The construction cost excluding abnormals, external works and contingency is £2,522.98/m². This cost is higher than we would normally expect.

3.2.2 The Applicant's Construction Cost can be summarised into elemental allowances as follows:

ELEMENT	COST £/m ²	TOTAL COST OF ELEMENT £
Facilitating works	£64	£130,500
Substructure	£132	£268,360
Superstructure	£963	£1,955,655
Internal Finishes	£252	£512,580
Fittings, Furnishings and Equipment	£113	£229,000
Services	£514	£1,043,228
External Works	£63	£127,990
SUB-TOTAL	£2,101	£4,267,313
Main Contractor's Preliminaries (15%)	£318	£645,950
Main Contractor's OH&P (7%)	£147	£298,712
Main Contractors Design Fees	£84	£170,693
Design & Construction Risk (5%)	£132	£269,133
TOTAL	£2,783	£5,651,801

3.2.3 As the costs noted above are based at 2Q 2017 levels we would suggest that these be updated to current day levels at 4Q 2017. Based on the BCIS Tender Price Index the uplift is approximately 1%. (2Q 2017: 299, 4Q 2017: 302).

3.2.4 The updated costs to 4Q 2017 would be as follows.

ELEMENT	COST £/m ²	TOTAL COST OF ELEMENT £
Facilitating works	65	131,805
Substructure	133	271,044
Superstructure	972	1,975,212
Internal Finishes	255	517,706
Fittings, Furnishings and Equipment	114	231,290
Services	519	1,053,660
External Works	64	129,270
SUB-TOTAL	2,122	4,309,986
Main Contractor's Preliminaries (15%)	321	652,140
Main Contractor's OH&P (7%)	148	301,699
Main Contractors Design Fees	85	172,400
Design & Construction Risk (5%)	134	271,824
TOTAL	2,810	5,708,319

4.0 Benchmarking

4.1 This section compares the cost of the new build residential units against other sources of cost data.

4.2 We have collated construction cost data from various sources for new residential units and this is summarised in the table below:

Ref	Source	Sample Size Nr	Residential Units Cost range £/m ²	Mean Average £/m ²	Median Average £/m ²
1	Trident Cost Data				
1.1	Total - Mixed Tenure Schemes less than 40 units	10	1,995 to 2,392	2,267	2,190
2	BCIS				
2.1	Apartmens / Flats (Generally)	943	1,393 to 1,883	1,669	1,596
	Apartments / Flats (3-5 Storey)	634	1,392 to 1,876	1,646	1,582

Notes

1) - *The range of costs for Trident historic data is based upon the lower and upper quartiles*

2) - *The range of costs for BCIS is based upon figures in the lower and upper quartiles*

3) - *BCIS Costs include for buildings only and exclude external works*

4.3 The reported construction cost of £5,708,319 equates to £2,810/m². The lower quartile figure is £1,995/m² and the upper quartile is £2,392/m². The mean average cost is £2,267/m² and the median cost is £2,190/m².

4.4 It can be seen that the Applicant's construction cost is outside the benchmark cost range for both Trident projects and BCIS cost data. The cost is £543/m² above the mean cost and £620/m² above the median cost.

4.5 To facilitate a like for like comparison with the BCIS Data, the sums included for facilitating works, external works and drainage should be omitted from the Applicants cost estimate. The items total £258,490. Once preliminaries (15%), Contractors OHP (7%), Design fees (4%) and Contingency allowance (5%) are added, the total cost of this element is £338,622 (£166.73/m²). Once this sum is deducted from the total cost of £2,810/m², the cost for the building only is £2,643/m². It can be seen that this sum is still significantly above both BCIS and Trident cost benchmarks. We are aware that the



access into and within the site is fairly restricted which will have a slight impact on costs for this development. As well as this, there are also some fairly large external amenity spaces which are not included within the GIFA measures that again shall have an impact on costs. Although this is the case, we are not aware of any specific reasons or abnormal costs that would result in such a high cost as currently shown.

5.0 Proposed Cost Adjustments

5.1 OBSERVATIONS UPON THE COST PLAN

5.1.1 Within this section, we provide our commentary upon each elemental section within the Cost Plan.

Facilitating Works

5.1.2 We have reviewed the Applicant's Cost Plan and have no specific comments upon this section.

Substructure

5.2.1 We have reviewed the Applicant's Cost Plan and are of the view that the substructure costs are generally acceptable at £268,360 (£200/m²). We have not been provided with structural design information and from the details provided within the cost plan; it suggests that this element is still to be developed. We would comment that the allowances for the ground floor slab depth seem high.

5.2.2 The piling cost is based upon an allowance of £310/m² of the Ground Floor footprint. We consider that assuming the piles are not excessively large, or long, this allowance could be reduced when the scheme is competitively tendered.

5.2.3 We would comment that the quantity of steel allowed within the substructures could most likely be reduced to a more reasonable allowance of 150kg/m³ once further designs are developed.

Superstructure

5.3.1 The Frame and upper floor allowances are generally within typical cost parameters that we would expect, although the "Holorib" decking cost seems to be higher than what we would expect. We would also comment that the quantity of steel allowed within the concrete frame to ground floor could most likely be reduced to a more reasonable allowance of 150kg/m³ once further designs are developed.

5.3.2 The allowances for stairs and roofs are considered reasonable.

5.3.3 The external walls propose a brick clad building, with vertical bonded brickwork and perforated brickwork to ground floor level. The windows will be composite aluminium units. The cost plan allowances reflect the proposed choice of materials for facades.

5.3.4 The allowances for composite windows and doors are high at £550/m². We would expect these costs to be closer in the region of £400-£450/m².

The allowance for communal doors and external balconies are considered to be reasonable allowances for the proposed scope of works.

5.3.5 In terms of the internal finishing's, we comment as follows:

- The floor finish allowances are considered reasonable on the assumption that it includes for a screed and a separate floor finish.
- The ceiling finish at £60/m² is higher than we would normally expect (typically closer to £50/m²) as this would normally comprise a plasterboard suspended ceiling decorated with emulsion but we would not propose any adjustment for this item.
- The allowances for internal doors are considered slightly high. There is potential for these to be reduced when the project is tendered.
- The allowances for bathrooms, kitchens and carpentry and joinery are reasonable and would allow a very good quality finish.
- The allowance for mechanical and electrical installations is on the upper side of what we would expect for this scheme at £840,798 (£414/m²). Typically these costs tend to fall within a range of £350/m² to £425/m². There may be further opportunity to reduce this once full M&E are developed.
- The allowance for underfloor heating seems high at £60/m², especially considering allowances have been made elsewhere for screed. We would suggest this is reduced to £45/m².
- The building has 1 nr passenger lift and typically we would anticipate a cost of £60,000 to £70,000 for this. We consider the allowance of £95,000 is too high and would represent a cost for a building with a greater number of storeys. We would therefore suggest a reduction in this cost of £30,000.

External Works

5.4.1 We have reviewed the Applicant's Cost Plan for external works items. Generally we consider the allowances to be reasonable.

Specialist Installations

5.5.1 We have reviewed the Applicant's Cost Plan for Specialist Installations items. There may be potential to reduce these costs considering the size of the roof area available.

Preliminaries

5.6.1 The allowance of 15% for Main Contractor Preliminaries is at the upper end of the typical cost range of 11% to 17%. It is possible that if the project was tendered competitively, tenders could be procured at a level below the cost plan sum of £645,950.

Overheads and Profit

5.7.1 The allowance for 7% Contractors OH&P is considered high for a project of this nature. It is possible that if the project was tendered competitively, this could be reduced to the

region of 3-5%.

Design Development/Risk

5.8.1 The Applicant has included a 5% Design Development/Risk allowance which is reasonable. As noted above we do not propose to reduce this percentage allowance.

5.9 Suggested Cost Reduction

5.9.1 Having reviewed the cost estimate provided we would suggest a reduction in construction cost of £300,000.00. We would therefore suggest the construction cost for this project to be £5,408,319.00 as below.

A)	Original Cost Plan (adjusted for time)	£	5,708,319.00
B)	Adjustment for changes to Cost Estimate		(300,000.00)
C)	Revised Current Day Construction Cost	£	5,408,319.00

Say £5.408 million

The main areas where we believe cost reductions can be achieved are as follows:

- Thickness / quantities of ground floor slab
- "Holorib" metal formwork decking to upper floors
- Composite windows and doors rate
- Ceiling finishes rate
- Internal doors rate
- Underfloor heating rate
- Passenger lift cost
- PV Panel Installation cost
- Contractor OH&P percentage

5.9.2 The revised cost equates to £2,662/m2 or £247/ft2 based upon the GIFA

6.0 Summary

6.1 Following our review of the construction costs submitted by the Applicant we would summarise the key observations as follows:

- The gross internal build cost noted within the Financial Viability Assessment dated July 2017 is incorrectly reported as £2,151/m². This is believed to be a typing error as it matches the Pellings GIFA area.
- The Applicant has provided a construction cost estimate in the sum of £5,651,801; this is based on costs at 2nd Quarter 2017. This excludes Inflation and VAT;
- The GIFA area utilised within the Pellings cost estimate is believed to be incorrect. Our measure of the GIFA area is 2,031m². This area has been utilised to calculate the costs per m² within this viability report.

5.2 For the purposes of a Financial Viability Report, as at 4th Quarter 2017, we would recommend a total construction cost of £5,408,319 which equates to £2,662/m² including abnormals, external works and contingency. The revised construction cost excluding abnormals, external works and contingency equates to £2,375/m².

APPENDIX 2

Indicative Pricing Schedule

86-92 Bell Green, Sydenham - Unit Schedule

Unit	Floor	Beds	Sq m	Sq ft	Unit Price	£/Sq m	£/Sq ft
1	1	1	50	538	£ 317,500	£6,368	£590
2	1	1	50	538	£ 317,500	£6,368	£590
3	1	2	62	667	£ 410,000	£6,631	£614
4	1	2 (WC)	75	807	£ 460,000	£6,150	£570
5	2	1	50	538	£ 320,000	£6,418	£595
6	2	1	50	538	£ 320,000	£6,418	£595
7	2	2	62	667	£ 412,500	£6,672	£618
8	2	2 (WC)	75	807	£ 462,500	£6,184	£573
9	3	1	50	538	£ 322,500	£6,468	£599
10	3	1	50	538	£ 322,500	£6,468	£599
11	3	2	62	667	£ 415,000	£6,712	£622
12	3	2 (WC)	75	807	£ 465,000	£6,217	£576
13	4	1	50	538	£ 325,000	£6,518	£604
14	4	1	50	538	£ 325,000	£6,518	£604
15	4	2	61	657	£ 417,500	£6,863	£636
16	4	3	75	807	£ 495,000	£6,618	£613
17	5	1	50	538	£ 327,500	£6,568	£609
18	5	1	50	538	£ 327,500	£6,568	£609
19	5	2	61	657	£ 420,000	£6,904	£640
20	5	3	75	807	£ 500,000	£6,685	£619
21	6	3	74	797	£ 500,000	£6,776	£628
22	6	3	79	850	£ 525,000	£6,664	£617
23	7	3	75	807	£ 535,000	£7,153	£663
Total			1,411	15,188	£ 9,242,500	£6,561	£609

Unit Type	No. of Units	Total Area (Sq ft)	Ave Size (Sq ft)	Ave Unit Price	Ave £/Sq ft
1 Bed Units	10	5,382	538	£322,500	£599
2 Bed Units	5	3,315	663	£415,000	£626
2 Bed WC Unit	3	2,422	807	£462,500	£573
3 Bed Units	5	4,069	814	£511,000	£628
Total	23	15,188			£609

APPENDIX 3

Development Appraisal Summary

86-92 Bell Green, Sydenham
Urban Delivery Assumptions
Nil Affordable Housing

Development Appraisal
Urban Delivery
20 November 2017

APPRAISAL SUMMARY**URBAN DELIVERY****86-92 Bell Green, Sydenham
Urban Delivery Assumptions
Nil Affordable Housing****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
1 Bed Apartments	10	5,382	599.22	322,500	3,225,000
2 Bed Apartments	5	3,315	625.94	415,000	2,075,000
2 Bed (WC) Apartments	3	2,422	572.87	462,500	1,387,500
3 Bed Apartments	<u>5</u>	<u>4,069</u>	627.92	511,000	<u>2,555,000</u>
Totals	23	15,188			9,242,500

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail Unit	1	678	21.50	14,577	14,577	14,577
1 Bed Ground Rent	10			250	2,500	2,500
2 Bed Ground Rent	8			300	2,400	2,400
3 Bed Ground Rent	<u>5</u>			350	<u>1,750</u>	<u>1,750</u>
Totals	24	678			21,227	21,227

Investment Valuation

Retail Unit					
Current Rent	14,577	YP @	7.5000%	13.3333	194,360
1 Bed Ground Rent					
Current Rent	2,500	YP @	5.5000%	18.1818	45,455
2 Bed Ground Rent					
Current Rent	2,400	YP @	5.5000%	18.1818	43,636
3 Bed Ground Rent					
Current Rent	1,750	YP @	5.5000%	18.1818	31,818
					315,269

GROSS DEVELOPMENT VALUE**9,557,769**

Purchaser's Costs

(7,882)

(7,882)

NET DEVELOPMENT VALUE**9,549,887****NET REALISATION****9,549,887****OUTLAY****ACQUISITION COSTS**

Residualised Price			994,957		
				994,957	
Stamp Duty			39,248		
Agent Fee		1.00%	9,950		
Legal Fee		0.50%	4,975		
				54,172	

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
Retail Unit	678 ft ²	233.57 pf ²	158,360
1 Bed Apartments	7,965 ft ²	233.57 pf ²	1,860,402
2 Bed Apartments	4,906 ft ²	233.57 pf ²	1,145,900
2 Bed (WC) Apartments	3,584 ft ²	233.57 pf ²	837,216
3 Bed Apartments	<u>6,022 ft²</u>	233.57 pf ²	<u>1,406,536</u>
Totals	23,155 ft²		5,408,414

Other Construction

S106 Allowance			50,000
LBL CIL			115,317

APPRAISAL SUMMARY**URBAN DELIVERY****86-92 Bell Green, Sydenham
Urban Delivery Assumptions
Nil Affordable Housing**

Mayoral CIL		69,492	234,809
PROFESSIONAL FEES			
Professional Fees	10.00%	545,841	545,841
DISPOSAL FEES			
Marketing Costs - Residential	3.00%	277,039	
Marketing Costs - Commercial	2.50%	5,798	
Sales Legal Fee - Residential	0.25%	23,106	
Sales Legal Fee - Retail	0.50%	1,537	
			307,480
FINANCE			
Debit Rate 6.750%, Credit Rate 0.000% (Nominal)			
Land		123,857	
Construction		191,250	
Other		16,497	
Total Finance Cost			331,604
TOTAL COSTS			7,877,278
PROFIT			1,672,610
Performance Measures			
Profit on Cost%		21.23%	
Profit on GDV%		17.50%	
Profit on NDV%		17.51%	
Development Yield% (on Rent)		0.27%	
Equivalent Yield% (Nominal)		6.73%	
Equivalent Yield% (True)		7.03%	
IRR		35.33%	
Rent Cover		78 yrs 10 mths	
Profit Erosion (finance rate 6.750%)		2 yrs 11 mths	

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Committee	PLANNING COMMITTEE C	
Report Title	56 Honor Oak Park, SE23 London,	
Ward	Crofton Park	
Contributors	Samuel James	
Class	PART 1	2 August 2018

Reg. Nos. DC/17/104077

Application dated 13th October 2017

Applicant Mr Gill

Proposal The installation of a new shopfront and a single storey extension to the rear of 56 Honor Oak Park, SE23, together with the blocking up of a ground floor window and the installation of replacement HVAC equipment, including fresh air intake, extraction ducts and A/C compressors.

Applicant's Plan Nos. Specification & Defra Report dated (Purified Air - 29 Sept 2017); B9776-AEW-PJ001397-XX-SP-0001 (AEW - 4 Oct 17); B9776-AEW-PJ001397-XX-SP-0002 (AEW 27 Sept 17); B9776-AEW-PJ001397-XX-DR-0005 Rev.A Received 16 Oct 2017;
17/0647/R1 (Cole Jarman - 2 Nov 2017) Received 15 Nov 2017;
19803-134_02_P; 19803-134_S Rev.0 Received 20 Nov 2017
B9776-AEW-PJ001397-XX-DR-0018 Rev.B Received 11 Dec 2017;
B9776-AEW-PJ001397-00-DR-0014 Rev.C;
B9776-AEW-PJ001397-00-SP-0015 Rev.C;
B9776-AEW-PJ001397-00-SP-0016 Rev.C;
B9776-AEW-PJ001397-ZZ-SP-0010 Rev.C;
B9776-AEW-PJ001397-ZZ-SP-0011 Rev.C;
B9776-AEW-PJ001397-ZZ-SP-0012 Rev.C;
B9776-AEW-PJ001397-ZZ-SP-0013 Rev.C
Received 7 Feb 2018;
B9776-AEW-PJ001397-XX-DR-0006 Rev.E;
B9776-AEW-PJ001397-XX-DR-0017 Rev.E
Received 30 May 2018;

Background Papers (1) Case File LE/340/56/TP
(2) Development Management Local Plan (adopted November 2014) and Core Strategy (adopted June 2011)

Designation PTAL 5

Not located in a conservation area.
No Article 4(2) Direction

Screening

N/A

1.0 Property/Site Description

- 1.1 The application relates to the ground floor commercial unit, of a three storey, mid-terraced property located on the north side of Honor Oak Park. The commercial unit is currently in use as a fish and chip takeaway, with a small amount of seating provision. Residential accommodation is located above, but is not self-contained from the commercial unit.
- 1.2 Honor Oak Park comprises a range of commercial units within the parades on either side of the street, between Lessing Street and Grierson Road. There are a number of shops, restaurants, café's and takeaways of a range of use classes.
- 1.3 The property does not lie within a conservation area, and the building is not listed, or in the vicinity of any listed buildings.
- 1.4 The area is relatively well served by public transport, having a PTAL rating of 4, with bus routes operating locally on Honor Oak Park and Stondon Park to the east, whilst Honor Oak train station lies a short walking distance away. Short term parking is available on Honor Oak Park, as well as existing loading bays.

2.0 Planning History

- 2.1 **DC/94/037629:** The change of use of the ground floor of 56 Honor Oak Park SE23 from retail shop (Class A1) to takeaway hot food shop (Class A3) together with the installation of an extract duct on the rear elevation. **Granted 17 August 1994.** Hours of opening were restricted to between 8am and 11pm (Monday-Saturday) and no opening at all on Sundays and Bank Holidays (Condition no.1)
- 2.2 **DC/97/041482:** The installation of a new shop front at 56 Honor Oak Park, SE23. **Granted 06 May 1997.**
- 2.3 **DC/14/086396:** Alterations of the existing shop front to incorporate a separate entrance door to the upper floors at 56 Honor Oak Park, SE23. **Granted 11 June 2014.** This permission was not implemented.
- 2.4 **DC/17/104342:** The display of an externally illuminated fascia sign and projecting sign at 56 Honor Oak Park, SE23. Decision pending, recommended approval.

3.0 Current Planning Applications

The Proposal

- 3.1 The installation of a new shopfront and a single storey extension to the rear of 56 Honor Oak Park, SE23, together with the blocking up of a ground floor window and the installation of replacement HVAC equipment, including fresh air intake, extraction ducts and A/C compressors to the rear.
- 3.2 Shopfront alterations

The alterations to the shop front consist largely of renovation, with changes only to the colouring and design of the signage, which has been applied for under a separate application. The size and positioning of the windows, door and stall risers would remain as existing. The materials would be dark grey aluminium.

3.3 Rear extension/alterations

The single storey extension would house a new cold room for the proposed takeaway restaurant. It would be the full width of the original rear outrigger, 4m, for a depth of 4m from the rear wall of the outrigger. It would be flat roofed, with a height of 3.3m, with 1 cold room and 1 A/C compressor located towards the rear of the extension's roof.

The extension would be finished in rendered blockwork.

The A/C compressor would have a width of 1.8m, a height of 1.6m and a depth of 1.1m. The Cold room Compressor would have a width of 1.6m, a height of 0.85m, and a depth of 1.1m. The rear of both would be located 2.4m from the rear elevation of the outrigger, and therefore the rear facing first floor window.

3.4 Extraction equipment

The proposed extraction duct at the rear would exit the shop at ground floor level, through an existing window which would be blocked up as a part of the proposal. The duct would have a diameter of 0.5m, and would 'hang' 0.13m from the rear elevation. It would rise up for 3.5m, directly blocking a first floor window, where it would then bend to avoid the second floor window and rise up to 1.5m above the eaves line of the property. The duct would follow a largely identical path to an existing extract duct at the property.

4.0 Consultation

4.1 This section outlines the consultation carried out by the Council following the submission of the application and summarises the responses received. The Council's consultation exceeded the minimum statutory requirements and those required by the Council's adopted Statement of Community Involvement.

4.2 A site notice was displayed outside the property and letters were sent to 7 adjoining residents as the ward Councillors for Crofton Park.

38 Neighbouring residents have raised objection to the proposal. Table 1 (below) summarises the concerns that have been raised, and gives a response to these concerns.

