
CANADA WATER MASTERPLAN



Housing Statement
Addendum
Executive Summary

June 2019

QUOD

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JUNE 2019

British Land

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This Housing Statement Addendum has been prepared by Quod and is submitted in support of a hybrid planning application for the Canada Water Masterplan. The hybrid planning application is made in relation to land bounded by Surrey Quays Road to the north, Lower Road (A200) to the west, Redriff Road (B205) to the south, Quebec Way to the east (the "Site") on behalf of BL CW Holdings Ltd, a subsidiary of British Land Company Plc ("The Applicant"), hereafter referred to as "British Land". The hybrid planning application is formed of detailed development proposals in respect of Plots A1, A2 and K1 for which no matters are reserved ("Detailed Proposals"), and outline development proposals for the remainder of the Site, with all matters reserved ("Outline Proposals"). The Detailed Proposals and Outline Proposals together are referred to as the "Development".

The Development comprises the comprehensive redevelopment of the Surrey Quays Shopping Centre, former Harmsworth Quays Printworks and Surrey Quays Leisure Park sites, former Dock Offices Courtyard, former Rotherhithe Police Station and land at Roberts Close. The Development will provide new retail, office, leisure and community floorspace along with residential dwellings. The Development will also provide significant, high quality public realm, including a new Town Square, a new High Street and a public park.

The purpose of the Housing Statement is to assess the Development in terms of housing and viability.

1 Executive Summary

- 1.1.1 A Housing Statement dated May 2018 formed part of the application documents for the Canada Water Masterplan (application reference 18/AP/1604). Since the original submission British Land has worked with Southwark Council and the GLA to refine and enhance the affordable housing proposals. This statement sets out the updated proposals and should be read alongside the original submission.
- 1.1.2 The original affordable housing proposal secured a policy compliant 35% affordable housing for the first phase, with future phases to be determined at reserved matters application stage to allow flexibility. British Land's updated proposal now secures a policy compliant 35% affordable housing (70% social rent / 30% intermediate) across the whole of the masterplan (up to 3,995 homes) and includes details of the "early" and "late" stage review mechanism.
- 1.1.3 The updated proposal should be considered to be fully policy compliant and the delivery of affordable homes should be given significant positive weight in the planning decision making process. The following paragraphs 1.1.4 to 1.1.12 provide a succinct overview of the updated proposals which are set out in more detail in sections 2-6 of the following full report.

Stakeholder Engagement

- 1.1.4 Stakeholder engagement has continued since the submission of the planning application and original Housing Statement. As a result of this, the unit mix of plot K1 (one of the first blocks to be built) has been amended to include a greater number of family homes. Additionally, British Land has reaffirmed its commitment to creating a Local Lettings Plan to reserve a proportion of all new affordable homes for existing local residents.

Housing Mix

- 1.1.5 The affordable housing proposals have been enhanced, both in terms of the quantity of homes and other details. The key changes to the proposals are:
- Confirming a policy compliant 35% affordable homes (70% social rent / 30% intermediate) for the whole of the scheme (i.e. up to 3,995 homes) rather than for the first phase.
 - Delivering a minimum of 2,000 homes, up from 1,500.
 - Confirming a local lettings agreement will allow the prioritisation of local residents for a proportion of all affordable homes. British Land has suggested that half of all affordable homes be prioritised in this way.
 - Confirming all social rent homes will be let at the rates specified by Southwark Council (£107/week for a 1 bed, £126/week for a 2 bed and £146/wk for a 3 bed as at 2018).
 - Confirming all intermediate homes will be sold or let to households with incomes at or below the relevant caps set by the GLA.

Policy

- 1.1.6 The policy context has been reviewed given the time that has elapsed since the original Housing Statement was submitted. The affordable housing offer remains policy compliant.

Viability

- 1.1.7 The viability appraisal submitted with the Housing Statement has been reviewed by Southwark and its independent advisors BNPP. Several amendments to expenditure and revenue assumptions have been made reflecting current market conditions.
- 1.1.8 In addition to changes to assumptions, the viability appraisal has also been updated to reflect additional requirements for affordable workspace, affordable retail and updated Section 106 financial contributions.

- 1.1.9 The updated appraisal identifies that a baseline profit on gross development value of 8% is generated, this falls below the agreed blended return threshold of 16%. British Land has worked with the GLA to secure grant funding which, whilst of assistance, does not fully bridge the viability gap. Notwithstanding this, and recognising the importance of affordable housing delivery, British Land has however committed to the delivery of a policy compliant 35% affordable housing. The viability of this affordable housing proposal is demonstrated by the final viability assessment which shows that, where revenues for all uses grow at c.1% in excess of general inflation, the return threshold is met. The baseline illustrative scheme is set out in table 1.1, the other scenarios are set out in table 5.1 of the full report.

Review Mechanism

- 1.1.10 British Land also proposes a review mechanism to ensure that a proportion of any improved return is used to deliver additional affordable homes.
- 1.1.11 The details of the review mechanism include:
- An early stage review if the development is not substantially commenced within 3 years of planning permission (free from challenge) being received.
 - A further review at the completion of the first 1,500 homes and each 500 homes thereafter.

Illustrative Scheme

- 1.1.12 The development appraisals are undertaken based on an illustrative scheme, falling within the parameters set within the application. In addition, an updated version of the scheme has been tested, reflecting design development during the planning process, which is demonstrated as being comparable to the illustrative scheme. A max parameters scenario has also been developed which acts as a sensitivity, to provide reassurance that affordable housing has been maximised, even if the maximum parameter were to be delivered (it is however noted that this maximum parameters scenario has not been tested in design terms and it may not in reality be practical to deliver this maximum floorspace)

Table 1.1 – Financial Appraisal Summary

Assumption	Illustrative Scheme, BNPP Baseline	Basis
Private Residential	£1,554,988,034	Savills and JLL Market Reports
Affordable Residential*	£225,536,844	Registered Provider Offers
Office	£1,477,146,169	JLL Market Reports
Retail	£296,238,992	JLL Market Reports
Leisure	£10,889,307	JLL Market Reports
Hotel	£34,952,500	Savills Market Report
Car Parking	£14,250,000	Scheme specific assumption
Total GDV	£3,614,001,846	
Grant Income*	-	Not included in baseline
Leisure Centre and Tesco Contribution	£85,477,758	Contributions to costs as agreed with relevant parties
BNPP Cost Adjustment	£65,281,834	Southwark's Independent Advisor (BNPP)
Purchasers Costs	(£123,707,434)	Scheme specific assumption
Total Income	£3,641,054,004	
Basebuild Construction	£1,682,877,868	AECOM Cost Plan
Infrastructure / Externals / Basement etc	£659,112,637	AECOM Cost Plan
Section 106 and CIL	£167,053,674	Southwark discussions and Applicant CIL Calculation
Other Development Costs (Insurance, VP, NHBC etc)	£124,329,026	Varied, British Land
Professional Fees	£248,069,088	10.5%, scheme specific assumption
Marketing, Sales and Letting	£69,153,729	Scheme specific assumptions
Contingency	£20,871,809	5%, scheme specific assumption
Land Cost and Purchasers Costs	£243,557,400	6.8% (5% stamp duty, 1% agent, 0.5% legal, 0.3% vat)
Finance	£131,686,342	6%, scheme specific assumption
Total Expenditure	£3,346,711,573	
Total Return	£294,342,427	
Profit on GDV%	8%	
Target Return	16%	

For further information please contact

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