



CANARY WHARF
GROUP PLC

NQ.PA.18

North Quay Affordable Housing Statement

DS2
July 2020



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1 Introduction

- 1.1 Canary Wharf (North Quay) Ltd (“the Applicant”) are submitting applications for Outline Planning Permission (“OPP”) and Listed Building Consent (“LBC”) to enable the redevelopment of the North Quay site, Aspen Way, London (“the Site”).
- 1.2 The Site is bounded by Canary Wharf Crossrail Station to the south, Aspen Way (A1261) to the north, Hertsmere Road to the west and Billingsgate Market to the east. The West India Quay Docklands Light Railway (DLR) station and Delta Junction are located on the western side of the Site and the Site also incorporates parts of the North Dock.

Outline Planning Application

- 1.3 The Applicant are submitting two separate applications as follows:

Application NQ.1: Outline Planning Application (all matters reserved) (“OPA”) - Application for the mixed-use redevelopment of the Site comprising demolition of existing buildings and structures and the erection of buildings comprising business floorspace, hotel/serviced apartments, residential, co-living, student housing, retail, community and leisure and sui generis uses with associated infrastructure, parking and servicing space, public realm, highways and access works; and.

Application NQ.2: Listed Building Consent Application - to stabilise listed quay wall and any associated/necessary remedial works as well as demolition of the false quay in connection with Application NQ.1.

- 1.4 Together the development proposed under Applications NQ.1 and NQ.2 are referred to as the “Proposed Development”.
- 1.5 At the time of making the OPA, the Applicant is unable to determine exactly how much of the Proposed Development is likely to come forward in which land use. For this reason, the description of development provides the Applicant with flexibility as to the uses that could be undertaken on the Site.
- 1.6 However, in order to ensure that the level of flexibility is appropriately restricted, the OPA seeks approval for three Control Documents which describe the principal components of the Proposed Development, define the parameters for the Proposed Development (the “Specified Parameters”) and control how the Proposed Development will come forward in future.

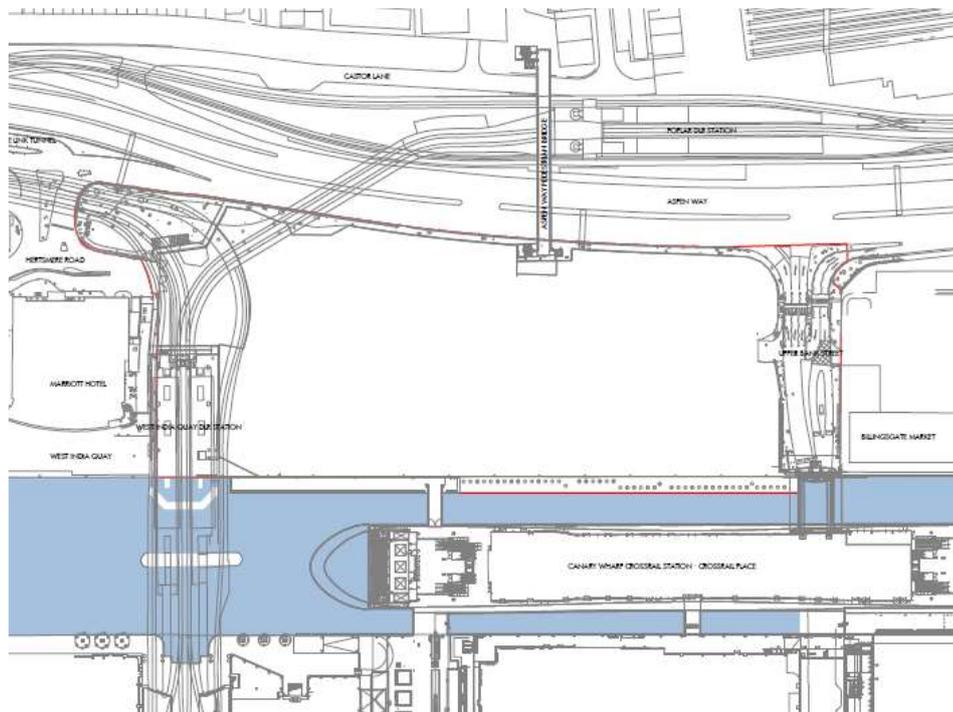
- 1.7 The Control Documents provide the parameters, design principles and controls that will guide future Reserved Matters Applications (“RMAs”). These Control Documents are (1) the Development Specification; (2) the Parameter Plans; and (3) the Design Guidelines:
- The Development Specification sets out the type and quantity of development that could be provided across the Site (including setting a maximum floorspace across the Site);
 - The Parameter Plans set the parameters associated with the scale, layout, access and circulation and distribution of uses classes and public space for the Proposed Development. They also establish the Development Zones and Development Plots across the Site; and
 - The Design Guidelines set the design principles and controls for future development.
- 1.8 Together, these documents set out the information required to allow the impacts of the Proposed Development to be identified with sufficient certainty as future RMAs will be required to demonstrate compliance with the Specified Parameters and controls in these Control Documents.
- 1.9 This Affordable Housing Statement (“AHS”) is submitted in support of the OPA and provides a summary of the Proposed Development and the Indicative Scheme as well as a review of the planning policy framework pertaining to the delivery of affordable housing.
- 1.10 Information in this AHS is also provided in relation to the affordable housing mix, tenure and affordability is also provided in relation to the affordable housing component of the Indicative Scheme. However, the information is indicative only and relates to the minimum provision that will be delivered as part of any future detailed RMAs for residential plots secured by way of the OPA.
- 1.11 This AHS should be considered alongside other documents, including but not limited to the Allies and Morrison Design and Access Statement (Document ref. NQ.PA.07) and the Quod Planning Statement (Document ref. NQ.PA.06).