Table 1: Summary of objectors concerns	
Concerns Raised	LPA Response
Clarification of existing Use Class – Is a change of use required?	No change of use is required for a different hot food takeaway operator (in this case, Domino's) to operate out of the unit.

Noise and disturbance caused.	The proposed extraction equipment details have been considered against Policy DM26 and reviewed by the Council's Environmental health officer, who has raised no objections. The impact in terms of noise and disturbance would therefore be acceptable.
Ventilation system issues	The proposed extraction equipment details have been considered against Policy DM26 and reviewed by the Council's Environmental health officer, who has raised no objections.
Shop front poor quality design, not in keeping.	External illumination proposed, shopfront alterations considered to be an improvement on existing.
Loss of backyard of premises constitutes loss of amenity space.	Rear is a commercial yard and not useful amenity area, so it is not protected in the same way as a residential garden would be.
Extension would block view from garden.	Impact is assessed below, specifically in regard to Policy DM31.
Loss of existing seating area in restaurant would reduce footfall to parade.	No Change of use is proposed, so control cannot be applied over internal seating area.
Clarification over hours of operation requested	Opening hours restricted to between 8am to 11pm, and not at all on Sundays & Bank Holidays.
Contrary to DM18, as within 400m of a school.	No change of use proposed, so DM18 cannot be considered.
Over saturation of Pizza takeaways in surrounding area, harms vibrancy of parade.	No change of use proposed so DM18 cannot be considered.
Movement of, and parking of delivery bikes and associated issues (both existing problems, and perceived future issues).	Cannot be considered as no change of use is proposed.
Use of surrounding residential streets as a 'rat run'.	Cannot be considered as no change of use is proposed.

- 4.3 The Council's Statement of Community Involvement (SCI) requires that a local meeting or drop-in session be offered to those who have made representations and the applicant at least two weeks prior to a decision being made on a planning application, in the following circumstances:

- where one or more objection(s) have been received from a residents' association, community/amenity group or ward Councillor; and/or
- where a petition is received containing more than 25 signatures; and/or
- where 10 or more individual written objections are received from different residents.

4.4 Subsequently a local meeting was held on 30th April 2018 at 7:30pm for one hour. The above concerns were raised again, with a large focus being around the classification of the existing use class, and the movement and parking of delivery vehicles.

4.5 It is noted that the current application only allows for assessment against design and amenity issues associated with the alterations to the shop front, the rear extension, the installation of plant equipment and the other external alterations to the rear. The relevant policies are outlined in the next section of this report.

5.0 Policy Context

5.1 Introduction

Section 70(2) of the Town and Country Planning Act 1990 (as amended) sets out that in considering and determining applications for planning permission the local planning authority must have regard to:-

- (a) the provisions of the development plan, so far as material to the application,
- (b) any local finance considerations, so far as material to the application, and
- (c) any other material considerations.

Section 38 (6) of the Planning and Compulsory Purchase Act (2004) makes it clear that any determination under the planning acts must be made in accordance with the development plan unless material considerations indicate otherwise. The development plan for Lewisham comprises the Core Strategy, Development Plan Document (DPD) (adopted in June 2011), the Development Management Local Plan (adopted November 2014) and policies in the London Plan (2016). The NPPF does not change the legal status of the development plan.

5.2 National Planning Policy Framework

The NPPF was published on 27th March 2012 and is a material consideration in the determination of planning applications. It contains at paragraph 14 a 'presumption in favour of sustainable development'. Annex 1 of the NPPF provides guidance on implementation of the NPPF. In summary this states that (paragraph 211), policies in the development plan should not be considered out of date just because they were adopted prior to the publication of the NPPF. At paragraphs 214 and 215 guidance is given on the weight to be given to policies in the development plan. As the NPPF is now more than 12 months old paragraph 215 comes into effect. This states in part that '...due weight should be given to relevant policies in existing plans according to their degree of consistency with this framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given)'.

5.3 Officers have reviewed the Core Strategy for consistency with the NPPF and consider there is no issue of significant conflict. As such, full weight can be given to these policies in the decision making process in accordance with paragraphs 211, and 215 of the NPPF.

5.4 Other National Guidance

On 6 March 2014, DCLG launched the National Planning Practice Guidance (NPPG) resource. This replaced a number of planning practice guidance documents.

5.5 The London Plan 2015 (amended 2016)

On 10 March 2016, the London Plan (consolidated with alterations since 2011) was adopted. The policies relevant to this application are:

Policy 7.4 Local character

Policy 7.6 Architecture

The new, draft London Plan was published by the Mayor of London for public consultation on 29 November 2017 (until 2 March 2018). However, given the very early stage in this process, this document has very limited weight as a material consideration when determining planning applications, does not warrant a departure from the existing policies of the development plan in this instance and is therefore not referred to further in this report.

5.6 Core Strategy (2011)

The following lists the relevant strategic objectives, spatial policies and cross cutting policies from the Lewisham Core Strategy as they relate to this application:

Core Strategy Policy 15 High quality design for Lewisham

5.7 Development Management Local Plan (2014)

The following lists the relevant strategic objectives, spatial policies and cross cutting policies from the Development Management Local Plan as they relate to this application:

The following policies are considered relevant to this application:

DM Policy 19 Shopfront's, signs and hoardings

DM Policy 26 Noise & Vibration

DM Policy 30 Urban design and local character

DM Policy 31 Alterations/extensions to existing buildings

6.0 Planning Considerations

6.1 The relevant planning considerations for the proposal are the impact on the character and appearance of the host building, together with any impacts upon the site and neighbouring properties' amenity.

Design

- 6.2 Urban design is a key consideration in the planning process. The NPPF makes it clear that national government places great importance on the design of the built environment. Good design is a key aspect of sustainable development, is indivisible from good planning, and should contribute positively to making places better for people. The NPPF states that it is important to plan positively for the achievement of high quality and inclusive design for all development, including individual buildings, public and private spaces and wider area development schemes.
- 6.3 Paragraph 63 of the NPPF states that in determining applications, great weight should be given to outstanding or innovative designs which help raise the standard of design more generally in the area. In addition to this, paragraph 64 states that permission should be refused for development of poor design that fails to take the opportunities for improving the character and quality of an area and the way it functions.
- 6.4 In relation to Lewisham, Core Strategy Policy 15 outlines how the Council will apply national and regional policy and guidance to ensure highest quality design and the protection or enhancement of the historic and natural environment, which is sustainable, accessible to all, optimises the potential of sites and is sensitive to the local context and responds to local character.
- 6.5 DM Policy 19 requires all shopfronts to be designed to a high quality and reflect and improve the character and quality of their surroundings.
- 6.6 DM Policy 30 requires planning applications to demonstrate a site specific response which creates a positive relationship with the existing townscape whereby the height, scale and mass of the proposed development relates to the urban typology of the area.
- 6.7 DM Policy 31 requires development proposals for alterations to be of a high, site specific and sensitive design quality and to respect and/or compliment the form, setting period, architectural characteristics and detailing of the original building, including external features such as chimneys and porches. High quality matching or complimentary materials should be usedm appropriately and sensitively in relation to context.
- 6.8 Replacement shopfront

The proposed shopfront would have the same dimensions and proportions of glazing as the existing. It would retain the pilasters to both sides, and the stall risers from the ground. The new shopfront would be dark grey aluminium framed, with matching stall risers and doorframe.

The fascia, and projecting sign would be replaced with those showing Domino's branding, and separate advertisement consent is sought for this. The new signage would be externally illuminated.

The proposed shop front is considered to represent a minor improvement on the existing. Overall, the proposed shopfront is considered to be in line with Policies DM19, DM30 & DM31, and would not have a detrimental impact on the building, or the surrounding area.

- 6.9 Single Storey Rear extension and alterations

The proposed rear extension is subordinate to the main building, and would be finished in block and render, which is acceptable to the rear of a commercial setting.

The proposed extraction equipment on the roof would have an acceptable visual impact on the appearance of the property, considering the commercial nature and that it is contained to the rear.

The proposed extension would take up approximately 37.75% of the rear yard, so it would not be overly dominant. Notwithstanding, the yard serves a commercial property and it is not considered to be useful amenity space, so the 50% space guideline to be retained, as prescribed in DM31, does not in any case apply here.

6.10 Installation of extraction equipment at the rear

The extraction duct would replace an existing duct, which is currently in a similar position. The new duct would be slightly wider than the existing, and therefore more prominent. However, extraction ducts are a common sight at the rear of this terrace due to its commercial nature, so the design and positioning is considered to be acceptable. Notwithstanding, the rear of the property is not visible from the public realm. The units to be mounted to the roof of the proposed extension would not appear out of character within the rear of a commercial parade, and their functional appearance is therefore acceptable.

Residential Amenity

- 6.11 Core Strategy Policy 15 states that new development should be designed in a way that is sensitive to the local context. More specific to this, DM Policy 31 seeks to ensure that residential alterations should result in no significant loss of privacy and amenity to adjoining houses and their back gardens. It must therefore be demonstrated that proposed alterations are neighbourly and that significant harm will not arise with respect to overbearing impact, overshadowing, and loss of light, loss of outlook or general noise and disturbance. Regard must also be given to any impacts on privacy.
- 6.12 The proposed shopfront replacement would, by its nature, have no material impact on the amenity of surrounding neighbours.
- 6.13 The proposed rear extension would be built along the shared boundary with No.58 Honor Oak Park for a depth of 4m, at a height of 3.8m (including 0.5m parapet) – with the additional 1.1m height of the roof mounted the A/C unit just inside the parapet wall. If No.58 had residential accommodation at ground floor level, then the proposal may have been regarded to have an unacceptable impact due to an increased sense of overbearingness and enclosure, to the occupants. However, as the ground floor and rear yard are in commercial use, the proposed extension would not be materially harmful.
- 6.14 The extension would be set away from the shared boundary with No.54 by approximately 1.3m, so even if the ground floor were in residential use, the impact would be sufficiently mitigated so as not to cause a materially harmful impact. It is noted that the ground floor is in commercial usage.
- 6.15 Policy DM 18 relates to the quality of equipment proposed, and the assessment of impact from that equipment where new Hot Food Takeaway uses (A5) are

proposed. As this application does not proposed a change of use, and A5 use is already occurring on the site, the more relevant policy is DM 26 Noise & Vibration. This requires:

“a Noise and Vibration Assessment for noise and/or vibration generating development or equipment and new noise sensitive development, where appropriate, to identify issues and attenuation measures, prepared by a qualified acoustician. Where development is permitted, conditions may be attached to the planning permission to ensure effective noise insulation or other mitigation measures are undertaken.”

- 6.16 The Council’s Environmental Health officers have reviewed the details of the proposed new equipment, and considered it to be of a satisfactory form. No material harm to amenity would therefore occur as a result on the new ventilation or extraction equipment proposed.
- 6.17 In light of the above discussion, the proposed development is considered to be acceptable with regards to impact upon site or neighbouring amenity, in line with Policies DM26 & DM31.

7.0 Local Finance Considerations

- 7.1 Under Section 70(2) of the Town and Country Planning Act 1990 (as amended), a local finance consideration means:
- (a) a grant or other financial assistance that has been, or will or could be, provided to a relevant authority by a Minister of the Crown; or
 - (b) sums that a relevant authority has received, or will or could receive, in payment of Community Infrastructure Levy (CIL).
- 7.2 The weight to be attached to a local finance consideration remains a matter for the decision maker.
- 7.3 The Mayor of London's CIL is therefore a material consideration, though is not payable in regard to this application due to the minimal level of increased floorspace proposed.

8.0 Equalities Considerations

- 8.1 Section 149 of the Equality Act 2010 (“the Act”) imposes a duty that the Council must, in the exercise of its functions, have due regard to:-
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and those who do not;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 The protected characteristics under the Act are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

8.3 The duty is a “have regard duty” and the weight to attach to it is a matter for the decision maker bearing in mind the issues of relevance and proportionality. In this matter there is minimal/no impact on equality

8.4 Human rights implications

8.5 This planning application engages certain human rights under the Human Rights Act 2008 (the HRA). The HRA prohibits unlawful interference by public bodies with conventions rights. The term ‘engage’ simply means that human rights may be affected or relevant.

8.6 The rights potentially engaged by this application, including the right to a fair trial and the right to respect for private and family life are not considered to be unlawfully interfered with by this proposal.

9.0 Conclusion

9.1 The application’s proposal have been considered against relevant planning policies set out in the Development Management Local Plan (2014), the Core Strategy (2011) London Plan (March 2016) and the National Planning Policy Framework (2012).

9.2 The proposed development is considered to be acceptable with regards to its design and and would not cause harm to the character and appearance of the host building, surrounding area or neighbouring amenity.

10.0 RECOMMENDATION: Grant Planning Permission subject to the following conditions:

Conditions

1. The development to which this permission relates must be begun not later than the expiration of three years beginning with the date on which the permission is granted.

Reason: As required by Section 91 of the Town and Country Planning Act 1990.

2. The development shall be carried out strictly in accordance with the application plans, drawings and documents hereby approved and as detailed below:

Specification & Defra Report dated (Purified Air - 29 Sept 2017); B9776-AEW-PJ001397-XX-SP-0001 (AEW - 4 Oct 17); B9776-AEW-PJ001397-XX-SP-0002 (AEW 27 Sept 17); B9776-AEW-PJ001397-XX-DR-0005 Rev.A Received 16 Oct 2017;
17/0647/R1 (Cole Jarman - 2 Nov 2017) Received 15 Nov 2017;
19803-134_02_P; 19803-134_S Rev.0 Received 20 Nov 2017
B9776-AEW-PJ001397-XX-DR-0018 Rev.B Received 11 Dec 2017;
B9776-AEW-PJ001397-00-DR-0014 Rev.C; B9776-AEW-PJ001397-00-SP-0015 Rev.C; B9776-AEW-PJ001397-00-SP-0016 Rev.C; B9776-AEW-PJ001397-ZZ-SP-

0010 Rev.C; B9776-AEW-PJ001397-ZZ-SP-0011 Rev.C; B9776-AEW-PJ001397-ZZ-SP-0012 Rev.C; B9776-AEW-PJ001397-ZZ-SP-0013 Rev.C Received 7 Feb 2018;
B9776-AEW-PJ001397-XX-DR-0006 Rev.E; B9776-AEW-PJ001397-XX-DR-0017 Rev.E Received 30 May 2018;

Reason: To ensure that the development is carried out in accordance with the approved documents, plans and drawings submitted with the application and is acceptable to the local planning authority.

3. Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), the use of the flat roofed extension hereby approved shall be as set out in the application and no development or the formation of any door providing access to the roof shall be carried out, nor shall the roof area be used as a balcony, roof garden or similar amenity area.

Reason: In order to prevent any unacceptable loss of privacy to adjoining properties and the area generally and to comply with Policy 15 High Quality design for Lewisham of the Core Strategy (June 2011), and DM Policy 31 Alterations and extensions to existing buildings including residential extensions of the Development Management Local Plan (November 2014).

INFORMATIVES

- A. **Positive and Proactive Statement:** The Council engages with all applicants in a positive and proactive way through specific pre-application enquiries and the detailed advice available on the Council's website. On this particular application, positive discussions took place which resulted in further information being submitted.

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Appendix A

**56 HONOR OAK PARK, LONDON, SE23 1DY
Local Meeting Minutes**

30th April 2018



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London Borough of Lewisham

Minutes of the Local Meeting held at the Ewart Road Clubhouse Hall, 44 Wastdale Road, SE23 1HN on 30th April 2018 at 19:30.

PRESENT: Councillor Morrison – Chair, Samuel James - Planning Officer, Geoff Whittington – Planning Officer, Sarah Carpenter – Agent for the application, Robin Dunne – Representative of Domino's.

7 Local residents attended the meeting and signed the attendance register.

Meeting Commenced at 19:31.

Councillor Morrison (CM) welcomed residents, explained the objective and reason for the meeting and introduced the applicants and planning officers.

Domino's Agent (DOM) outlined the application, referring to the displayed drawings, for the installation of a new shopfront, construction of a single storey rear extension, and the installation of extraction equipment to the rear elevation. They claimed that the proposal represents an improvement on the existing shopfront, and extraction equipment.

Questions from local residents followed:

Local resident (LR) asked for clarification on the existing Use Class of the property, stated as A3 on the Change of Use Permission from 1994, and questioned why there was no need for planning permission to change the use to A5 takeaway.

Samuel James (SJ) responded that the established use of the property is as a hot food takeaway, which under the current use order is A5. In 2005 the new use classes order came into force, and Use Class A5 (hot food takeaway) was created. Therefore, after the 2005 Amendment Order, the permitted A3 use at 56 Honor Oak Park became reclassified to A5 because that reflected its true use, hence there is no need for planning permission for Domino's to operate out of the unit.

They then asked why the previous similar application, also by Domino's, at 76-78 Honor Oak Park, was able to be refused.

SJ responded that the lawful use of that property was A3 (Restaurant and Cafés), so planning permission was required for Domino's to operate out of the unit, as an A5 (takeaway) retailer. When the change of use was assessed against the relevant Policies, it was found to be unacceptable so was refused.

Another LR asked how Domino's would control the movement of bikes and stop drivers using the surrounding residential streets as 'rat-runs', and whether electric bikes had been considered for use, to mitigate against the noise impacts.

DOM stated that there would be a delivery plan with riders to ensure any impacts are mitigated against. He also claimed that some stores are using only electric bikes, and that this option could be further explored.

Another LR sought further clarification on the existing use class classification, and whether any legal advice had been sought on this position. SJ replied that the Council's legal officer had been consulted, and had confirmed this was the position. The LR asked if this legal advice could be made available to them, and SJ said he would see if this could be arranged.

Another LR claimed that the proposal would result in additional noise and disturbance in what is a fairly nice and quiet area. They stated that there are already 3 or 4 pizza shops in the local area, and questioned why this meeting was being held, if the Planning Department were in support of the application.

Geoff Whittington (GW) replied that the meeting needed to be held due to the Council's Statement of Community Involvement.

Another LR claimed the proposed extraction equipment would have an impact on the amenity of near neighbours due to fumes. They also claimed that they used to live near the Dominos on Old Kent Road, and that the delivery drivers there caused traffic and parking issues, and had incredibly late opening hours.

DOM replied that the extraction equipment is being upgraded, so compared to the existing the impact in terms of noise and smells would be an improvement.

Another LR stated that there would be more cooking at the proposed Domino's than the existing unit, as well as a greater number of vehicle movements, and could not understand why there is not the need for a change of use class before Domino's can operate out of the unit. They were of the impression that the application had already been decided.

GW explained that the final decision would be made by Councillors at a committee meeting.

An LR stated there are wider issues, regarding competition with other local businesses and the impact on existing established shops. They asked what the need for another Domino's was, and whether Domino's took any consideration towards childhood obesity. They also asked why the proposal needed to be on a high-street rather than in a less sensitive, e.g. an industrial, site.

DOM replied that there was an identified demand in the area for more Domino's, and there was no active strategy to locate a significant distance away from schools. They stated that there was a need to be in an accessible location rather than being tucked away, as a significant portion of custom is 'walk-ins' off the street, and the brand needs to maintain a high street presence.

An LR asked about the proposed opening hours. DOM replied that operations would be until 11pm. SJ stated that the unit is restricted to an 11pm opening time by the 1994 Change of Use permission.

An LR raised concern over the smells created. SJ noted that the Council's Environmental Health officer had assessed the details submitted for the extraction equipment and have raised no objection.

Another LR stated that Domino's would not serve their community, rather they deliver to a wide area, whilst the community the unit is based in must suffer the consequences. They also claimed that the Council have poor procedures, which are biased towards the applicant.

Another LR asked whether the internally illuminated signage would be acceptable, and stated they had reviewed the shopfront guidance, which the proposal would be contrary to. SJ stated the guidance had been reviewed, and that the internal illumination of the signage could be reconsidered. DOM agreed that they would amend the proposal to use external lighting for the signage.

The same LR went on to state that there are no proposed pilasters, and that uPVC and aluminium should not be used in the shopfront. SJ clarified that the existing shopfront is poor quality, and that as the proposal is not in a conservation area, the applicant couldn't be required to introduce pilasters. Furthermore that the proposed aluminium shopfront is considered to be acceptable in this location.

CM then went on to summarise the debate that had just occurred, and asked residents for a final summary of main concerns.

Residents agreed that the main concerns were the issues caused by a large number of deliveries and drivers, and there are existing issues that would be exacerbated.

A LR asked DOM what the accident rate per 1000 deliveries for drivers was, but they did not know the answer.

A quick discussion regarding management of waste followed, along with some further deliberation of repeated points.

Meeting closed 8:32.

Appendix A: Note from the Council's legal officer RE: Use Class

The application, in short, applies for the installation of a new shopfront and a single storey extension to the rear of 56 Honor Oak Park together with the blocking up of a ground floor window and the installation of replacement HVAC equipment, including fresh air intake, extraction ducts and A/C compressors.

There has been a lot of resident interest and they question whether Dominoes in can fact operate out of these premises without change of use planning permission given that the extant 1994 permission was for A3 use (food and drink - though the permission specifies "takeaway hot food shop") but Dominoes would be operating a A5 use (hot food takeaway under the current Use Classes Order). Under the current Use Classes Order, it is not possible to change from A3 use to A5 use without the benefit of planning permission.

However, the residents' query misses the point for failing to understand the evolution of the use classes order. The salient time is 2005 for in 2005, The Town and Country Planning (Use Classes) (Amendment) (England) Order 2005 (SI 2005/84) came into force (April 21 2005). This amendment order split A3 (food and drink) into 3 sub categories, creating a new A3 (restaurants and cafes), a new A4 (drinking establishments) and a new A5 (hot food takeaway).

Therefore, after the 2005 Amendment Order, the permitted A3 use at 56 Honor Oak Park became reclassified to A5 because that reflected its true use. Therefore, Dominoes do not require planning permission for change of use from A3 to A5 as post April 21 2005, the use became A5 use.

Appendix B: Letter from Dominoes, responding to some of the points raised



Domino's Pizza UK & Ireland Limited

A subsidiary of Domino's Pizza Group plc

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Email: robin.dunne@dominos.co.uk

Private and Confidential

FAO: Sam James
Planning Officer
Planning Service
London Borough of Lewisham
3rd Floor Laurence House,
1 Catford Road
London
SE6 4RU

19 June 2018

Dear Sirs,

Reference: 56 Honor Oak Road, Honor Oak, London
Application References: DC/17/104077 and DC/17/104342

Further to the recent public meeting, held at The Ewart Road Hall on 30th April 2018, a number of comments were highlighted in relation to the proposed operations for this store.

Whilst it was agreed that these details could not form part of the current application for the shopfront, extension, HVAC equipment and advertisements (as the A5 Use has already been established) - (Reference - DC/94/037629) - it is important that we open in Honor Oak in cooperation with the local community.

We have set out some of the basic parameters for the proposed operation and would welcome any feedback from neighbours, once the store has started trading.

Hours of Operation

- The proposed Opening Hours proposed are 11am to 11pm, in line with the original planning permission for the use as advised by the planning officer. (Reference - DC/94/037629)

Delivery Fleet

- There will be a mixed delivery fleet for this store but the aim is to move towards "e-skutas" or electric bikes which would predominantly be used for delivery within the Honor Oak vicinity.



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- Clear instructions will be provided to future delivery drivers at Honor Oak and existing Dominos drivers delivering to the Honor Oak area that they must fully comply with all local highway restrictions/arrangements, in particularly Grierson Road.
- Each delivery driver is provided a manual that stipulates the expectations in terms of driver-behaviour.

Servicing and Deliveries

- The store will expect 3 deliveries a week which will take place between 06.00 and 07.00.

Furthermore, we have reviewed the design of the shopfront and would like to include externally illuminated signage, which will be forwarded to the officer under separate cover to include within the current application for the advertisements on the shopfront (DC/17/104342).

If there are any queries or comments after the store has started trading, please contact Robin Dunne in the first instance.

Yours sincerely,

Robin Dunne
Acquisitions Surveyor
Domino's Pizza UK & Ireland Limited.

Committee	PLANNING COMMITTEE C	
Report Title	White Post Street, SE14	
Ward	New Cross	
Contributors	Michael Forrester	
Class	PART 1	2 nd August 2018

Reg. Nos.

DC/17/104772

Application dated

29/11/2017

Applicant

Bptw on behalf of GADA Property Investments

Proposal

The demolition of the existing structures at 1 White Post Street SE15 and redevelopment to provide a mixed use development comprising the construction of two buildings ranging from 3-7 storeys and refurbishment of the 6 railway arches (No's 62 - 67), providing 975 sqm of flexible commercial floorspace (B1/B2) and 25 residential units; together with the provision of associated plant, amenity space, 2 accessible car parking spaces and cycle spaces.

Applicant's Plan Nos.

WPS - Design & Access Statement Planning Submission Nov 2017 REV B Part 1; WPS - Design & Access Statement Planning Submission Nov 2017 REV B Part 2; WPS - Design & Access Statement Planning Submission Nov 2017 REV B Part 3; WPS1002 - SK02 WPS Land Ownership P01; WPS1002-001 - Existing Site Plan P01; WPS1002-002 - Proposed Masterplan P14; WPS1002-006 - Site Location Plan P02; WPS1002-007 - Proposed Ground - 3rd floor Plans South Block P02; WPS1002-008 - Proposed 4th - Roof plans South Block P01; WPS1002-010 - Proposed Elevations Sheet 1 Rev F; WPS1002-011 - Proposed elevation sheet 2 Rev F; WPS1002-012 - Proposed Sections Sheet 1 P01; WPS1002-013 - Proposed Sections Sheet 2 P01; WPS1002-014 - Existing_Proposed Railway Arches Elevations P01; WPS1002-015 CGI View from Railway Viaduct; WPS1002-016 - CGI view from Wagner Street Arches; WSP1002-018_Rev A_Bio-Diverse Roof Detail

Background Papers

- (1) Case File DE/328/41/TP
- (2) Local Development Framework Documents
- (3) The London Plan (2016)

Designation

Area of Archaeological Priority, Other Employment Location

1. Property / Site Description

- 1.1. The application site comprises a largely triangular parcel of land incorporating and accessed via White Post Street from Old Kent Road (close to where it meets New Cross Road) and contains a car scrap yard, mechanics and 6 railway arches (Sui Generis use class) under the railway viaduct, which extends into London Bridge via South Bermondsey station. There are no permanent structures (other than the railway viaduct) on the site, which is covered entirely by impermeable hard standing and stored cars with associated temporary metal hoardings.
- 1.2. The site is identified as being 'other employment land', is not located in a conservation area, and is neither in the setting of a listed building.

- 1.3. The site lies at the very western edge of the borough, where White Post Street meets Wagner Street, which in turn marks the eastern edge of the London Borough of Southwark. Wagner Street extends beneath the railway to meet Ilderton Road.
- 1.4. The closest public open spaces are Brimington Park (LB Southwark) and Bridgehouse Meadows (LB Lewisham).
- 1.5. To the south, fronting onto Old Kent Road are two and three storey terraces, being commercial at ground floor with residential above. There are substantial extensions to the rear of this terrace with large two storey outbuildings in various non-residential uses. Adjacent to the terrace is an existing Network Rail premises along the viaduct, which contains 4 railway arches and an area of hard standing, this is gated at either end from Old Kent Road and Wagner Street. To the east is the two-three storey Deptford Ambulance Station and two storey terraces along Farrow Lane.
- 1.6. The site has a Public Transport Accessibility Level (PTAL) rating of 4 on a scale of 1 to 6 where 6 is excellent. The bus routes serving the site being the 21, 53, 172, 453 and N21 routes, providing links to Lewisham and Central London.

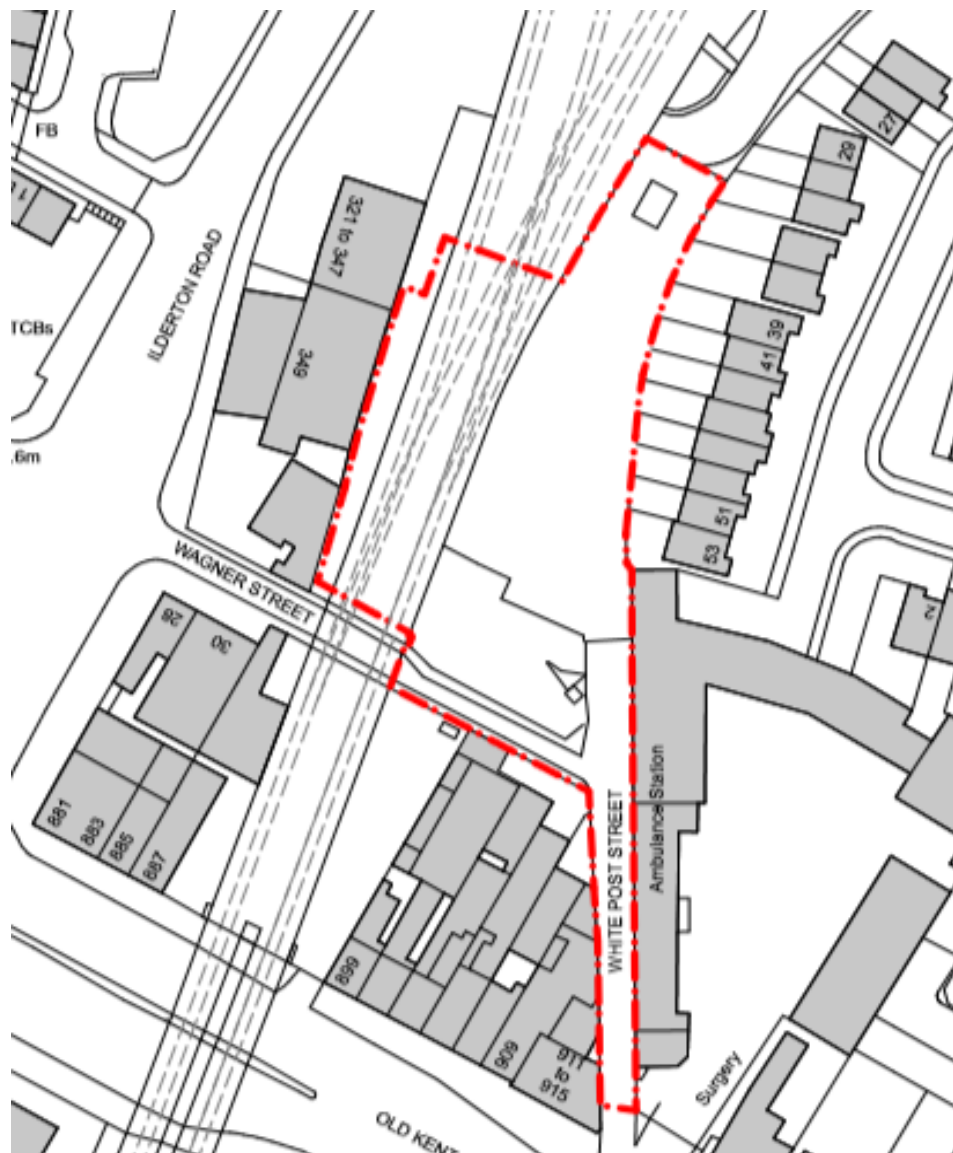


Figure 1: Existing site layout.

2. Planning History

- 2.1. The site has no relevant planning history. There is an existing live application at 313-349 Ilderton Road (LB Southwark) which at the time of writing this report remains under consideration:
- 2.2. 17/AP/4819 – Mixed use redevelopment comprising, demolition of existing buildings and construction of two buildings: one of part 11 and 13 storeys and one of part 13 and 15 storeys to provide 1,888sqm (GIA) of commercial floorspace (use class B1) at part basement, ground and first floors, 130 residential dwellings above (51 x 1 bed, 52 x 2 bed and 27 x 3 bed), with associated access and highway works, amenity areas, cycle, disabled and commercial car parking and refuse/recycling stores.

This site lies directly to the east of the application site.

Regeneration Context

- 2.3. Bakerloo Line Extension – The Mayor of London has committed to the delivery of the Bakerloo Line Extension (BLE) into the borough of Lewisham. The existing line would be extended from its current terminus at Elephant and Castle to Lewisham Station by 2029. Within Southwark (which this application site is located on the boundary) would be two stations along Old Kent Road. Within Lewisham there would be two interchanges, the first at New Cross Gate and the second at Lewisham Station.
- 2.4. The site is located off Old Kent Road which is identified by the London Borough of Southwark as an opportunity area for significant growth.
- 2.5. The site is located to the south of New Bermondsey, which is intended to provide a new overground station. This scheme has outline planning permission for up to 2,400 homes with significant sport, leisure and business space.
- 2.6. The position of the site would not conflict with any tunnelling proposals for the Bakerloo Line Extension and is not considered to prejudice the delivery of this infrastructure project.

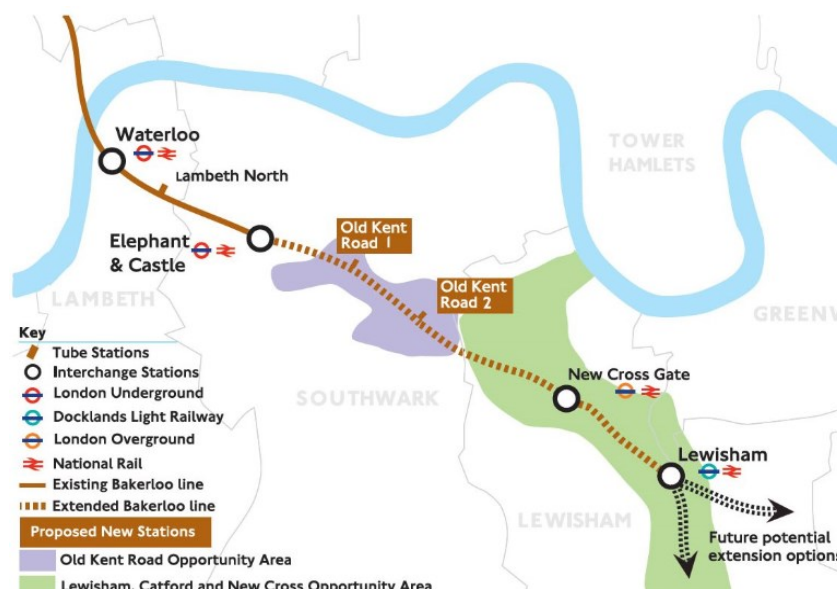


Figure 2. Bakerloo Line Extension proposed route.

3. Current Planning Application

- 3.1. This application seeks permission for the redevelopment of the site to provide a mixture of commercial and residential accommodation along with the refurbishment of the 6 railway arches to provide additional workspace.
- 3.2. White Post Street and Wagner Street would be formalised and extended into the site to create two north-south links at the site boundaries, with a central area of public realm to create two identifiable building plots.
- 3.3. The first building, located to the south of the site, with a frontage onto Wagner Street would comprise a street facing 192 sqm commercial unit (Use class B1/B2) with associated services to the rear; a residential entrance is located to the eastern elevation where White Post Street would be extended. This rises to a maximum of 7 storeys and comprises 21 residential units (16 x 2 bedroom and 5 x 1 bedroom).
- 3.4. To the rear of this building is an accessible parking space and an area of soft landscaping. This marks the approximate centre of the site.
- 3.5. The second building is located to the north and would provide two ground floor commercial units – a total of 107 sqm (Use Class B1/B2) with a 4 residential units (2 x 1 bedroom and 2 x 2 bedroom). The residential entrance located centrally in this building accessed via White Post Street.
- 3.6. To the rear of the site, behind the second building is a vehicle turning area and 2 further accessible parking spaces, cycle storage and a substation.
- 3.7. The refurbished railway arches would be accessed via an extension of Wagner Street and provide 676 sqm of commercial B1 and B2 use class floorspace. These would each have storage areas, kitchen and w/c spaces. The frontages would be fitted with full height glazed shopfronts with a solid panel of timber.
- 3.8. A total of 975 sqm of commercial floorspace (Use Class B1/B2) is proposed across both buildings and the railway arches.
- 3.9. The application proposes that the 25 residential units would be private accommodation as the scheme cannot financially support on site affordable housing. The application is accompanied by a Financial Viability Assessment.
- 3.10. The proposed scheme comprises 90% of flats compliant with building regulations Part M4(2) (accessible and adaptable) which is the equivalent to the Lifetime Homes Standard, and 10 % of flats compliant with building regulations Part M4(3) (Wheelchair user dwellings).
- 3.11. The scheme is proposed as car-free, with the exception of the three accessible parking bays.



Figure 3: proposed site plan

4. Consultation

Planning application consultation

- 4.1. The Council's consultation exceeded the minimum statutory requirements and those required by the Council's adopted Statement of Community Involvement.
- 4.2. Two site notices were displayed, an advert was placed in the local press and letters were sent to 158 residents and businesses in the surrounding area, as well as the relevant ward Councillors.

Written Responses received from Local Residents and Organisations

- 4.3. 5 representations have been received, these are summarised below:
 - 25 units is an overdevelopment of the site
 - Addition of traffic and noise
 - Overlooking and invasion of privacy
 - Loss of sunlight into gardens

- Construction impact
- Site security issues
- Loss of existing business and displacement of tenants
- Devaluation in house prices

Written Responses received from External Statutory Agencies

Environment Agency

- 4.4. No objection subject to conditions being imposed upon any planning permission which would deal with land contamination.

Metropolitan Police (Designing out crime)

- 4.5. Recommendation of “secured by design” condition

Transport for London

- 4.6. The footway and carriageway on the New Cross Road must not be blocked during the demolition or construction. Temporary obstructions during the demolition or construction must be kept to a minimum and should not encroach on the clear space needed to provide safe passage for pedestrians or obstruct the flow of traffic on New Cross Road. All vehicles associated with the demolition or construction must only park/ stop at permitted locations and within the time periods permitted by existing on-street restrictions.
- 4.7. No skips or construction materials shall be kept on the footway or carriageway on the TLRN at any time. Should the applicant wish to install scaffolding or a hoarding on the footway whilst undertaking this work, separate licences may be required with TfL, please see, <https://www.tfl.gov.uk/info-for/urban-planning-and-construction/highway-licences>
- 4.8. TfL understand the proposal will be car-free, with the exception of the two blue badge parking spaces. TfL support their inclusion in the proposal. Further details regarding their management, allocation and the future provision of spaces should be submitted in a car park design and management plan. This and the spaces should be secured by condition.
- 4.9. TfL would expect the residential part of the development to provide 47 long stay cycle spaces. In accordance with the London Cycle Design Standards, 5% of stands ought to be able to accommodate larger cycles, including adapted cycles used by people with mobility impairments.
- 4.10. It is understood that the 676sqm of floor-space under the railway arches will be for B1 office use. Therefore, TfL would expect 9 long stay and 1 short stay cycle parking spaces be provided for the employees of these spaces. The applicant should also clarify as to whether showers, lockers and changing facilities are to be provided.
- 4.11. For the remaining 299sqm of A1/A2/D1 commercial space, there should be a provision of 2 long-stay spaces for the employees and a further 15 short stay spaces for its visitors. These and all other cycle parking spaces should be secured by condition.

4.12. There appears to be limited room for delivery and refuse vehicles to operate within the site, this should be clarified through a Delivery and Servicing Plan which should be secured by condition. A construction logistics plan should also be prepared and secured by condition.

4.13. London Overground have been contacted for comments regarding the impact on the operation of the line. These comments will follow shortly.

NOTE: the proposals will provide different cycle parking levels to the above, due to the change in proposed non-residential use classes.

4.14. Copies of all representations are available to Members to view.

5. Policy Context

Introduction

5.1. Section 70(2) of the Town and Country Planning Act 1990 (as amended) sets out that in considering and determining applications for planning permission the local planning authority must have regard to:-

- (a) the provisions of the development plan, so far as material to the application,
- (b) any local finance considerations, so far as material to the application, and
- (c) any other material considerations.

A local finance consideration means:

- (a) a grant or other financial assistance that has been, or will or could be, provided to a relevant authority by a Minister of the Crown, or
- (b) sums that a relevant authority has received, or will or could receive, in payment of Community Infrastructure Levy (CIL)

5.2. Section 38(6) of the Planning and Compulsory Purchase Act (2004) makes it clear that 'if regard is to be had to the development plan for the purpose of any determination to be made under the planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise'. The development plan for Lewisham comprises the Core Strategy, the Development Management Local Plan, the Site Allocations Local Plan and the Lewisham Town Centre Local Plan, and the London Plan. The NPPF does not change the legal status of the development plan.

National Planning Policy Framework

5.3. The NPPF was published on 27 March 2012 and is a material consideration in the determination of planning applications. It contains at paragraph 14, a 'presumption in favour of sustainable development'. Annex 1 of the NPPF provides guidance on implementation of the NPPF. In summary, this states in paragraph 211, that policies in the development plan should not be considered out of date just because they were adopted prior to the publication of the NPPF. At paragraphs 214 and 215 guidance is given on the weight to be given to policies in the development plan. As the NPPF is now more than 12 months old paragraph 215 comes into effect. This states in part that '...due weight should be given to relevant policies in existing plans

according to their degree of consistency with this framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given)'.

- 5.4. Officers have reviewed the Core Strategy for consistency with the NPPF and consider there is no issue of significant conflict. As such, full weight can be given to these policies in the decision making process in accordance with paragraphs 211, and 215 of the NPPF.
- 5.5. The new, draft National Planning Policy Framework was published for public consultation on 5 March 2018 (until 10 May 2018). However, given the very early stage in this process, this document has very limited weight as a material consideration when determining planning applications, does not warrant a departure from the existing policies of the development plan in this instance and is therefore not referred to further in this report.

Other National Guidance

- 5.6. On 6 March 2014, DCLG launched the National Planning Practice Guidance (NPPG) resource. This replaced a number of planning practice guidance documents.

London Plan (March 2016)

- 5.7. The London Plan was updated on 14 March 2016 to incorporate the Housing Standards and Parking Standards Minor Alterations to the London Plan (2015). The new, draft London Plan was published by the Mayor of London for public consultation on 29 November 2017 (until 2 March 2018). However, given the very early stage in this process, this document has very limited weight as a material consideration when determining planning applications, does not warrant a departure from the existing policies of the development plan in this instance and is therefore not referred to further in this report. The policies in the current adopted London Plan (2016) relevant to this application therefore are:-

- Policy 2.9 Inner London
- Policy 2.13 Opportunity areas and intensification areas
- Policy 2.14 Areas for regeneration
- Policy 3.3 Increasing housing supply
- Policy 3.4 Optimising housing potential
- Policy 3.5 Quality and design of housing developments
- Policy 3.6 Children and young people's play and informal recreation facilities
- Policy 3.8 Housing choice
- Policy 3.9 Mixed and balanced communities
- Policy 3.10 Definition of affordable housing
- Policy 3.11 Affordable housing targets
- Policy 3.12 Negotiating affordable housing on individual private residential and mixed use schemes
- Policy 3.13 Affordable housing thresholds
- Policy 4.1 Developing London's economy
- Policy 4.4 Managing industrial land and premises
- Policy 4.6 London's economy
- Policy 5.3 Sustainable design and construction
- Policy 5.10 Urban greening

- Policy 5.11 Green roofs and development site environs
- Policy 5.12 Flood risk management
- Policy 5.13 Sustainable drainage
- Policy 6.3 Assessing effects of development on transport capacity
- Policy 6.4 Enhancing London's transport connectivity
- Policy 6.7 Better streets and surface transport
- Policy 6.9 Cycling
- Policy 6.10 Walking
- Policy 6.11 Smoothing traffic flow and tackling congestion
- Policy 6.12 Road network capacity
- Policy 6.13 Parking
- Policy 7.1 Lifetime neighbourhoods
- Policy 7.2 An inclusive environment
- Policy 7.3 Designing out crime
- Policy 7.4 Local character
- Policy 7.5 Public realm
- Policy 7.6 Architecture
- Policy 7.14 Improving air quality
- Policy 7.15 Reducing and managing noise, improving and enhancing the acoustic environment and promoting appropriate soundscapes
- Policy 8.2 Planning obligations
- Policy 8.3 Community infrastructure levy

London Plan Supplementary Planning Guidance (SPG)

5.8. The London Plan SPGs relevant to this application are:

- Accessible London: Achieving an Inclusive Environment (2004)
- Affordable Housing and Viability (2017)
- Housing (2016)
- Sustainable Design and Construction (2006)
- Shaping Neighbourhoods: Play and Informal Recreation (2012)
- Control of dust and emissions from construction and demolition (2014)

Core Strategy

5.9. The Core Strategy was adopted by the Council at its meeting on 29 June 2011. The following lists the relevant strategic objectives, spatial policies and cross cutting policies from the Lewisham Core Strategy as they relate to this application:

- Spatial Policy 1 Lewisham Spatial Strategy
- Core Strategy Policy 1 Housing provision, mix and affordability
- Core Strategy Policy 4 Mixed Use Employment Locations
- Core Strategy Policy 5 Other employment locations
- Core Strategy Policy 6 Retail hierarchy and location of retail development
- Core Strategy Policy 7 Climate change and adapting to the effects
- Core Strategy Policy 8 Sustainable design and construction and energy efficiency
- Core Strategy Policy 9 Improving local air quality

- Core Strategy Policy 10 Managing and reducing the risk of flooding
- Core Strategy Policy 13 Addressing Lewisham's waste management requirements
- Core Strategy Policy 14 Sustainable movement and transport
- Core Strategy Policy 15 High quality design for Lewisham
- Core Strategy Policy 21 Planning obligations

Development Management Local Plan

5.10. The Development Management Local Plan was adopted by the Council at its meeting on 26 November 2014. The following lists the relevant strategic objectives, spatial policies and cross cutting policies from the Development Management Local Plan as they relate to this application:

5.11. The following policies are considered to be relevant to this application:

- DM Policy 1 Presumption in favour of sustainable development
- DM Policy 2 Prevention of loss of existing housing
- DM Policy 7 Affordable rented housing
- DM Policy 9 Mixed use employment locations
- DM Policy 11 Other employment locations
- DM Policy 17 Restaurants and cafés (A3 uses) and drinking establishments (A4 uses)
- DM Policy 19 Shopfronts, signs and hoardings
- DM Policy 22 Sustainable design and construction
- DM Policy 23 Air quality
- DM Policy 24 Biodiversity, living roofs and artificial playing pitches
- DM Policy 25 Landscaping and trees
- DM Policy 26 Noise and vibration
- DM Policy 27 Lighting
- DM Policy 28 Contaminated land
- DM Policy 29 Car parking
- DM Policy 30 Urban design and local character
- DM Policy 32 Housing design, layout and space standards
- DM Policy 35 Public realm

Residential Standards Supplementary Planning Document (August 2006, Updated 2012)

5.12. This document sets out guidance and standards relating to design, sustainable development, renewable energy, flood risk, sustainable drainage, dwelling mix, density, layout, neighbour amenity, the amenities of the future occupants of developments, safety and security, refuse, affordable housing, self containment, noise and room positioning, room and dwelling sizes, storage, recycling facilities and bin storage, noise insulation, parking, cycle parking and storage, gardens and amenity space, landscaping, play space, Lifetime Homes and accessibility, and materials.

Planning Obligations Supplementary Planning Document (February 2015)

5.13. This document sets out guidance and standards relating to the provision of affordable housing within the Borough and provides detailed guidance on the likely type and

quantum of financial obligations necessary to mitigate the impacts of different types of development.

6. Planning Considerations

6.1. The main issues to be considered in respect of this application are:

- a) Principle of Development
- b) Design
- c) Housing
- d) Highways and Traffic Issues
- e) Impact on Adjoining Properties
- f) Sustainability and Energy
- g) Ecology and Landscaping
- h) Other considerations
- i) Planning Obligations

Principle of Development

6.2. The National Planning Policy Framework (NPPF) states that there is a presumption in favour of sustainable development and that proposals should be approved without delay so long as they accord with the development plan.

6.3. The site is currently in use as a car scrap yard and mechanics (sui generis use class). It is not located within a town centre or a designated shopping frontage, nor within any of the defined Strategic Industrial Locations, Local Employment Locations or Mixed Use Locations as defined by Core Strategy. The site is therefore classed as an “other employment location”.

6.4. The National Planning Policy Framework (NPPF), within paragraph 17, states that Planning ‘should encourage the effective use of land by reusing land that has been previously developed (brownfield land), provided that it is not of high environmental value’. Policy 3.4 of the London Plan seeks to optimise housing potential, taking into account local context and character, the design principles and public transport capacity.

6.5. Core Strategy Policy 5 seeks to protect non-designated employment sites which are located outside of Town and Local Centres. The Policy states that other uses, including retail, community and residential will be supported if it can be demonstrated that site specific conditions including site accessibility, restrictions from adjacent land uses, building age, business viability, and viability of redevelopment show that the site should no longer be retained in employment use.

6.6. DM Policy 11 seeks to retain employment uses, where possible, on smaller sites in office, industrial and warehouse/storage use, and builders and scaffolding yards, in and around town centres, district and local hubs and also embedded in residential areas on backland sites, and sometimes on otherwise residential streets. These sites lie outside the formally designated employment sites.

Removal of existing structures and hard standing

6.7. The existing site is covered in hard standing, metal fences, and the open storage of vehicles and metals. The site has a very industrial appearance and although is not openly visible from the public realm is considered to have a negative appearance. There is considerable scope for public realm improvements to White Post Street

and Wagner Street and the improvement to the existing railway viaduct. Subject to a high quality redevelopment being proposed on the application site, there is no objection in principle to redevelopment.

Existing Employment Use

- 6.8. With reference to DM Policy 11, the application site is considered to have elements of both being located within a “Town Centre, Local Hub and other clusters of commercial and/or retail uses” and “Sites in Residential Areas”.
- 6.9. The Home and Communities Agency’s Employment Density Guide (3rd edition 2015) (HCA now being Homes England from January 2018) indicates that the existing use on site (Sui Generis) which the applicant states supports up to 20 jobs (although they have not presented real life jobs figures which are considered to be lower than the HCA guidance given the condition of the site). The proposed development would re-provide commercial floorspace with the potential for 23 jobs within the new commercial units across both buildings; this is based upon the same HCA guidance, but excludes the refurbished arches which would add a further 56 potential new jobs. This would collectively result in a significant uplift.
- 6.10. Residential use is a priority in London and the borough and it is considered that an additional 25 units would make a valuable contribution towards meeting housing need, which is set by the current London Plan as 1,385 unit per year for the borough or 13,847 as a minimum ten year target (based on the current targets).
- 6.11. Given the above, and by virtue of its good public transport accessibility, and location within an area with a high proportion of residential use, it is considered that the site could be more appropriately used for a mixed-use development with commercial uses at ground floor and residential above. The application site is located within a sustainable urban location and would optimise the use of previously developed land. The scheme would also represent an uplift in employment floorspace and provision of replacement business and industrial floorspace.
- 6.12. Further to the above, the applicant would also make a financial contribution to support both capital and revenue costs of a range of services provided by the Local Labour and Business Scheme for residents and small and medium-sized businesses in the borough. The Planning Obligations SPD (2015) that the Council requires a contribution of £530 for each new job / dwelling. This contribution would total would be calculated as follows; North Block 107sqm/12 x £530 + South Block 172 sqm/12 x £530 = £12,322.40
- 6.13. Taking the above into account, and given the site’s location outside the town centre and designated shopping frontages within a location with a large proportion of surrounding residential uses, on balance it is considered that the principle of a mixed-use scheme on the site is acceptable given the re-provision of appropriate commercial space at ground floor level. This is subject to achieving a high quality scheme in response to the other policies of the Development Plan.

Density

- 6.14. Core Strategy Policy 15 seeks to ensure a high quality of development in Lewisham, including residential schemes and that densities should be those set out in the London Plan. Policy 3.4 of the London Plan 2016 seeks to ensure that development proposals achieve the maximum intensity of use compatible with local context. Table 3.2 (Sustainable residential quality) identifies appropriate residential density

ranges related to a sites setting (assessed in terms of its location, existing building form and massing) and public transport accessibility level (PTAL).

- 6.15. The site is located just north of Old Kent Road and New Cross Road and has a PTAL of 4, indicating good accessibility to public transport connections. The scheme proposes 25 dwellings on a 0.28 hectare site which equates to a density of 400 habitable rooms per hectare.
- 6.16. The relevant London Plan density range for this application (urban location) is 200-700 habitable rooms per hectare. Although it is noted that an objection has been received on the grounds of over development, the proposed density is well within the London Plan ranges, which are themselves to be phased out within the new London Plan recently under consultation. Notwithstanding the density of the proposals, the scheme should provide a high quality and well-designed standard of residential accommodation and good urban design. The quality of the residential accommodation is discussed further below.

Commercial Use

- 6.17. The proposed 975 sqm of commercial floorspace is considered to represent a suitable uplift in employment opportunities than those which currently exist within the car scrap yard. The refurbished railway arches would also be higher quality, benefit from shopfronts and service connections, making them more appealing to the commercial market.
- 6.18. With regard to use classes, the application was originally proposed to provide a range of commercial uses including A1 retail, A2 professional services, B1 business and D1 non-residential institutions within the base of both proposed buildings and the six railway arches. During the negotiation of the application the use classes have been revised to offer only B1 business / light industrial and B2 general industrial uses.
- 6.19. This is due to the sites location away from the main highway at Old Kent Road and therefore limited footfall which officers have concern would make A1 and A2 uses unviable leading to empty units. Securing employment uses within B1 and B2 floorspace in accordance with Core Strategy Policy 5 and DM Policy 11 is supported in providing maximum employment provision.
- 6.20. Each commercial unit provides dedicated internal storage, kitchen and w/c provision. This is strongly supported in providing flexible and viable commercial space.
- 6.21. As outlined above, a mixed use redevelopment of the site with commercial re-provision at ground floor level can be supported in accordance with DM Policy 11. As such, the proposed flexible use commercial floorspace is considered acceptable in principle.
- 6.22. In accordance with London Plan Policy 4.9 and DM Policy 19, it is recommended that a planning obligation requires the applicant to fit-out the units to shell and core and internal fittings and install the glazed shop fronts and entrances prior to the occupation of any residential unit in that building in the interests of ensuring that the unit is attractive to potential end users.
- 6.23. In the interests of ensuring that the commercial space is successful and viable. It is not recommended to restrict the potential office hours for any B1 use on the site, as is typical across other schemes in the borough. It is neither sought to restrict potential

future B8 (storage) uses, however, given the close proximity of residential it is recommended that any B2 operations (general industrial) are restricted between 07:00 and 23:00 across all days of the week. This is considered to provide a balance between encouraging additional commercial activities within this site, whilst safeguarding residential amenity.

Summary

6.24. Overall, the principle of development is considered acceptable subject to a high quality design, standard of accommodation, highways and other relevant planning considerations which are discussed below.

Design

6.25. Paragraph 63 of the National Planning Policy Framework states that 'in determining applications, great weight should be given to outstanding or innovative designs which help raise the standard of design more generally in the area'. Paragraph 64 states that 'permission should be refused for development of poor design that fails to take the opportunities for improving the character and quality of an area and the way it functions'.

6.26. Urban design is a key consideration in the planning process. Part 7 of the NPPF makes it clear that national government places great importance on the design of the built environment. Good design is a key aspect of sustainable development, is indivisible from good planning, and should contribute positively to making places better for people. The NPPF states that it is important to plan positively for the achievement of high quality and inclusive design for all development, including individual buildings, public and private spaces and wider area development schemes.

6.27. London Plan Policies 7.1-7.7 (inclusive) and Core Strategy Policy 15 reinforce the principles of the NPPF setting out a clear rationale for high quality urban design.

Layout and scale

6.28. The existing site is characterised by unmade roads, illegible boundaries and offers considerable scope for improvement in terms of layout, design and contribution to a wider sense of place – that being the New Cross and Old Kent Road opportunities areas. The application proposes comprehensive redevelopment and would manifest as two distinct blocks, set in a significant area of public realm.

6.29. The main block at the front of the site provides a large commercial unit facing onto Wagner Street with residential units above arranged with angular corner balconies. The position of the block reinforces the proposed enhanced route under the railway viaduct on Wagner Street and is considered an appropriate response to the constrained nature of the site in terms of size, shape and location.

6.30. With regard to building height, this block stands at a maximum of 7 storeys, stepping down to 5 storeys at the rear. This would be taller than the immediately adjoining terraces, but is considered to be of an acceptable scale, which would make the most efficient use of the site. It is also noted that there is not a consistent form of building height in the locality. It is considered that any building of reduced scale would not make efficient use of this brownfield site and would in turn reduce housing capacity, and that the height of 7 storeys would be an acceptable response in the emerging context.

- 6.31. The second block to the rear is secondary in nature and is accessed via the extension of Wagner and White Post Street and stands at 3 storeys. This is in order to reflect the surrounding residential properties to the east along Farrow Lane/ Pump Lane. This block is subservient in form and raises no objection from a scale and massing perspective.
- 6.32. Overall, officers consider that the scale, massing and layout of the proposed building are successful in responding to the existing built context.

Detailed design

- 6.33. The two blocks share a common architectural language and pallet of materials but have subtleties in the detailed design to provide bespoke appearances.
- 6.34. The front (southern) block has been articulated to form three distinct elements, a base, middle and top. The ground floor would appear as a distinctive base with extensive full height glazed frontages with contrasting charcoal brick to reflect the adjacent viaduct. This provides a robust base, which reflects the commercial nature of the ground floor. The upper residential floors above (2nd-6th storey) are arranged within a dark buff brick gridded frame broken up by horizontal light buff brick bands marking each floor level, providing architectural interest and variety are a mixture of copper rainscreen and timber cladding with irregular single and double full height windows. Corner inset balconies and wrap around glazing successfully reduce the visual mass of this block. To the rear of the 7 storey element is a small element of dark grey zinc rainscreen cladding. The position of the cladding, and windows provides an animation to the façade which is considered to be a positive design enhancement. The top floor of the main block is inset and presented as a largely glazed curtain wall façade with dark grey aluminium fascia with wrap around balcony, enclosed by seamless glazing.
- 6.35. The second (northern) block to the rear is subservient in nature being three storeys in height and more linear in form, responding to the tapering site, which narrows to the north. The architecture follows the same full height glazed frontages to the commercial units with contrasting charcoal brick for the ground floor plinth. There is the same use of light and dark buff brickwork, as the primary elevation material but a greater use of zinc rainscreen cladding and prominent corner wrap around balconies.
- 6.36. The height of the shopfronts on both blocks and use of extensive glazing and solid brick is considered to be appropriate. The fenestration pattern, and use and placement of balconies to the upper floors is also appropriate and would provide a high standard of design and whilst it would not replicate existing surrounding buildings, the area is not of a cohesive character and the insertion of contemporary architecture is supported.
- 6.37. The railway arches would have new full height glazed shopfronts with a partial element of timber infill. The shopfront appearance is uncluttered and contemporary. The proposals are considered to make a positive contribution to the setting of the viaduct and would complete the comprehensive redevelopment of this site.
- 6.38. Overall, this elevation strategy is considered successful and provides a high quality appearance which is considered to represent a significant improvement to the existing environmental and design quality of the site, characterised by scrap metal and unmade road and would enhance the character and appearance of the area

when viewed from the train line above the viaduct and from surrounding glimpses on Ilderton Road to the west and Old Kent Road to the south.

Summary

- 6.39. Officers consider that the proposed development has maximised the potential of the site and that the scale of building achievable in this location and, subject to the quality of the detailing and design being adequately secured through conditions, it is considered that the development would be a high quality addition to the area.

Housing

a) Size and Tenure of Residential Accommodation

- 6.40. The NPPF recognises the need to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities. The NPPF specifies that local planning authorities should plan for a mix of housing based on current and future demographic trends, identify the size, type, tenure and range of housing that is required in particular locations. This should reflect local demand, and where a need for affordable housing is identified, local planning authorities should set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.
- 6.41. The Core Strategy commits the Council to negotiating for an element of affordable housing to be provided in any major residential development with the starting point for negotiations being a contribution of 50% affordable housing on qualifying sites across the Borough, subject to financial viability.
- 6.42. In terms of dwelling sizes, Core Strategy Policy 1 also states that the provision of family housing (3+ bedrooms) will be expected as part of any new development with 10 or more dwellings, having regard to criteria specified in the Policy relating to the physical character of the site, access to private gardens or communal areas, impact on car parking, the surrounding housing mix and the location of schools and other services.
- 6.43. The development does not provide any 3 bedroom + family dwellings, this is due to the size and access constraints of the site. The location adjacent to the railway viaduct over a significant provision of commercial floorspace including industrial space in the railway arches, makes this a less attractive place for family accommodation. The scheme is car free (except wheelchair parking) and is therefore less suited to family accommodation. The provision of 1 and 2 bedroom units is therefore considered to be appropriate in the site context.

b) Scheme Viability

- 6.44. The proposed development would provide 25 residential units. No affordable housing has been proposed on-site. The applicant has stated that the scheme would not be financially able to support such accommodation, in addition to the physical site constraints and the scale of the overall development, where it would prove difficult to find a Registered Provider for a single or small number of units due to higher service charge and maintenance costs (reduced economy of scale). The applicant has submitted a financial viability assessment (FVA) in support of the application.

- 6.45. The Council independently commissioned GL Hearn to review the Applicant's FVA, and the overall ability of the scheme and its ability, in financial terms, to meet policy relating to affordable housing provision. The review is robust and includes predicted sales values, construction costs and other assumptions (finance and borrowing costs, marketing and legal fees). GL Hearn's review challenged a number of assumptions (including build costs – too high, benchmark land value – too high and housing values – too low with inappropriate comparable sales values – although commercial values were agreed). GL Hearn concluded that the scheme would not be able to support on site affordable housing, but that the proposal would generate a surplus of £240,239 over and beyond an identified profit level. GL Hearn's report is attached at Appendix A. The applicant has agreed to the findings of the GL Hearn report and the financial surplus identified. This would be secured as a payment in lieu within a Section 106 agreement.
- 6.46. The applicant, having agreed with the findings of the GL Hearn report has offered the surplus as an off-site contribution in lieu, which would contribute to the Councils ongoing house-building 'New Homes Better Place' programme to provide affordable accommodation across the borough.
- 6.47. The London Plan Affordable Housing and Viability SPG states that all schemes which propose off-site affordable housing or cash in lieu payments are required to provide a detailed viability assessment as part of the justification that off-site or cash in lieu is acceptable, in-line with the London Plan and relevant local policies. Viability alone is insufficient justification for off-site affordable housing provision or a cash in lieu payment. Officers are satisfied with the consultants review of the applicants FVA and consider that a payment in lieu in this instance is acceptable.
- 6.48. Following further discussions between Planning Officers and the applicant, it was agreed that further works were required in order to make the development acceptable. This principally relates to highways improvements to reconstruct White Post Street and Wagner Street which are in a very poor state of repair. The financial contribution for reinstating the highway has been calculated at £78,500 using a standard highways construction calculation (provided by Lewisham Highways Authority). These works will be delivered by the applicant as part of their planning proposal with the details to be secured by planning condition. The applicant, further to this, is also required to make a financial payment towards carbon offset for the long term sustainability of the scheme. This amounts to £54,600.
- 6.49. The need to secure physical improvements to the highway works and off-set carbon savings has meant that the scheme has absorbed additional cost which should be factored into the overall viability of the proposals. In turn this would reduce the previous affordable housing payment from £240,239 to £107,139. This is considered a necessary consequence of the need to upgrade the highway as a means of providing a high standard and safe approach to the development. This is discussed in further detail under the 'highways' considerations of this report. The carbon savings payment is discussed under the 'sustainability' considerations of this report.
- 6.50. Given the affordable housing offer level, and taking account of guidance in the Mayor of London's Affordable Housing and Viability SPG, officers recommend that s106 obligations securing the proposed contribution towards affordable housing is subject to further review. The precise terms of the review will be negotiated with the Applicant but would reflect those set out in the London Plan Affordable Housing and Viability SPG. However, these should secure an early stage review and a late stage

review (when 75% of homes are sold or let– should they be rented, and where developer returns meet or exceed an agreed level).

6.51. Further to the above, it is also important to consider the scheme provides other borough contributions through CIL (£154,461 local and £88,731 Mayoral) and S106 obligations (total of £179,881.40) secured. Such mitigation has an impact on the viability of the scheme.

c) Wheelchair units

6.52. Core Strategy Policy 1 and London Plan Policy 3.8 state that all new housing should be built to Lifetime Homes standards and that 10% of the new housing is designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users. As such, the application is required to provide 2-3 wheelchair units.

6.53. The proposed provision is 2 units which have been designed to be compliant with Part M4(3). The location and size of the wheelchair units are identified in the Schedule of Accommodation. The level of wheelchair unit provision is considered to accord with the requirements of Core Strategy 1. Two wheelchair accessible lifts are provided in this scheme in excess of London Plan and Building regulation requirements. Car parking spaces for the wheelchair units are provided on site – the scheme is otherwise car free.

6.54. A condition is recommended to secure the provision of the wheelchair units to Building Regulations Part M4(3)(2) and the remaining 90% of units to Building Regulations Part M4(2), equivalent to Lifetime Homes.

d) Standard of Residential Accommodation

6.55. Policy 3.5 'Quality and design of housing developments' of the London Plan requires housing developments to be of the highest quality internally, externally and in relation to their context. This policy sets out the minimum floor space standards for new houses relative to the number of occupants and taking into account commonly required furniture and spaces needed for differing activities and circulation, in line with Lifetime Home Standards.

6.56. Core Strategy Policy 1, Development Local Plan Policy 32, London Plan Policy 3.5 and the London Plan Housing SPG seek to ensure that all new residential development meets minimum size standards.

6.57. Nationally prescribed space standards were established in March 2015 to replace the existing different space standards used by local authorities. It is not a building regulation and remains solely within the planning system as a new form of technical planning standard.

6.58. The national housing standards largely reflect the space standards of the London Plan. However, there are differences in the spacing of individual rooms as well as floor to ceiling heights. In the instance of conflict, the national housing standards take precedent. For reference, the London Plan recommends a floor to ceiling height of 2.5m and the national housing standards prescribe a floor to ceiling height of 2.3m.

6.59. All units would meet these standards with regard to minimum floor space and floor to ceiling heights (London Plan standard of 2.5m).

Table 4: Dwelling Sizes

Unit Size	National Technical Standard	Proposed minimum area
1 bed, 2 person	50 sqm	50 sqm – 54 sqm
2 bed, 4 person	61 sqm	61 sqm – 87 sqm

6.60. All of the proposed bedrooms would meet or exceed the minimum standards with regard to size and width. All units would provide storage in excess of the minimum standards. Some of the units are oversized compared to the London Plan minimum, this is considered to result in a high standard of accommodation for future occupants, officers note however, that that it would not be possible to reconfigure the site to provide additional accommodation.

6.61. All units in the southern block are dual aspect and all units in the northern block are triple aspect. This is to be supported given the very constrained nature of the site and officers consider the individual layouts of the units to be very high quality. The southern block having an efficient circulation space of 4 units a core, and the northern block of 2 units a core. This is compared to the typical 6-8 units a core of larger developments.

6.62. Standard 4.10.1 of the Housing SPG sets out the baseline requirements for private open space. The standard requires a minimum of 5sqm to be provided for 1-2 person dwellings and an extra 1sqm for each additional occupant. The minimum depth for all external space is 1500mm. All units within this development would have private amenity space in the form of balconies and gardens (units at ground floor) which meet and exceed the aforementioned standard.

6.63. Although the proposal provides suitable sized balconies, in accordance with the Mayor's play space and informal recreation SPG (which sets out a child yield calculator) the development provides a deficient level of on-site play space. This is accepted given the light industrial and industrial uses proposed within the commercial units and railway arches and therefore a financial contribution of £5,820 is required to be secured by s106 agreement. This fund would be used to improve local parks in Lewisham borough.

6.64. With regard to the developments position adjacent to the railway viaduct, the applicant has submitted a Noise and Vibration assessment. This provides a baseline noise assessment and a predicted scenario for the completed scheme. The assessment states that a solid brick construction is proposed and that noise would stem largely from glazing and ventilation systems, but that a high quality specification would mean internal noise levels would be suitable for residential use. The open balconies facing the railway line may be subject to higher noise levels, however, this is a common situation in urban developments and future occupiers of the units on the open market would be fully aware of the schemes position next to the railway viaduct and would therefore expect associated noise levels.

6.65. Given the above, the proposed development is considered to be acceptable with regard to standard of accommodation. A condition setting out the detailed noise mitigation measures shall be secured by condition.

Highways and Traffic Issues

a) Access and public realm

- 6.64. The site is situated off the Old Kent Road and is within walking distance of New Cross Gate and South Bermondsey stations and is well connected to such by a host of bus routes, which run between Lewisham/ Deptford and Central London.
- 6.65. It has a Public Transport Accessibility Level (PTAL) of 4, where '1' is rated as Poor and '6' is rated as Excellent. The Council's Core Strategy Policy 15 'High quality design for London' encourages relatively dense development to be located in areas such as Lewisham where the PTAL is Good or Excellent. The site has a PTAL of 4 (good) and is considered to be appropriately accessible.
- 6.66. As detailed above, access into the site is via Old Kent Road, White Post Street and Wagner Street. The latter roads are currently in a very poor state of repair, with unmade and broken tarmac surfaces, no pavement and where there are kerb lines on Wagner Street, these are damaged and broken. This results in a very poor environmental condition, which is not suitable for the entrance into the proposed development, which officers consider to be of high quality.
- 6.67. The scheme is therefore required to contribute to the public realm, including the *entire* reconstruction of the carriage way in White Post Street and Wagner Street and the creation of pedestrian friendly footways (there are none at present). These cover a considerable area, and when reconstructed would become adopted highway. These would be subject to s278 and s38 highways agreements.

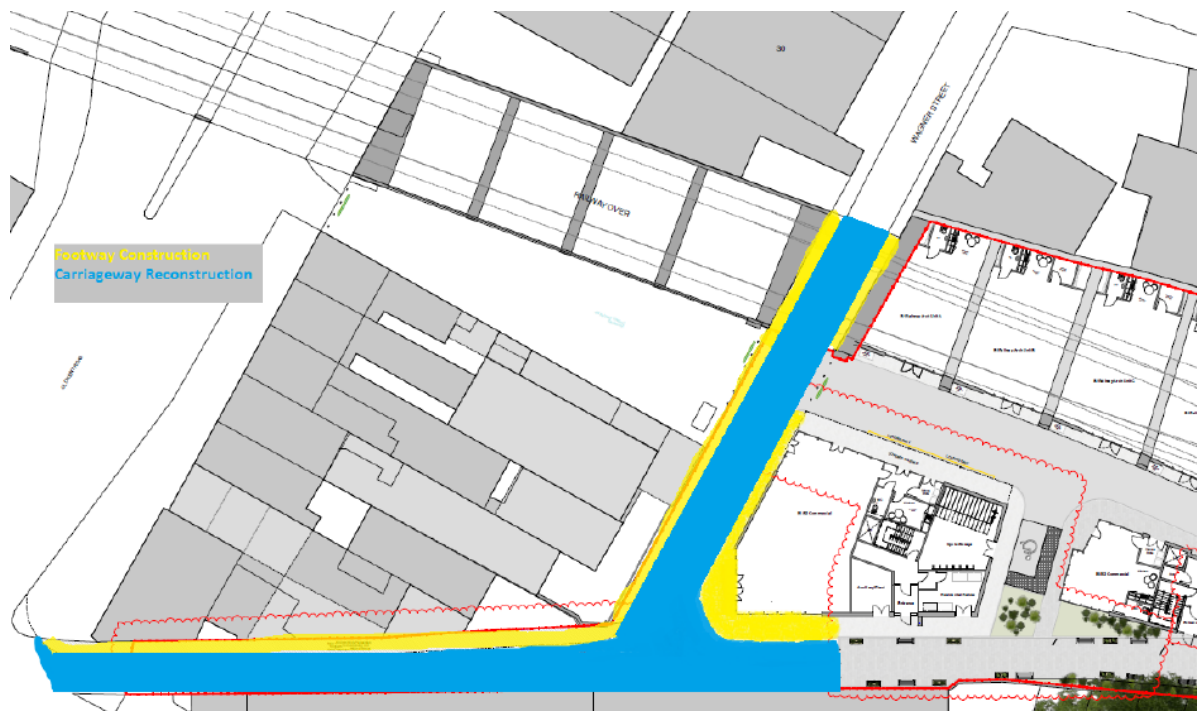


Figure 3: extend of highway works

b) Delivery and Servicing

Residential and Commercial refuse/ recycling

- 6.68. The refuse stores are located internally at ground floor level, separate to the commercial refuse store. It is anticipated that refuse would be collected from White Post Street – this is considered an acceptable arrangement with the reinstatement

of the highway as identified above. The details of this arrangement would be secured through a Delivery and Servicing Plan by condition.

c) Cycle Parking

Residential

6.69. Both the residential long-stay and short-stay cycle parking would be located in secure cycle store to the rear southern block.

6.70. Policy 6.9 of the London Plan requires that all developments should provide dedicated storage space for cycles at the following level: 1 per studio and one bed 2 per all other dwellings. In addition, one short stay cycle parking space should be provided per 40 units.

6.71. As such, the proposed development should provide a total of 43 long stay spaces and 1 short stay space.

Commercial

6.72. The standards for long stay and short stay cycle provision would be 11 x long stay and 5 x short stay spaces, set out below:

Use class	Long stay	Short Stay
B1 (office)	7	3
Flexible light industrial use	4	2

6.73. The long stay spaces would be provided external stores to the rear of the northern block and the very rear of the site by the substation. No further detail has been provided and details are to be secured by condition to ensure they are secure and covered.

d) Car Parking

6.74. The proposed development is to be car free. A car-free approach is supported in this location, which benefits from a good PTAL rating of 4 given the high level of cycle parking provision.

6.75. The council would also require that the applicant provide car club membership for three years for future occupants of the development (through a section 106 agreement) and that a Travel Plan is submitted and to and approved by the Council by way of a condition.

6.76. With regard to disabled parking provision, the 2 accessible parking bays are located within the public realm, and would be accessed via the main entry route via White Post Street.

Impact on Adjoining Properties

- 6.77. Development Management Policy 32 requires the siting and layout of all new-build housing to respond positively to the site specific constraints and opportunities, as well as being attractive, neighbourly, provide a satisfactory level of outlook and natural lighting for both future and existing residents and meet the functional needs of future residents. All new-build housing will be required to be sited to minimise disturbance from incompatible uses and be well located in relation to public transport with a high quality pedestrian environment.
- 6.78. An assessment of daylight and sunlight has been carried out for the development in accordance with the Building Research Establishment's good practice guide "Site Layout planning for daylight and sunlight". This report assesses the daylight, sunlight and overshadowing impacts that the proposed development may have on the existing properties surrounding the site as well as within the proposed development itself.
- 6.79. It is important to note that the BRE guidance includes a degree of flexibility within its application and for instance, developments in urban areas are treated differently to suburban areas because expectations of daylight and sunlight into properties differ in such locations. Consequently, it is often necessary to aim for different 'target values' of daylight and sunlight into rooms according to the location of the development.

Daylight to windows

- 6.80. The assessment of daylight is based on the calculation of the vertical sky component (VSC) to an affected window in both the existing and proposed condition. The VSC, simply put, is the amount of light received at the centre of a window. There is a further assessment that assesses the distribution of daylight within a room. This is called the average daylight factor (ADF). Whereas VSC assessments are influenced by the size of obstruction, the ADF is more influenced by the room area, the area of room surfaces, the reflectance of room surfaces and the transmittance of the glazing with the size of the obstruction being a smaller influence. A further measure of daylight distribution within a room is no sky line (NSL). This divides those areas that can see direct daylight from those which cannot and helps to indicate how good the distribution of daylight is in a room.

39-53 Farrow Lane

- 6.81. These properties are located to the east of the application site and provide residential accommodation over two floors.
- 6.82. The applicant has undertaken analysis of the 31 windows and states that even with the underdeveloped nature of the site, only 18 of the windows as existing achieve a VSC of greater than 27%. With the implementation of the development, 16 windows (52%) will achieve a VSC of at least 27%. The report considers this to be expected given the urban location of the development.
- 6.83. The Daylight and Sunlight Report also considers the daylight distribution and the results demonstrates that in all instances a significant portion of the rooms assessed lie in front of the NSL and would still enjoy good daylight distribution.
- 6.84. Given the above, the proposed development is considered to be acceptable with regard to impact on daylight to windows at Farrow Lane.

899-915 (odd) Old Kent Road

- 6.85. These properties are located to the south of the site and provide residential accommodation on two upper levels with commercial space at ground floor.
- 6.86. The results of the VSC analysis demonstrates that in all instances the 4 windows facing onto the existing site (northerly orientation) achieve at least 27%. The daylight distribution has also been analysed and sets out that the rooms benefit from a significant portion of their area in front of the NSL where by BRE guidelines are achieved. These properties are also set at 30.9m distance from the application site and therefore would not be adversely impacted by the proposed scale and mass with regard to daylighting impact. These properties are also noted for being separated by the large extensions to the commercial premises at ground floor which measure between 1-2 storeys.

Sunlight

- 6.87. The BRE Guidelines require that all windows within 90 degrees of due south should be considered. The recommended numerical values set out within the BRE Guidelines are for a window to achieve Annual Probable Sunlight Hours (APSH) of 25%, including at least 5% during the winter months. Where the difference in the APSH is more than 4% between the existing and proposed both the total APSH and those enjoyed within the winter months are more than 0.8 times the existing values. The guidelines however also state that bedrooms are less important than living rooms. Due to the proposed massing of the development, and the orientation of the neighbouring residential properties (north and east) no analysis is required, as no adverse material impact would arise.

Overshadowing

39-53 Farrow Lane

- 6.88. The report states that due to these properties orientation, their access to direct sunlight is limited, and that in their existing situation, significantly less than 50% of the garden areas achieve 2 hours of direct sunlight on the 21st March. With the development in place, 4 of the 8 gardens will achieve at least 0.8 times the existing area achieving 2 hours of direct sunlight on 21st March. With regard to the other 4 gardens, 2 are less than 0.65sqm from achieving the 0.8 times the existing value and the other 2 require less than 10% of the garden area to achieve this.
- 6.89. Taking into account the existing levels and the urban context of the site, it is considered that the results of the overshadowing analysis are acceptable given the balanced need to retain the amenity of existing residents whilst providing new housing and redeveloping an underutilised site.

Privacy

- 6.90. The Council's Residential Development Standards SPD (updated 2012) states that developers will be expected to demonstrate how the form and layout of their proposals will provide residents with a quality living environment, and how privacy will be provided both for the neighbours and the occupiers of the proposed development.
- 6.91. It states that a minimum separation distance of 21 metres should be maintained between directly facing habitable room windows on main rear elevations, unless mitigated through design. This separation will be maintained as a general rule but will be applied flexibly dependent on the context of the development.

- 6.92. When taking into account mews, courtyard, and other similar forms of development may entail relatively small front to front distances. In this instance, White Post and Wagner Street are relatively narrow, and the proposals result in a certain urban, mews style quality where narrower separation distances are typically expected.
- 6.93. The main block of the proposed development which would front Wagner Street raises no significant concern with regard to loss of privacy given that the proposed windows would face the same orientation with a separation gap of over 30m to the south nearest residential windows on Old Kent Road. The proposed block would have a minimum separation distance of 6m to the ground floor rear projections that currently align to the south of Wagner Street, rising to 9m at first floor. It is not considered that there would be unacceptable privacy arising from this relationship given the urban mews style nature of the development and non-residential uses to the rear of Old Kent Road.
- 6.94. With regard to the rearward northern block of the proposed development, the separation distances in relation to the closest properties on Farrow Lane is 6m from the proposed closest building to the garden boundaries of properties on Farrow Lane, and between 13.8m and 14.3m to the elevations of those buildings. These oriel windows are designed to avoid direct overlooking of those gardens, with non-obscure glazing proposed only to the southwards facing panes. This is to be secured by condition. The larger front block is set in line with the adjacent Deptford Ambulance station.
- 6.95. Given the above, the proposed development is acceptable with regard to impact on privacy of occupants of surrounding developments.

Outlook

- 6.96. With regard to outlook, an important consideration is the impact of the development from neighbouring properties and whether the development would have an overbearing impact by reason of its proposed scale and mass.
- 6.97. The Council does not have guidance in respect of separation distances for flank to flank relationships, instead reference is made to the requirement of Policy DM 32 for new development to be neighbourly and provide adequate outlook.
- 6.98. The proposed development would represent a significant change in outlook for neighbouring properties, who currently overlook a car breakers yard. However, a change in outlook is not in itself an unacceptable impact and a balance must be given for the wider environmental impacts, which in this instance have been found to be acceptable. The development has a position and massing which is considered to minimise its bulk and officers consider that given the separation distances the impact on outlook would be acceptable.

Sustainability and Energy

- 6.99. Policy 5.3 Sustainable Design and Construction of the London Plan states that the highest standards of sustainable design and construction should be achieved in London to improve the environmental performance of new developments and to adapt to the effects of climate change over their lifetime.

a) *Carbon Emissions and BREEAM*

- 6.100. Policy 5.2 Minimising Carbon Dioxide Emissions of the London Plan states that development should make the fullest contribution to minimising carbon dioxide emissions in accordance with the following energy hierarchy:
1. Be lean: use less energy
 2. Be clean: supply energy efficiently
 3. Be green: use renewable energy
- 6.101. Achieving more sustainable patterns of development and environmentally sustainable buildings is a key objective of national, regional and local planning policy. London Plan and Core Strategy Policies advocate the need for sustainable development. All new development should address climate change and reduce carbon emissions. Core Strategy Policies advocate the need for sustainable development. All new development should address climate change and reduce carbon emissions. Core Strategy Policy 8 requires all new residential development to meet a minimum of Code for Sustainable Home Level 4.
- 6.102. Since 1st October 2016, the London Plan requires new major development to provide 'zero carbon' housing. The London Plan Housing SPG defines zero carbon homes as "homes forming part of major development applications where the residential element of the application achieves at least a 35 per cent reduction in regulated carbon dioxide emissions (beyond Part L 2013) on-site (in line with policy 2.5B). The remaining regulated carbon dioxide emissions, to 100 per cent, are to be off-set through a cash in lieu contribution to the relevant borough to be ring fenced to secure delivery of carbon dioxide savings elsewhere.
- 6.103. The onsite reduction in regulated CO₂ emissions over the Building Regulations Part L (2013) baseline will be 35.6% (site wide) in accordance with the London Plan Policy 5.2. Energy Efficiency measures and therefore compliant reduction over the Part L (2013) baseline. The applicant has stated that the scheme has been developed on the basis of maximising the passive principles of energy saving to ensure the most cost effective and robust savings for the lifetime of the development. This achieves 10.5% site wide savings at the 'be lean' stage through high levels of insulation and glazing, low air flow tightness, and high efficiency boilers, heat pumps, energy saving controls for space and lighting and provision of high performance photovoltaic panels. Officers consider the sustainability appraisal and energy strategy to be efficient for the site.
- 6.104. In accordance with the London Plan, the remaining regulated carbon dioxide emissions, to 100 per cent, would be off-set through a cash in lieu contribution of £54,600.
- 6.105. Core Strategy Policy 8 requires that non-residential development should achieve a minimum of BREEAM 'Excellent' standard or any future national equivalent. The applicants submitted Sustainability Statement, indicates that the proposed commercial units would score 72%, thereby achieving 'excellent' status. This would need to be secured by planning condition.

Living Roofs and Ecology

- 6.106. London Plan Policy 5.11 confirms that development proposals should include 'green' roofs. Core Strategy Policy 7 specifies a preference for Living Roofs (which includes bio-diverse roofs) which compromise deeper substrates and a more

diverse range of planting than plug-planted sedum roofs, providing greater opportunity bio-diversity.

- 6.107. In this instance, the scheme proposes a living roof to the flat roof of the main block of the proposed development. A section has been provided which shows that, in terms of substrate depth and planting methodology, the specification meets the Council's requirements. A condition would be required to enable species composition to be agreed.
- 6.108. Taking into account the existing site condition, and lack of natural habitat it is considered that the proposals, through provision of a good quality living roofs, achieves an enhancement of biodiversity habitat on site. The living roofs proposed in this instance would assist in attenuating and reducing the amount of run-off actually leaving the site. Overall, the proposal is considered to be acceptable when judged against sustainability policies and other site considerations.

Other Considerations

Employment and Training

- 6.109. As London's economy grows the number of jobs and careers available to Lewisham's citizens will increase. Many of these jobs will require specific skills. Lewisham's citizens should feel equipped to compete for the best jobs and fulfil their aspirations.
- 6.110. The Lewisham Local Labour and Business Scheme is a local initiative that helps local businesses and residents to access the opportunities generated by regeneration and development activity in Lewisham.
- 6.111. This particular policy objective provides the basis of the Government's commitment to reducing the environmental impact of new developments.
- 6.112. The use of local labour can also limit the environmental impact of new development due to people commuting shorter distances to travel to work.
- 6.113. The approach set out in the Council's Planning Obligations SPD is to split the contributions required equally between residential and commercial development. The contribution sought reflects the current training and operation costs of running the programme to the end date of this document (2025).
- 6.114. A threshold for residential developments of 10 dwellings or more, including mixed-use schemes and live-work units, is set. Applied to the application scheme, this gives a contribution of £12,322.40.

Prevention of Crime and Disorder

- 6.115. S.17 of the Crime and Disorder Act 1998 provides that it shall be the duty of the Council to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment).
- 6.116. Officers do not consider the layout would give rise to crime based on its open layout and natural surveillance.

Human Rights Act

- 6.117. This planning application engages certain human rights under the Human Rights Act 2008 (the HRA). The HRA prohibits unlawful interference by public bodies with conventions rights. The term 'engage' simply means that human rights may be affected or relevant.
- 6.118. The rights potentially engaged by this application, including the right to a fair trial and the right to respect for private and family life are not considered to be unlawfully interfered with by this proposal.

Equalities Considerations

- 6.119. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.120. In summary, the Council must, in the exercise of its function, have due regard to the need to:
- (a) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
 - (b) advance equality of opportunity between people who share a protected characteristic and those who do not;
 - (c) foster good relations between people who share a protected characteristic and persons who do not share it.
- 6.121. The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the decision maker, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 6.122. The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <https://www.equalityhumanrights.com/en/publication-download/technical-guidance-public-sector-equality-duty-england>
- 6.123. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- 1. The essential guide to the public sector equality duty
 - 2. Meeting the equality duty in policy and decision-making

3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

- 6.124. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance>
- 6.125. The planning issues set out above do not include any factors that relate specifically to any of the equalities categories set out in the Act, and therefore it has been concluded that there is no impact on equality.

Planning Obligations

The National Planning Policy Framework (NPPF) states that in dealing with planning applications, local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition. It further states that where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled. The NPPF also sets out that planning obligations should only be secured when they meet the following three tests:

- (a) Necessary to make the development acceptable
- (b) Directly related to the development; and
- (c) Fairly and reasonably related in scale and kind to the development

- 6.126. Paragraph 122 of the Community Infrastructure Levy Regulations (April 2010) puts the above three tests on a statutory basis, making it illegal to secure a planning obligation unless it meets the three tests.
- 6.127. The applicant has provided a planning obligations statement outlining the obligations that they consider are necessary to mitigate the impacts of the development.
- 6.128. The following obligations are proposed to be secured by S106 agreement:

Housing

- A financial payment in lieu of £107,139 index linked, payable upon first occupation.
- Review mechanism – Early stage review (Upon substantial implementation - completion of ground works, ground slab level and ground floor building frame - if the planning permission has not been implemented within two years) and a

late stage review (when 75% of homes are sold or occupied should they be rented and where developer returns meet or exceed an agreed level in accordance with the London Plan Affordable Housing and Viability SPG).

Transport and Public Realm

- Car club membership – 3 years
- CPZ parking permits restriction

Employment & Training

- Local labour and business contribution of £12,322.40 index linked prior to commencement

Carbon Offset Payment

- Financial contribution of £54,600 index linked prior to first occupation

Commercial unit fit out

- Developer to undertake initial fit-out of the commercial unit prior to any occupation of the residential unit to include:
 - Service connections for gas, electricity, water and foul drainage;
 - Provision for telecommunication services and broadband services;
 - Wall and ceiling finishes;
 - Wheelchair accessible entrances;
 - Screed floors;
 - Glazing solution.

Playspace

- A financial contribution of £5,820 index linked, payable upon first occupation of the development.

Monitoring and Costs

- Meeting the Council's reasonable costs in preparing and monitoring the legal obligations
- The monitoring costs in this instance would equate to £4000 as per the Planning Obligations SPD.

6.129. Officers consider that the obligations outlined above are appropriate and necessary in order to mitigate the impacts of the development and make the development acceptable in planning terms. Officers are satisfied the proposed obligations meet the three legal tests as set out in the Community Infrastructure Levy Regulations (April 2010).

7. Local Finance Considerations

- 7.1. Under Section 70(2) of the Town and Country Planning Act 1990 (as amended), a local finance consideration means:
- (a) A grant or other financial assistance that has been, or will or could be, provided to a relevant authority by a Minister of the Crown; or
 - (b) Sums that a relevant authority has received, or will or could receive, in payment of Community Infrastructure Levy (CIL).
- 7.2. The weight to be attached to a local finance consideration remains a matter for the decision maker.
- 7.3. The Mayor of London's (CIL) and Local CIL are a material consideration in the determination of this application. CIL is payable on this application and the applicant has completed the relevant form.

8. Conclusion

- 8.1. This report has considered the proposals in the light of adopted development plan policies and other material considerations including information or representations relevant to the environmental effects of the proposals.
- 8.2. It is considered that the scale of the development is acceptable, that the buildings have been designed to respond to the context, constraints and potential of the site and that the development will provide a high standard of accommodation.
- 8.3. The NPPF is underpinned by a presumption in favour of sustainable development. Officers consider that with the recommended mitigation, planning conditions and obligations in place the scheme accords with local and national policies.
- 8.4. The proposals are considered to accord with the development plan. Officers have also had regard to other material considerations, including guidance set out in adopted supplementary planning documents and in other policy and guidance documents and the responses from consultees, which lead to the conclusions that have been reached in this case. Such material considerations are not considered to outweigh a determination in accordance with the development plan and the application is accordingly recommended for approval.

9. RECOMMENDATION (A)

To agree the proposals and authorise the Head of Law to negotiate and complete a legal agreement under Section 106 of the 1990 Act (and other appropriate powers) to cover the following principal matters:-

Housing

- Financial payment of £107,139.00 index linked and payable in full upon first occupation
- Review mechanism – Early stage review (Upon substantial implementation - completion of basement works - if the planning permission has not been implemented within two years) and a late stage review (when 75% of homes are sold or occupied should they be rented and where developer returns meet or

exceed an agreed level in accordance with the London Plan Affordable Housing and Viability SPG).

Transport and Public Realm

- Car club membership – 3 years
- CPZ parking permits restriction

Employment & Training

- Local labour and business contribution of £12,322.40 prior to commencement

Carbon Offset Payment

- Financial contribution of £54,600

Commercial unit fit out

- Developer to undertake initial fit-out of the commercial unit prior to any occupation of the residential unit to include:
 - Service connections for gas, electricity, water and foul drainage;
 - Provision for telecommunication services and broadband services;
 - Wall and ceiling finishes;
 - Wheelchair accessible entrances;
 - Screed floors;
 - Glazing solution.

Playspace

- A financial contribution of £5,820, payable upon first occupation of the development.

Monitoring and Costs

- Meeting the Council's reasonable costs in preparing and monitoring the legal obligations
- The monitoring costs in this instance would equate to £4000 as per the Planning Obligations SPD.

RECOMMENDATION (B)

Upon the completion of a satisfactory Section 106 in relation to the matters set out above, authorise the Head of Planning to grant Planning Permission subject to the following conditions:-

Conditions

1. The development to which this permission relates must be begun not later than the expiration of three years beginning with the date on which the permission is granted.

Reason: As required by Section 91 of the Town and Country Planning Act 1990.

2. The development shall be carried out strictly in accordance with the application plans, drawings and documents hereby approved and as detailed below:

WPS - Design & Access Statement Planning Submission Nov 2017 REV B Part 1; WPS - Design & Access Statement Planning Submission Nov 2017 REV B Part 2; WPS - Design & Access Statement Planning Submission Nov 2017 REV B Part 3; WPS1002 - SK02 WPS Land Ownership P01; WPS1002-001 - Existing Site Plan P01; WPS1002-002 - Proposed Masterplan P14; WPS1002-006 - Site Location Plan P02; WPS1002-007 - Proposed Ground - 3rd floor Plans South Block P02; WPS1002-008 - Proposed 4th - Roof plans South Block P01; WPS1002-010 - Proposed Elevations Sheet 1 Rev F; WPS1002-011 - Proposed elevation sheet 2 Rev F; WPS1002-012 - Proposed Sections Sheet 1 P01; WPS1002-013 - Proposed Sections Sheet 2 P01; WPS1002-014 - Existing_Proposed Railway Arches Elevations P01; WPS1002-015 CGI View from Railway Viaduct; WPS1002-016 - CGI view from Wagner Street Arches; WSP1002-018_Rev A_Bio-Diverse Roof Detail

Reason: To ensure that the development is carried out in accordance with the approved documents, plans and drawings submitted with the application and is acceptable to the local planning authority.

3. No development shall commence on site until such time as a Construction Management Plan has been submitted to and approved in writing by the local planning authority. The plan shall cover:-
- (a) Dust mitigation measures.
 - (b) The location and operation of plant and wheel washing facilities
 - (c) Details of best practical measures to be employed to mitigate noise and vibration arising out of the construction process
 - (d) Details of construction traffic movements including cumulative impacts which shall demonstrate the following:-
 - (i) Rationalise travel and traffic routes to and from the site.
 - (ii) Provide full details of the number and time of construction vehicle trips to the site with the intention and aim of reducing the impact of construction related activity.
 - (iii) Measures to deal with safe pedestrian movement.
 - (e) Security Management (to minimise risks to unauthorised personnel).
 - (f) Details of the training of site operatives to follow the Construction Management Plan requirements.
 - (g) The development shall be constructed in accordance with the approved Construction Management Plan

Reason: In order that the local planning authority may be satisfied that the demolition and construction process is carried out in a manner which will minimise possible noise, disturbance and pollution to neighbouring properties and to comply with Policy 5.3 Sustainable design and construction, Policy 6.3 Assessing effects of development on transport capacity and Policy 7.14 Improving air quality of the London Plan (2016).

- 4.
- (a) No development (other than demolition of above ground structures) shall commence on site until a scheme for surface water management, including specifications of the surface treatments and sustainable urban drainage solutions, has been submitted to and approved in writing by the local planning authority.
 - (b) The development shall be carried out in accordance with the approved scheme and thereafter the approved scheme is to be retained in accordance with the details approved therein.

Reason: To prevent the increased risk of flooding and to improve water quality in accordance with Policies 5.12 Flood risk management and 5.13 Sustainable drainage in the London Plan (July 2016) and Objective 6: Flood risk reduction and water management and Core Strategy Policy 10: Managing and reducing the risk of flooding (2011).

5.
 - (a) No piling or any other foundation designs using penetrative methods shall take place, other than with the prior written approval of the local planning authority.
 - (b) Details of the depth and type of piling to be undertaken and the methodology by which such piling will be carried out, including measures to prevent and minimise the potential for damage to subsurface sewerage infrastructure, and the programme for the works) any such operations must be submitted to and approved in writing by the local planning authority in consultation with Thames Water prior to commencement of development (excluding above ground demolition) on site and shall be accompanied by details of the relevant penetrative methods.
 - (c) Any such work shall be carried out only in accordance with the details approved under part (b).

Reason: To prevent pollution of controlled waters and to comply with Core Strategy (2011) Policy 11 River and waterways network and Development Management Local Plan (November 2014) DM Policy 28 Contaminated land.

6. Prior to any works above ground level, a detailed schedule and sample panel of all external materials, including surface treatments, and finishes/windows and external doors/roof coverings to be used on the buildings have been submitted to and approved in writing by the local planning authority. The development shall be carried out in full accordance with the approved details.

Reason: To ensure that the local planning authority may be satisfied as to the external appearance of the building(s) and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and Development Management Local Plan (November 2014) DM Policy 30 Urban design and local character.

7. The refuse storage and recycling facilities shown on drawing 'WSP1002-002 – Proposed Masterplan P13' hereby approved, shall be provided in full prior to occupation of the development and shall thereafter be permanently retained and maintained.

Reason: In order that the local planning authority may be satisfied with the provisions for recycling facilities and refuse storage in the interest of safeguarding the amenities of neighbouring occupiers and the area in general, in compliance with Development Management Local Plan (November 2014) DM Policy 30 Urban design and local character and Core Strategy Policy 13 Addressing Lewisham waste management requirements (2011).

8.
 - (a) A minimum of 44 secure and dry cycle parking spaces shall be provided within the development as indicated on the plans hereby approved.
 - (b) The development shall not be occupied until the full details of the cycle parking facilities have been submitted to and approved in writing by the local planning authority.
 - (c) All cycle parking spaces shall be provided and made available for use prior to occupation of the development and maintained thereafter.

Reason: In order to ensure adequate provision for cycle parking and to comply with Policy 14: Sustainable movement and transport of the Core Strategy (2011).

9.
 - (a) The commercial unit hereby approved shall be fitted with a minimum of 11 long stay spaces and 5 short stay cycle parking spaces
 - (b) The commercial unit shall not be occupied until the full details of the cycle parking facilities have been submitted to and approved in writing by the local planning authority.
 - (c) All cycle parking spaces shall be provided and made available for use prior to occupation of the development and maintained thereafter.

Reason: In order to ensure adequate provision for cycle parking and to comply with Policy 14: Sustainable movement and transport of the Core Strategy (2011).

- 10.
- (a) A scheme of soft landscaping (including details of any trees or hedges to be retained and proposed plant numbers, species, location and size of trees and tree pits) and details of the management and maintenance of the landscaping for a period of five years shall be submitted to and approved in writing by the local planning authority prior to construction of the above ground works.
 - (b) All planting, seeding or turfing shall be carried out in the first planting and seeding seasons following the completion of the development, in accordance with the approved scheme under part (a). Any trees or plants which within a period of five years from the completion of the development die, are removed or become seriously damaged or diseased, shall be replaced in the next planting season with others of similar size and species.

Reason: In order that the local planning authority may be satisfied as to the details of the proposal and to comply with Core Strategy Policy 12 Open space and environmental assets, Policy 15 High quality design for Lewisham of the Core Strategy (June 2011), and DM Policy 25 Landscaping and trees and DM Policy 30 Urban design and local character of the Development Management Local Plan (November 2014).

- 11.
- (a) The development shall be constructed with a biodiversity living roof laid out in accordance with plan no. 'WSP1002-018 typical Bio-diverse roof details' hereby approved and maintained thereafter.
 - (b) The living roofs shall not be used as an amenity or sitting out space of any kind whatsoever.
 - (c) Evidence that the roof has been installed in accordance with (a) shall be submitted to and approved in writing by the local planning authority prior to the first occupation of the development hereby approved.

Reason: To comply with Policies 5.10 Urban greening, 5.11 Green roofs and development site environs, 5.12 Flood risk management, 5.13 Sustainable Drainage and 7.19 Biodiversity and access to nature conservation in the London Plan (2016) , Policy 10 managing and reducing flood risk and Policy 12 Open space and environmental assets of the Core Strategy (June 2011), and DM Policy 24 Biodiversity, living roofs and artificial playing pitches of the Development Management Local Plan (November 2014).

- 12.
- (a) The development shall not be occupied until a Delivery and Servicing Plan has been submitted to and approved in writing by the local planning authority.
 - (b) The plan shall demonstrate the expected number and time of delivery and servicing trips to the site, with the aim of reducing the impact of servicing activity.
 - (c) The approved Delivery and Servicing Plan shall be implemented in full accordance with the approved details from the first occupation of the development and shall be adhered to in perpetuity.

Reason: In order to ensure satisfactory vehicle management and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011).

- 13.
- (a) Notwithstanding the details approved, no part of the development hereby approved shall be occupied until such time as a user's Travel Plan, in accordance with Transport for London's document 'Travel Planning for New Development in London' has been submitted to and approved in writing by the local planning authority. The development shall operate in full accordance with all measures identified within the Travel Plan from first occupation.
 - (b) The Travel Plan shall specify initiatives to be implemented by the development to encourage access to and from the site by a variety of non-car means, shall set targets and shall specify a monitoring and review mechanism to ensure compliance with the Travel Plan objectives.
 - (c) Within the timeframe specified by (a) and (b), evidence shall be submitted to demonstrate compliance with the monitoring and review mechanisms agreed under parts (a) and (b).

Reason: In order that both the local planning authority may be satisfied as to the practicality, viability and sustainability of the Travel Plan for the site and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011).

15. (a) The detailed design for each dwelling hereby approved shall meet the required standard of the Approved Document M of the Building Regulations (2015) as specified below:

- (i) 2 units shall meet standard M4(3)(2)
- (ii) All other units shall meet standard M4(2)

(b) No development shall commence above ground level until written confirmation from the appointed building control body has been submitted to and approved in writing by the local planning authority to demonstrate compliance with part (a) of this condition.

(c) The development shall be carried out in accordance with the requirements of part (b) of this condition.

Reason: To ensure that there is an adequate supply of wheelchair accessible housing in the Borough in accordance with Policy 1 Housing provision, mix and affordability and Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 32 Housing design, layout and space standards of the Development Management Local Plan (November 2014).

16. Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), no satellite dishes shall be installed on the elevations or the roof of the building.

Reason: In order that the local planning authority may be satisfied with the details of the proposal and to accord with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 30 Urban design and local character of the Development Management Local Plan (November 2014).

17. Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), no plumbing or pipes shall be fixed on the external faces of the building.

Reason: In order that the local planning authority may be satisfied with the details of the proposal and to accord with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 30 Urban design and local character of the Development Management Local Plan (November 2014).

18. Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), no windows (or other openings) shall be constructed in any elevation of the building other than those expressly authorised by this permission. Windows above first floor level within the northernmost block facing east shall be obscure glazed at all times within eastern facing casements.

Reason: To enable the local planning authority to regulate and control any such further development in the interests of amenity and privacy of adjoining properties in accordance with DM Policy 31 Alterations and extensions to existing buildings including residential extensions, DM Policy 32 Housing design, layout and space standards and DM Policy 33 Development on infill sites, backland sites, back gardens and amenity areas of the Development Management Local Plan (November 2014).

19. The whole of the amenity space (including roof terraces and balconies) as shown on the approved plans hereby approved shall be retained permanently for the benefit of the occupiers (including future occupiers) of all the residential units hereby permitted.

Reason: In order that the local planning authority may be satisfied as to the amenity space provision in the scheme and to comply with Policy 15 High quality design for Lewisham of the Core Strategy (June 2011) and DM Policy 32 Housing Design, layout and space standards of the Development Management Local Plan (November 2014).

20. Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking, re-enacting or modifying that Order), the use of the flat roofs on the building hereby approved shall be as set out in the application and no development or the formation of any door providing access to additional areas of the roof shall be carried out, nor shall the roof area be used as a balcony, roof garden or similar amenity area.

Reason: In order to prevent any unacceptable loss of privacy to adjoining properties and the area generally and to comply with Policy 15 High Quality design for Lewisham of the Core Strategy (June 2011), and DM Policy 31 Alterations and extensions to existing buildings including residential extensions, DM Policy 32 Housing design, layout and space standards of the Development Management Local Plan (November 2014).

21. The commercial premises within use class B2 hereby approved shall only be open for customer business between the hours of 07:00 and 23:00.

Reason: In order to safeguard the amenities of adjoining occupants at unsociable periods and to comply with Paragraph 120 of the National Planning Policy Framework and DM Policy 26 Noise and Vibration and DM Policy 32 Housing design, layout and space standards of the Development Management Local Plan (November 2014).

22. (a) The commercial units shell and core works hereby approved shall achieve a minimum BREEAM Rating of 'Excellent'.
- (b) No development of the commercial unit shall commence until a Design Stage Certificate for the commercial unit (prepared by a Building Research Establishment qualified Assessor) has been submitted to and approved in writing by the local planning authority to demonstrate compliance with part (a) of this condition.
- (c) Within 3 months of first occupation of any commercial unit, evidence shall be submitted in the form of a Post Construction Certificate (prepared by a Building Research Establishment Qualified Assessor) to demonstrate full compliance with part (a) of this condition in respect of such commercial unit.

Reason: To comply with Policies 5.1 Climate change and mitigation, 5.2 Minimising carbon dioxide emissions, 5.3 Sustainable design and construction, 5.7 Renewable energy, 5.15 Water use and supplies in the London Plan (2016) and Core Strategy Policy 7 Climate change and adapting to the effects, Core Strategy Policy 8 Sustainable design and construction and energy efficiency (June 2011).

23. (a) No development (excluding demolition and site clearance) shall commence until details of the following works to the highway (including drawings and specifications) have been submitted to and approved in writing by the local planning authority:

- (i) the extension of White Post Street which shall provide a pedestrian footpath
- (ii) the reconstruction of Wagner Street
- (iii) details of the new vehicle crossover(s)
- (iv) location of street lamp columns and other street furniture

(b) The building shall not be occupied until the highways works referred to in paragraph (a) of this condition have been completed in accordance with the details approved under the said paragraph (a).

Reason: In order to ensure that satisfactory means of access is provided, to ensure that the development does not prejudice the free flow of traffic or conditions of general safety along the neighbouring highway and to comply with Policy 14 Sustainable movement and transport of the Core Strategy (June 2011). This is a pre-commencement condition because the local planning authority needs to be satisfied that the proposed and required Highways Works necessary to facilitate the development can be satisfactorily designed before development starts.

24. (a) Details of the proposed solar panels shall be submitted to and approved in writing by the LPA prior to the commencement of any above ground works.

(b) The solar panels approved in accordance with (a) shall be installed in full prior to first occupation of the residential units hereby approved, and retained in perpetuity.

Reason: To comply with Policies 5.1 Climate change and mitigation, 5.2 Minimising carbon dioxide emissions, 5.3 Sustainable design and construction, 5.7 Renewable energy, 5.15 Water use and supplies in the London Plan (2016) and Core strategy Policy 7 Climate change and adapting to the effects and Core Strategy Policy 8 Sustainable design and construction and energy efficiency (2011).

25. Notwithstanding the Town and Country (Use Classes) Order 1987 (or in any provision to that Class in any statutory instrument revoking and re-enacting that Order with or without modification) the commercial units at ground floor to both buildings hereby approved shall be used only for a purpose falling within Use Class B1 (a,b,c) , the commercial units within the railway arches shall be used only for a purpose falling within Use Class B1 (a,b,c) or B2. Any other use of the premises shall be subject to planning permission first being obtained.

Reason: To ensure to protect the commercial premises and to justify the loss of existing industrial floorspace, in accordance with Core Strategy Policy 5 'other employment locations' of the Core Strategy (2011).

26. Noise management & insulation (internal and external noise) details / plan.
Detailed language TBC.

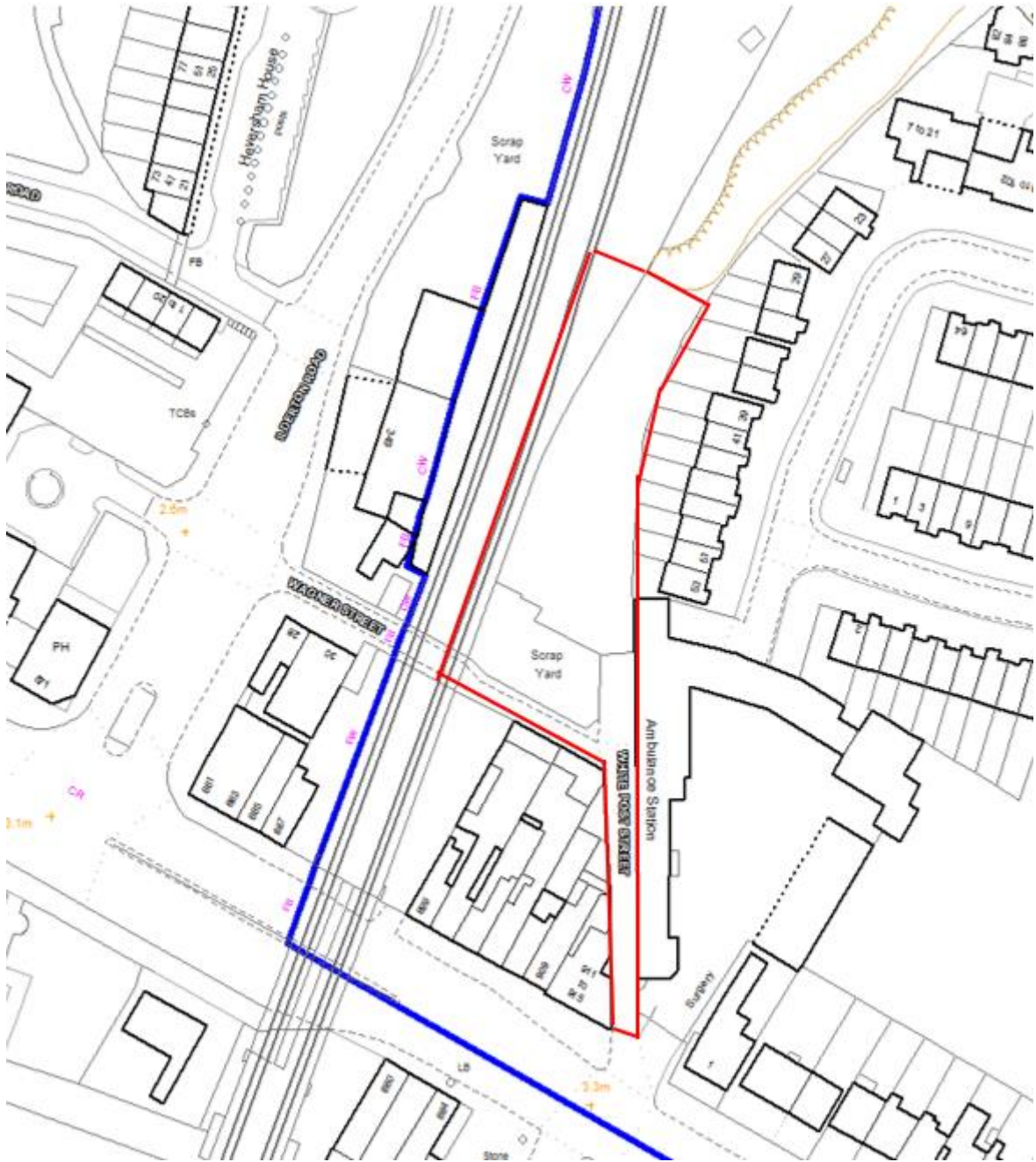
Reason: In order to safeguard the amenities of future occupants and to comply with Paragraph 120 of the National Planning Policy Framework and DM Policy 26 Noise and Vibration and DM Policy 32 Housing design, layout and space standards of the Development Management Local Plan (November 2014).

Informatives

- A. **Positive and Proactive Statement:** The Council engages with all applicants in a positive and proactive way through specific pre-application enquiries and the detailed advice available on the Council's website. On this particular application, positive discussions took place which resulted in further information being submitted.
- B. As you are aware the approved development is liable to pay the Community Infrastructure Levy (CIL) which will be payable on commencement of the development. An '**assumption of liability form**' must be completed and before development commences you must submit a '**CIL Commencement Notice form**' to the council. You should note that any claims for relief, where they apply, must be submitted and determined prior to commencement of the development. Failure to follow the CIL payment process may result in penalties. More information on CIL is available at: - <http://www.lewisham.gov.uk/myserVICES/planning/apply-for-planning-permission/application-process/Pages/Community-Infrastructure-Levy.aspx>
- C. You are advised that all construction work should be undertaken in accordance with the "London Borough of Lewisham Code of Practice for Control of Pollution and Noise from Demolition and Construction Sites" available on the Lewisham web page.

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White Post Street – Site Plan



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Appendix 1

1 WHITE POST STREET, LONDON, SE15 1DR

Draft Viability Review

March 2018



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GL Hearn

Part of Capita Real Estate

Land at White Post Street, Lewisham

Draft Viability Review

for
London Borough of Lewisham

March 2018

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Appendices

- APPENDIX A: BUILD COST REVIEW**
- APPENDIX B: FINANCIAL APPRAISAL**

Quality Standards Control

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

DATE

March 2018

ORIGINATORS

David Price
Associate Director



APPROVED

Guy Ingham
Director



Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

1.1 GL Hearn has been instructed by the London Borough of Lewisham to undertake a viability assessment in respect of a proposed development at White Post Street, Lewisham for which a planning application has been submitted by GADA Property Investments and H&R Properties (the Applicant).

1.2 The subject property comprises an operational scrap yard and railway viaduct, accommodating a total of 6 railway arches. We understand it measures 0.28 hectares/0.69 acres.

1.3 The site is situated at the junction of White Post Street and Wagner Street, within Lewisham's New Cross Ward. The site is adjacent to the South London line which separates the London Boroughs of Lewisham and Southwark.

1.4 Icen Projects Ltd is the lead author of the Financial Viability Assessment (FVA) but they have relied on a number of sources of third party advice. Specifically the following information has been incorporated in their assessment:-

- Coleflax Design - Architects
- GNA - Budget estimate

The Application Scheme

1.5 Planning permission is sought by the Applicant for the following;

“The demolition of the existing structures on-site and redevelopment to provide a mixed use development comprising the erection of two buildings ranging from 3-7 storeys and refurbishment of the 6 railway arches (No’s 62 – 67) on-site, providing flexible A1/A2/B1/D1 floorspace and 25 residential units; associated plant, amenity space, 2 accessible car parking spaces and 56 cycle spaces”.

1.6 The Applicant’s viability consultant has indicated that the assumed scheme comprising a nil affordable housing provision produces a profit below that of the developer’s target of 25%, when land is fixed at nil cost. On this basis, they conclude that the scheme is would be unviable If there were to be an affordable housing provision as part of the proposed scheme.

1.7 We detail the applicant's proposed accommodation schedule below;

Use	Area (Gross sq ft)	Area (Net sq ft)
-----	--------------------	------------------

Residential 7 x 1 beds 18 x 2 beds Total = 25	21,042	17,279
Commercial New Build A1/A2/B1/D1	3,218	2,736
Arches A-F B1/B2	7,276	6,913
Total	31,536	26,928

2 GENERAL METHODOLOGY

- 2.1 GL Hearn's review of the FVA has had regard to the RICS Guidance Note "Financial Viability in Planning".
- 2.2 We do not take issue with the overarching methodology used by IcenI within their assessment. They have:
- Assessed the realisable value of the proposed scheme;
 - Assessed the costs associated with delivering the scheme;
 - Assessed a Benchmark Land Value (based on their assessment of the existing use value of the site)
 - Undertaken a residual appraisal to calculate the residual land value which is compared against the Benchmark Land Value to establish whether the scheme is viable.
- 2.3 IcenI have used the Argus Developer appraisal programme to assess the viability of the development. This is a commercially available, widely used software package for the purposes of financial viability assessments. The methodology underpinning viability appraisals is the Residual Method of Valuation, commonly used for valuing development opportunities. Firstly, the gross value of the completed development is assessed and the total cost of the development is deducted from this.
- 2.4 The approach adopted by IcenI has been to adopt a number of assumptions to assess the proposed schemes profit outturn assuming a nil land value. Based on their inputs a profit return of 20.62% on costs was produced which they indicated is less than the applicant's target return of 25%. This being the case if the inclusion of a land cost / or BLV is reflected this have a further negative impact of on scheme viability.
- 2.5 In respect of the sites Benchmark Land Value the FVA assumes an Existing Use Value of £749,450 which is based a variety of industrial related uses.
- 2.6 Given that the calculations are being made well in advance of commencement of the development, the figures used in the applicant's appraisal can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the Council to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.
- 2.7 GL Hearn's approach has been to critically examine all of the assumptions on which the IcenI appraisal is based.
- 2.8 It is also important to carefully scrutinise the applicant's methodology. In particular the measure of benchmark land value has a fundamental effect on the viability equation.

3 CRITIQUE OF BENCHMARK LAND VALUE

3.1 Determining an appropriate Benchmark Land Value is often the most important factor in determining viability. Put simply, if the value generated by the development does not produce a positive figure, there is no financial incentive to bring forward the development with all its associated risk.

3.2 Arriving at an appropriate BLV is not a straightforward exercise and this is acknowledged at 3.4.6 of the RICS Guidance Note which states that:

“The assessment of Site Value in these circumstances is not straightforward, but it will be, by definition, at a level at which a landowner would be willing to sell which is recognised by the NPPF.”

3.3 In arriving at an appropriate BLV regard should be had to existing use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy. Existing Use Value is widely used in establishing Benchmark land value and is supported in the latest mayoral SPD and by the London Assembly Planning Committee.

Summary of Applicant’s Position

3.4 Icenl have put forward a BLV which is based on an EUV that they assess to be £749,450. This is underpinned by a valuation based on an ERV of £8.00 psf which has been applied to the collective floor area of the arches and then capitalised at a yield of 7.75%. In respect of the scrap yard Icenl has indicted that the area is unlettable and therefore no value has been attributed to this element of the site.

3.5 A copy of the valuation has been appended to the FVA but the information does not provide details of the occupational lease terms.

3.6 Having reviewed the information provided there appears to be a large disparity between the current passing rent of the units and the proposed ERV.

3.7 Having not had sight of the lease details it is difficult to assess when the passing rents were set. It may be that some rents are based on recent review, which we would expect to be in line with market values.

3.8 We have reviewed the comparable evidence provided by Icenl in Appendix 6 of their FVA but it is our view that they have limited relevance to the subject site in terms of their superior location, condition, and site accessibility.

- 3.9 As such we have given limited weight to this evidence and in our opinion the best proxy for value is the passing rents being achieved from the existing tenants. We note from the rental schedule provided that rents vary significantly but the highest rent being achieved is £6.45 psf.
- 3.10 Similarly to the rental comparable information we do not consider the yield evidence provided to be compelling. For example, 1 Filament Walk transacted in March 2016 at a yield of 7.54%. The unit was constructed recently (c. 2015) and is located in a central Wandsworth a short distance from Southside Shopping Centre.
- 3.11 Furthermore we note that Icenl have adopted the same yield to establish the value of the existing arches as the proposed scheme, which assumes the arches have been refurbished. A marginally keener of 7.5% has been adopted for the new build commercial accommodation within the proposed scheme.
- 3.12 For the purposes of our modelling we have adopted a 9% yield, which is in our view more reflective of the current market in the context of the characteristics of the existing asset.
- 3.13 Given that the current tenants are occupying the premises on leases inside the Landlord & Tenant Act (1956), we consider there to be a reasonable level of security of income from the site and therefore we do not take issues with a level of landowner's premium being reflected in the Benchmark Land Value. This is consistent with current guidance.
- 3.14 In this instance we have applied a 20% premium, which is at the mid-point of current guidance, to our view of an appropriate Existing Use Value in order to arrive at an appropriate Benchmark Land Value.
- 3.15 For ease of reference we detail our EUV assumptions are detailed the table below. You will note that we have adopted an ERV of £6.45, which is based on the highest rent currently being achieved from the arches.

Unit	Area	Rent	Passing Rent	Capital Value @ 8.5% Yield
62	1,494	£6.45	£9,636	£113,368
63	1,447	£6.45	£9,333	£109,802
64	1,350	£6.45	£8,708	£102,441

65	1,240	£6.45	£7,998	£94,094
66	1,123	£6.45	£7,243	£85,216
67	1,100	£6.45	£7,095	£83,471
Total	7,754			£588,392
Total Less Purchaser's Cost @ 6.80%				£548,381
Plus Premium @ 20%				£658,057

3.16 Based on our EUV calculation and reflecting a premium of 20%, we arrived at a BLV of £658,057. This figure compares with Icenis's BLV of £749,450 which reflects a difference of £91,393.

3.17 Accordingly for the purposes of our own modelling we have adopted a Benchmark Land Value of £658,057.

4 ASSESSMENT OF APPLICATION SCHEME INPUTS

4.1 The following section critically reviews the proposed scheme and the assumptions adopted in the applicant's FVA.

Residential Value Assumptions

4.2 The proposed scheme includes a total of 25 private residential units, 7 x one bed units and 18 x two bed units.

4.3 Icenl have provided a Market Comparables report. We have not had sight of their unit-by-unit pricing but have had regard to the average sales values the 1 and 2 bed apartments which are summarised in the table below and reflected in the Icenl Argus appraisal:

Beds	Average Size (NIA sq ft)	Average Price	Average £/sq ft	No. of Units
1	550	£312,739	£588	7
2	746	£355,768	£477	18
Total		£8,592,990		25

Residential Market Overview

4.4 The continued appetite for residential property is up against the continuing shortage of new housing stock in the UK. This has been especially evident in the South East and London, where both the fundamental lack of supply of new homes and a lack of existing stock on the market have combined to deliver strong annual growth in prices in some areas.

4.5 The Land Registry House Price Index (HPI) reported in December 2017 that the annual rate of growth of house prices in the England was 5.00%, and the monthly rate of change was -0.40%. The average house price in England was £243,528 at December 2017.

4.6 Lewisham experienced solid growth in the year to December 2017 at 4.70% when compared with the London average of 2.50%. Average house prices in the area as at December 2017 were £417,640 which was in line with the London average of £484,173.

4.7 Nationwide's January 2018 press release reports that house prices increased by a modest 0.6% month on month from December. This latest release means house prices in 2017 rose overall by 2.6%. They comment note that "*The annual rate of house price growth picked up to 3.2% at the start of 2018, compared with 2.6% at the end of 2017. House prices increased by 0.6% over the month, after taking account of seasonal factors, the same increase as December.*"

4.8 As referred to above, the proposed scheme includes 7 x one bedroom units and 18 x two bedroom units with nil affordable units, amounting to a total of 25 units. Iceni have provided comparable transactions in the surrounding area to inform their pricing schedule of the proposed private units and have arrived at an average private sales figure of £588psf and £477psf for 1 bed and 2 bed units respectively.

4.9 Lewisham has seen extensive new build residential development in recent years and Iceni have referred to a range of evidence within a c.3 mile radius. We view their comparables to be reasonable but we note that they have subsequently gone on to adjust the new build sales values identified downwards based on Land Registry information and location data.

4.10 We find Iceni’s methodology unconvincing and inconsistent with other FVA GL Hearn has reviewed recently. Making downward adjustments to new build sales evidence based on historic data which is made up of both new and older residential stock in our view is inappropriate and would led to unrealistic discounts being applied. The table below seeks to highlight the impact of applying this methodology.

Address	Price	Date	Adjusted	Variation
173 Belleville House, 4 John Donne Way	£570,000	Jul-17	£356,048	-£213,952
Flat 58, 2 Woods Roaad	£565,000	May-17	£394,012	-£170,988
Avonley Village, Water Lane	£300,000	On Market	£231,744	-£68,256

4.11 The examples above illustrate the impact that adopting this methodology has on comparable analysis and we disagree with its use both in the context of development viability and as a general method of comparable analysis. We have therefore disregarded its application in relation to this viability review.

4.12 The table on page 23 is a helpful overview in terms of detailing the unadjusted sales value tone in the area and in our view provides a good proxy for the likely sales values; however, we note that whilst some are new build, most are second hand stock.

- 4.13 We also note that some of the comparables cited are further towards Greenwich/Lewisham town centre, which we would acknowledge generally achieve higher sales values given their proximity to a range of amenities and better rail networks.
- 4.14 Icenl have referred to The Iron Works as a relevant comparable which we also consider to be appropriate given its age and close proximity to the subject site. We have also had regard to Deptford Foundry, which has some shared characteristic albeit this development is of larger scale..
- 4.15 The Iron Works, SE14 – A new Latimer Homes by Affinity Sutton development located approximately 0.2 miles south of the subject site. The scheme comprises 37 units of 1, 2 and 3 bedroom apartments. Whilst the units are offered as Shared Ownership, we have reviewed the market value price list and detail a range of units within Megan Court below;

Plot	Floor	Beds	Size	Price	Price (£ psf)
4	G	1	786	£400,000	£509
5	G	1	830	£420,000	£506
7	1	1	560	£380,000	£679
9	1	1	539	£380,000	£705
11	1	1	603	£390,000	£647
13	2	1	560	£382,500	£683
14	2	1	539	£382,500	£710
16	2	1	603	£392,500	£651
20	3	1	549	£385,000	£701
1	G	2	722	£490,000	£679
2	G	2	722	£490,000	£679
6	1	2	807	£510,000	£632
8	1 and 2	2	781	£505,000	£647
10	1	2	853	£525,000	£615
12	2	2	807	£512,500	£635
15	2	2	853	£527,500	£618
17	3	2	689	£500,000	£726

- 4.16 We note however, that plots 4 and 5 are particularly large and skew the average prices. Excluding these two units and when considering the prices in Harriet Court (Block B), the overall average prices for the scheme reflect £640 psf for 1 bedroom units and £617 psf for 2 bedroom units.
- 4.17 Enquiries with the agent indicate that the units have sold well and whilst there is no negotiation on shared ownership units, the sales rate has reflected accurate unit pricing.
- 4.18 Deptford Foundry – An Anthology development comprising a total of 316 x 1, 2 and 3 bedroom flats. Completions are due from Q4 2018 to Q1/Q2 2019. By the end of Q4 2017, 60 units had been sold We note the following price list below;

Plot Ref	Floor	Bed	Sq Ft	Price	Price (£ psf)	Date of Price
AH 01	2	2	791	£470,000	£594	Dec-17
AH 03	2	1	635	£395,000	£622	Dec-17
AH 13	3	1	538	£420,000	£781	Dec-17
AH 17	4	2	791	£485,000	£613	Dec-17
AH 21	4	1	538	£395,000	£734	Dec-17
AH 22	4	2	759	£535,000	£705	Dec-17
AH 27	5	1	635	£410,000	£646	Dec-17
MC 01	G	2	844	£590,000	£699	Dec-17
MC 02	G	2	804	£565,000	£703	Dec-17
MC 04	1	1	538	£415,000	£771	Dec-17
MC 10	2	1	573	£385,000	£672	Dec-17
MC 11	3	2	875	£550,000	£629	Dec-17
MC 14	3	1	557	£420,000	£754	Dec-17
MC 20	4	1	573	£395,000	£689	Dec-17
MC 21	5	2	875	£560,000	£640	Dec-17
MC 24	5	1	557	£420,000	£754	Dec-17

4.19 Prices at the scheme range from £582 psf to £803 psf with an average of £683 psf based on prices released so far. We consider the scheme to be a good indication of new build flat values in the surrounding area although we note it is likely a superior quality to the type of scheme that would be delivered on the subject site.

4.20 Other Comparable Evidence – We have had regard to a number of additional comparables in the form of both new build and secondary stock. Below are a number of sales which we believe are relevant to informing our view on values;

Address	Beds	Size	Price	Price (£ psf)	Sale Date
61 Water Lane, SE14 5DN	1	581	£310,000	£534	Jun-17
44 Water Lane, SE14 5DN	1	549	£332,500	£606	Aug-16
Flat 46, Penny Black Court, SE15 2EZ	1	560	£440,000	£786	Jun-16
Flat 42, Penny Black Court, SE15 2EZ	2	667	£530,000	£795	Jul-16
Flat 39, Penny Black Court, SE15 2EZ	2	667	£475,000	£712	Jul-16
Flat 38, Penny Black	2	657	£535,000	£814	Jul-16

Court, SE15 2EZ					
Flat 41, Penny Black Court, SE15 2EZ	2	657	£540,000	£822	Jul-16

Summary and Conclusions

- 4.21 Having considered the evidence detailed above in addition to our experience of reviewing FVA's on behalf of LB Lewisham, we are of the opinion that the proposed pricing of the private units are below market levels.
- 4.22 Whilst IcenI have identified a range of new build comparable evidence, their discounts to a level which in our opinion significantly undervalues the private units within the proposed scheme.
- 4.23 It is our view that the Iron Works development represents a good comparison but we would acknowledge that given the backland nature of the subject site it is likely to be considered marginally less attractive.
- 4.24 We therefore consider that the units proposed should be priced as follows;

Beds	Average Size (NIA sq ft)	Average Price	Average £/sq ft	No. of Units
1	550	£352,181	£640	7
2	746	£459,941	£617	18
Total		£10,744,209		25

- 4.25 The above sales values represent a 5% downward adjustment to that of the Iron Works and c. 10% compared to Deptford Foundry.

Affordable Housing

- 4.26 IcenI's appraisal is predicated on a wholly private scheme and therefore no commentary or sales evidence has been provided.

Residential Ground Rents

- 4.27 We would highlight the recent Government consultation paper 'Tackling unfair practices in the leasehold market' in Summer 2017", which published its findings on 21 December.

- 4.28 The paper included an unexpected proposal on new leasehold flats that impacts valuations - “We will introduce legislation so that, in the future, ground rents on newly established leases of houses and flats are set at a peppercorn (zero) financial value.”
- 4.29 Although there is no timetable for this proposed legislation, and it may ultimately not be passed into law as presented – it does point toward the abolishing of ground rents.
- 4.30 That said IcenI have reflected ground rents of £250 per annum for 1 bedroom units and £350 per annum for 2 bedroom units and given the uncertainty around this we have mirrored their approach.
- 4.31 IcenI have capitalised the ground rents at 5.00% which is in line with current market practice and therefore we do not consider the assumptions adopted to be unreasonable.

Commercial Value Assumptions

- 4.32 The proposed development also includes a range of A1/A2/B1/D1 use; 6,913 sq ft within arches A to F and a further 2,736 sq ft of new build commercial space. These are net figures which reflect a gross to net of 95% and 85% respectively.
- 4.33 IcenI have adopted the following values on the commercial element in their appraisal;

	Size (sq ft)	Rent (£ psf)	Yield	Rent Free (months)	Capital Value
Arches A-F	6,913	£14.96	7.75%	3	£971,870
New Build	2,736	£16.50	7.50%	9	£580,522
Total	9,649				£1,552,392

- 4.34 IcenI have provided a range of comparable evidence in the surrounding area which have been used to support their adoption of the values above.
- 4.35 The comparable evidence indicates a rental tone of c. £12.00 psf to £25.00 psf for railway arches, with the exceptions of units on Lombard Road, SW11 and Grove Green Road, E11. These two comparables reflect a rent of £4.87 psf and £8.00 psf respectively.
- 4.36 Industrial units reflect a rental tone of £8.00psf to £13.33psf and offices £15.19 psf to £17.60 psf.
- 4.37 Whilst the yield evidence is limited to 4 comparables, we view 1 Filament Walk to be an appropriate comparable given its relatively new build status and off-pitch access.
- 4.38 We have reviewed the evidence put forward by IcenI in relation to the commercial element of the scheme and it is our view that the assumptions adopted are reasonable given the characteristics of the site.

Cost Assumptions

Build Costs

- 4.39 A Budget Cost Estimate was prepared by GNA to inform the viability assessment. GL Hearn has sub instructed quantity surveyors Johnson Associates (JA) to review this on behalf of the Council. The cost estimate for the proposed scheme assumes a total build cost of £8,450,105. For ease of reference a summary of costs for the proposed scheme is set out in the table below:-

Summary of costs	Proposed £ (% of Total Costs)
Demolition	£50,700
Substructure	£432,355
Superstructure	£2,718,113
Finishes	£701,729
Fixtures & Fittings	£575,150
Services	£963,265
Preliminaries	£697,012
Other Works	£747,797
Total Cost	£6,886,120

- 4.40 A line by line review of the Applicant's cost plan has been undertaken by Johnson Associates, which can be found at Appendix A.
- 4.41 This concludes that the costplan presented by the applicant is somewhat excessive and that the original development proposals should be deliverable at a price of £6,748,153. This represents an overall reduction in the order of £137,967, i.e. approximately 2.0%.
- 4.42 Accordingly, in our own appraisal we have adopted the reduced Johnson Associates total build cost figure of £6,748,153.

Preliminaries

- 4.43 Icenl have referred to a figure of £697,012 for preliminaries, which equates to 10.12% of construction costs. Having reviewed this allowance JA commented that although as a percentage of base construction costs this appears high that do not believe it to be unreasonable in light of the sites current use and also its restricted access.

Professional Fees

- 4.44 IcenI have stated professional fees at 8.08% of construction costs including preliminaries in their report. This is contrary to what is reflected in the table presented on Page 18 which equates to 11.25%. This is also the professional fees allowance reflected in IcenI's Argus appraisal.
- 4.45 Typically, professional fees range from 8-10% on base construction costs. We have adopted an allowance of 10% on construction costs for the purpose of our modelling. This is towards the upper end of the range which we deem to be appropriate owing to the characteristics of the site.

Marketing and Transactional fees

- 4.46 The FVA indicates that the following allowances have been made in IcenI's development appraisal:
- Sale Agent Fee - 2.00% (Commercial, Purchaser's Costs)
 - Sale Legal Fee - 0.50% (Private Units, Commercial, Purchaser's Costs)
 - Letting Agent Fee - 10% (Arches A to F, Commercial New Build, Residential Ground Rents)
 - Letting Legal Fee - 5% (Arches A to F, Commercial New Build, Residential Ground Rents)
 - Purchaser Costs - 6.78% (Commercial , Ground Rents)
- 4.47 Their report also refers to a Marketing Fees of 1.50% but this does not appear to have been applied to either the residential or commercial content of the scheme. In addition we note that Sales Fees have only been applied to the commercial content of the scheme and not the residential accommodation which we assume to be an omission.
- 4.48 For the purpose of our modelling we have adopted the fee allowance indicated by IcenI and adopted an overall sales and marketing allowance of 2.0% applied to both the residential and commercial content.

Contingency

- 4.49 IcenI have adopted varying levels of contingency. Specifically they have adopted a 5% scheme contingency and a 10% contingency on both ground works and input labelled "developers contingency fees" in the Argus appraisal. We do not take issue with the scheme contingency of 5% being applied but believe the 10% on ground works to be excessive and have reduced this allowance to 5% for the purpose of our modelling. As mentioned above it is not clear what "developers contingency fees" relates to and as such we have removed this allowance for the purpose of our analysis.

Finance Costs

- 4.50 Finance costs have been assumed at 7.825% debit rate.

4.51 We would comment that typically Applicants / developers are adopting finance rates ranging from 6-7%, which provides a good indication of current market levels. Given the nature and characteristics of the schemes we have modelled the upper end of the typical range at 7%.

CIL

4.52 Within the proposed scheme Iceni has made an allowance for CIL and a Carbon Off-set payment of £293,192.

4.53 We note that the site is situated in Zone 2 which charges £130psm for net additional residential accommodation. The site is also situated within the primary shopping area which requires a charge of £200psm on the net additional retail accommodation.

4.54 A CIL calculation has not been provided to enable verification of the allowance adopted. For the purposes of our modelling we have adopted the same CIL allowance but details of Iceni's calculations should be provided. We would also highlight that there appears to be inconsistencies between the amount of development quoted in the FVA and the CIL form which requires clarification.

4.55 We note the existing retail and office units are in use and therefore will likely be offset against the proposed accommodation.

4.56 Clearly if affordable housing was to be introduced then this would have an impact on the CIL allowance adopted and therefore this element of the FVA should be kept under review.

Developer's Profit

4.57 We note that Iceni have referred to a hurdle rate of 25% but it is not clear if this is proposed on the gross development value or total development costs.

4.58 The appropriate level of developer profit will vary from scheme to scheme. Developer's profit margin is determined by a range of factors including property market conditions, individual characteristics of the scheme, comparable schemes and the development's risk profile.

4.59 Having undertaken a number of reviews for the Council we would typically expect a profit margin ranging from 17.5% - 20% on GDV for the private units, 15% on GDV the commercial uses and 6% on GDV in respect of the affordable units

4.60 In light of the site's characteristics, we have modelled 20% profit on GDV for the private units and 15% on GDV for the commercial accommodation. Although at this stage no affordable housing has

been proposed if this were to be introduced we would expect this element of the scheme to attract a 6% profit on GDV in line with local current market trends.

Timescales

- 4.61 The Appraisal reflects a construction period of 19 months and a sales rate of 3 units per month on average. We note that there is a 7 month void following the end of construction to the non-residential element. Although we believe this programme to be somewhat pessimistic, we have mirrored Icení's proposed programme for the purpose of our initial modelling.

Summary Table

- 4.62 The table below provides a summary of the above analysis highlighting any areas of difference, which will form the basis of our sensitivity testing in the following section.

Sales and Revenue			
Average Private Residential Sales Value	1 Beds =£588 psf 2 Beds = £477 psf	1 Beds = £640 psf 2 Beds = £617 psf	Sales values adjusted upwards following GLH review of comparable evidence.
Residential Ground Rent	£250 - 1 bed £350 - 2 bed @ 5%	-	
Arches A to F	£14.96 psf @ 7.75% = £971,870	-	
Commercial New Build	£16.50 psf @ 7.50% = £580,522	-	
Development Costs			
Construction Costs	£6,886,120	£6,748,153	See Appendix A for the Build Cost Review
Contingency	Contingency = 5% Developers contingency = 10% Developers Contingency Ground Works = 10%	Contingency = 5% Developers Contingency Groundworks = 5%	See section 4.48.
Professional Fees	11.25%	10%	Icení have stated professional fees of 8.08% in their report. We note that their table and their appraisal reflect professional fees of 11.25%.

Sales Costs	0.5% Sales Legal Fee 10% Letting Agent Fee 5% Letting Legal Fee 6.78% Purchaser's Costs	2.0% Sales and Marketing Fee 10% Letting Agent Fee 5% Letting Legal Fee 6.78% Purchaser's Costs	Allowances are accepted but have removed letting fees applied to ground rents and purchaser costs applied to sales fees. 2.0% allowance for sales and marketing fees.
CIL	£243,192.	See comments	A CIL calculation has not been provided to enable verification of the allowance adopted. For the purposes of our modelling we have adopted the same CIL allowance but details of Icen's calculations should be provided. We would also highlight that there appears to be inconsistencies between the amount of development quoted in the FVA and the CIL form which requires clarification..
Interest / Finance Costs	7.825% debit	7.00%	We typically see applicants/developers adopting finance rates ranging from 6-7%. We have adopted the upper range given the characteristics of the site.
Developers Profit	25% on GDV	20%	Iceni have referred to a hurdle rate of 25%. We view a range of 17.5% to 20% profit on GDV to be market standard. We have a 20% margin on private residential, 15% on commercial and 6% on affordable (if introduced)
Benchmark Land Value	£749,450	£658,057	This reflects a difference of £91,393.

5 INITIAL FINANCIAL APPRAISALS & CONCLUSIONS

- 5.1 Where our own market research has indicated that the inputs used have not been fully justified we have sought to illustrate the potential impact on profit level. In this respect we have undertaken sensitivity analysis producing a number of residual appraisals using Argus Developer, which is a leading industry-standard development appraisal package commonly used by developers and agents to assess development viability.
- 5.2 Although this analysis does not constitute formal valuations under the provisions of the RICS Valuation Standards ('Red Book') it does provide robust evidence to inform the Council's decision making process in respect of the applicants planning application.
- 5.3 In this instance we have been provided with a working appraisal by Icenl upon which we have conducted our sensitivity analysis to ensure our base position is consistent with the applicants. This has enabled us to ensure the model has been constructed properly and the inputs are timed correctly within the cashflow.
- 5.4 As has been highlighted in the summary table in the previous section we are not in disagreement with a large number of the assumptions adopted. However there are a several inputs where we believe the assumptions to be overstated and have applied our own assumptions which we consider is more reflective of the market.
- 5.5 Given the above we have undertaken sensitivity analysis making adjustments to;
- Private Residential Sales Values
 - Build Costs
 - Professional Fees
 - Marketing and Sales Fees
 - Contingency levels
 - Finance rate
 - Developers Profit
- 5.6 In addition to the above it is our opinion the Applicant's BLV has been overstated for the reasons outlined in Section 3 of this report. For ease of reference we adopted a BLV of £658,057, which reflects a 20% landowners premium and this reflects a variance of £91,393 when compared to the BLV indicated in the Applicant's FVA.

Initial Summary & Conclusions

- 5.7 Icenis has concluded that no affordable housing or payment in lieu of affordable housing should be required on viability grounds given that the developers return assuming a nil land value falls short of the developers profit target return of 25%.
- 5.8 We have undertaken a new appraisal which retains the applicant's assumptions other than where we have highlighted above that we consider they understate viability. If we maintain the currently proposed wholly private offer, this delivers a residual land value of £1,373,167.
- 5.9 When this is compared against our view of the sites benchmark land value (reflecting a landowner's premium which equates to £658,057) there remains an overall project surplus of £715,110.
- 5.10 Clearly our initial analysis indicated a very different viability picture when compared against the Icenis analysis. Our initial analysis provides for a significant surplus which potentially could contribute to an on-site affordable offer.
- 5.11 Given the scale of the difference of opinion at this stage we have not sought to translate the surplus identified into on-site affordable provision.

<h1>Appendix A</h1>
<h2>Build Cost Review</h2>

<h1>Appendix B</h1>
<h2>Financial Appraisal</h2>

Appendix 2

1 WHITE POST STREET, LONDON, SE15 1DR

Viability Response

1st May 2018



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Statement of Common Ground - White Post Street				
Query Source	Iceni 1st Submission	GL Hearn 1st Response	Difference/ Comment	
Sales & Revenue				
Resi Pricing	1 Beds - £588psf 2 Beds - £477psf	1 Beds - £640 psf 2 Beds - £617psf	GLH view as too Low	<ul style="list-style-type: none"> - Iceni have continued to adopt "Post Code Sector level analysis" in justification of their assumed new build sales value assumptions. - GL Hearn advises LBL regularly on viability assessments as we do with a wide range of London Boroughs and this is not a method we have seen presented to us before. Stock in a postcode is made up of a wide sector of property types including new and second hand stock including property. In this location the wider area includes a reasonable amount of ex local authority stock. As you would expect with such a range the condition of housing stock also ranges significantly. This is why in our opinion, taking a "post code sector" analysis will often result in the wrong answer and is likely the reason it isn't a method presented to us in any of the viability reviews we have been involved in. - As stated in our original report we do not disagree that a downward adjustment should be made for the subject site for its specific characteristics compared to the closest new build development namely the Iron Works. We maintain that a 5% reduction on average prices at the Iron Works would be appropriate. - Although a little further away, the Atar House development does share a number of characteristics with the subject site. We note that the marketing of units at Atar House, Iderton Way reflect c. £500k for 2 bedroom flats reflecting c. £677 psf. The 2 bed units are also of similar size to the proposed scheme.
Ground Rent	1 Bed - £250pa 2 Bed - £350pa @5%	-	Agreed	
Arches A-F	£14.96psf @7.75%	-	Agreed - £971,870	<ul style="list-style-type: none"> - There are number of inconsistencies between Iceni's original appraisal and their revision. The value attributed to the refurbished arches

				<ul style="list-style-type: none"> is one of them. The original report and appraisal reflected a rental value of £103,420, which GL Hearn agreed. Icen's latest modelling appears to have made a downward adjustment to the rental value attached to the arches and now reflects a total rental of £62,302 for Arches A-F which equates £8.97 psf. We assume this to be an error and have adopted Icen's original position.
Commercial New Build Scheme Areas	£16.50psf @7.50%	-	Agreed - £580,522	
				<ul style="list-style-type: none"> The revised appraisal refers to a scheme totalling 3,200.75 sqm (GIA). The original appraisal referred to 2,929.78 sqm (GIA). No mention of revisions to the scheme has been mentioned in the response report and we seek clarification on this point. We note that the original appraisal had a gross to net of circa 81% for the residential units. The recent appraisal has divided the units into Block A and Block B. Block A uses lower gross to net ratios of 72.08% for 1 and 2 bed units.
Development Costs				
Construction Costs	£6,886,120	£6,748,153	GLH view as too High	<ul style="list-style-type: none"> No new compelling evidence has been presented to alter our QS's opinion of costs but ultimately the differences amount to professional experience. Reflecting the characteristics of the site and in order to be proactive we would suggest a reasonable approach would be to adopt the mid-point for modelling purposes i.e. £6,817,137 The assumptions around construction costs are subject to confirmation of the scheme areas.
Construction Only Contingency	5%	-	Agreed	
Developer Professional Fee Contingency	10%	0%	GLH regard as not warranted	<ul style="list-style-type: none"> Iceni have adopted a professional fee allowance of 11.25%, which is at the very upper end of the typical range. We have given this some further consideration and we do acknowledge this to be a constrained site and therefore we accept Icen's position of 11.25% for the purposes of modelling.

				However we do not accept an additional 10% contingency should be applied to this allowance. This is not standard practice and not seen in any other FVA we have been presented with.
Construction Utilities and Ground Works Contingency	10%	5%	GLH view as too High	<ul style="list-style-type: none"> - We accepted an additional 5% owing to the sites restrictions as well as accepting an upper end range of the typical professional fee range. - We maintain that a 5% allowance in the context of the above concessions are more than reasonable. - We would highlight that this contingency has been applied to the construction costs of Arches A to F. A contingency allowance for this has already been accounted for within construction only contingency and the revised appraisal therefore double counts contingency in this area. We have corrected this double counting for the purposes of our updated modelling.
Professional Fees	11.25%	10%	GLH view as too High	<ul style="list-style-type: none"> - See comments above re build costs and contingency allowances.
Marketing, Sales and letting Fees	Various		-	<ul style="list-style-type: none"> - Agreed
Purchaser's Costs	6.78%		-	<ul style="list-style-type: none"> - Agreed.
CIL	£243,192	-	Iceni to Provide Calculation of CIL	<ul style="list-style-type: none"> - We have adopted Iceni's CIL liability for the purposes of our modelling but we would recommend that this is verified by LBL's CIL officer and if different updated in due course.
Interest/Finance	7.825%	7%	GLH view as too High	<ul style="list-style-type: none"> - Agreed at 7% as per report but not included in revised appraisal. We have maintained an all-in finance cost of 7% in our updated modelling. This is at the upper end of finance rates presented to us in FVA's in the borough.
Developers Profit	25%	20%/15%/6%	GLH regard Profit as too High - 20% private residential, 15% on commercial and 6% on affordable if introduced.	<ul style="list-style-type: none"> - We maintain our position in respect of developer's profit. We have made concessions in respect of build costs, professional fees and contingency levels with will have a direct impact on risk and therefore profit. We would also highlight that it is not unusual that profit margins on private accommodation are reflected below 20% on

				GDV with a typical range of between 17.5% - 20%. In this instance we are already reflecting the upper range typically presented to us in FVA's.
Benchmark Land Value	£749,450	£658,057	See comments	<ul style="list-style-type: none"> - Icení – have sought to justify their higher BLV in part citing larger portfolio deals and standard yield indices. We do not find this evidence compelling. - Ultimately there was a difference of opinion in our initial respective positions of the BLV equating to £91,393. Icení have provided a new existing use valuation assuming ERV of £8 psf which in their view is achievable without any capital expenditure or incentives which in our view is overly optimistic given the characteristics of the existing arches. - We note that this calculation is based on summary information however, we have not had sight of the existing leases to verify terms. - Although we maintain our original approach to valuing the existing arches to be fair, we have given some further thought to the value which could be attributed to the yard space. Icení's original approach was not to attribute a value to the yard space and it is likely that the yard would require some capital expenditure to bring it to a lettable standard. With that said, we do believe it to have a notional value which could be reflected in the site's BLV. - In this context and given the extent of the difference of opinion and in order to move the viability discussion along, we are willing to accept Icení's original BLV.
Project Surplus	£0		GLH Calculated residual	<p>Taking the above into consideration and mirroring Icení's cash flow– we arrive at a project surplus of £240,239.</p> <p>As you will note from the above, we have made a number of concessions in order to come to an agreed position on viability. If agreement cannot be reached at the level indicated above, we would reserve the right to reconsider the concessions that we have made.</p>