2 Site Description

Location & Existing Use

2.1 The 3.28 hectare Site is bounded by Canary Wharf Crossrail Station to the south, Aspen Way (A1261) to the north, Hertsmere Road to the west and Billingsgate Market to the east. The West India Quay Docklands Light Railway (DLR) station and Delta Junction are located on the western side of the Site and the Site also incorporates parts of North Dock. The Site currently has a PTAL varying from 5 to 6a.

2.2 The red line plan for the Site is shown below:



2.3 Existing access to the Site for vehicles is from Upper Bank Street to the east and Hertsmere Road to the west, which both link to Aspen Way. The Site is not currently accessible to the public, however pedestrian routes are located on each side of the Site (Aspen Way, Hertsmere Road, Upper Bank Street, and the western part of the dockside to the south). The Aspen Way footbridge which leads to Poplar also lands on the southern side of Aspen Way.

2.4 The Site currently comprises mostly cleared land, being previously used as a construction laydown facility for the Canary Wharf Crossrail Station. There are temporary uses currently on site, including the LBTH Employment and Training Services, WorkPath and advertising structures. A Grade One Listed brick dock wall (Banana Wall) exists below the surface of part of the Site, which originally formed the dockside until it was extended over to the south.

3 Development Proposals

3.1 The Proposed Development is as follows:

“Application for outline planning permission (all matters reserved) for the redevelopment of the North Quay site for mixed use comprising:

- *Demolition of existing buildings and structures;*
- *Erection of buildings and construction of basements;*
- *The following uses:*
 - o *Business floorspace (B1)*
 - o *Hotel/Serviced Apartments (C1)*
 - o *Residential (C3)*
 - o *Co-Living (C4/Sui Generis)*
 - o *Student Housing (Sui Generis)*
 - o *Retail (A1-A5)*
 - o *Community and Leisure (D1 and D2)*
 - o *Other Sui Generis Uses*
- *Associated infrastructure, including a new deck over part of the existing dock;*
- *Creation of streets, open spaces, hard and soft landscaping and public realm;*
- *Creation of new vehicular accesses and associated works to Aspen Way, Upper Bank Street, Hertsmere Road and underneath Delta Junction;*
- *Connections to the Aspen Way Footbridge and Crossrail Place (Canary Wharf Crossrail Station);*
- *Car, motorcycle, bicycle parking spaces, servicing;*
- *Utilities including energy centres and electricity substation(s); and*
- *Other minor works incidental to the proposed development.”*

3.2 There is an additional Listed Building Consent Application for the following:

“Stabilisation of listed quay wall and associated/remedial works as well as demolition/removal of the false quay in connection with the erection of mixed-use development”



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3.3 The Outline Planning Application includes three Control Documents which define the Specified Parameters for the Proposed Development. These Control Documents are – (1) the Development Specification; (2) the Parameter Plans; and (3) the Design Guidelines.

- The Development Specification (NQ.PA.05) sets out the type and quantity of development that could be provided across the Site (including setting a maximum floorspace across the Site);
- The Parameter Plans (NQ.PA.03) set the parameters associated with the scale, layout, access and circulation and distribution of uses classes and public space for the Proposed Development. They also establish the Development Zones and Development Plots across the Site; and
- The Design Guidelines (NQ.PA.04) set the design principles and controls for future development.

3.4 Together, these documents set out the information required to allow the impacts of the Proposed Development to be identified with sufficient certainty as future RMAs will be required to demonstrate compliance with the Specified Parameters and controls in these Control Documents.

3.5 The Proposed Development seeks flexibility in terms of the quantum of development that will be delivered within a range of land uses and incorporates floorspace ranges within each proposed land use category. The Proposed Development seeks planning permission for a maximum of 355,000 sqm Gross Internal Area (GIA) of floorspace across the Site.

Table One: Proposed Development Land Use Ranges, North Quay, July 2020			
Land Use	Minimum Floorspace (GIA)		Maximum Floorspace (GIA)
Ground and above			
Retail (A1-A5)	Total 10,000 sqm	A1 – A5 5,000 sqm	20,000 sqm
Community (D1)			20,000 sqm
Leisure (D2)			20,000 sqm
Business (B1)	150,000 sqm		240,000 sqm
Hotel/Serviced Apartments (C1)	0 sqm		150,000 sqm
Residential (C3)	0 sqm		150,000 sqm
Co-Living (C4 / Sui Generis)	0 sqm		150,000 sqm
Student Housing (Sui Generis)	0 sqm		150,000 sqm

Sui Generis Uses (refer to Figure 4.3)	0 sqm	25,000 sqm
Ancillary floorspace comprising Business, Back of House, Enclosed Plant, Storage, Servicing, Car and Cycle Parking Areas, Energy Centres, Electricity Sub Stations etc.	0 sqm	No maximum
Below Ground		
Retail (A1-A5)	0 sqm	5,000 sqm
Business (B1)	0 sqm	20,000 sqm
Community (D1)	0 sqm	5,000 sqm
Leisure (D2)	0 sqm	10,000 sqm
Ancillary floorspace comprising Business, Residential, Back of House, Enclosed Plant, Storage, Servicing, Car and Cycle Parking Areas, Energy Centres, Electricity Sub Stations, development infrastructure required to support the development etc.	0 sqm	No maximum

3.6 The Proposed Development seeks a floorspace limit on proposed Residential (C3), Co-Living (C4/Sui-Generis) and Student Housing (Sui Generis) floorspace of no greater than 150,000 sqm GIA.

3.7 The Parameter Plans indicate which Development Zones may be suitable for which use. The Parameter Plans also identify features such as maximum building heights; areas of public realm; and access and circulation routes.

3.8 The Parameter Plans are set up to provide a level of flexibility for the detailed design of the scheme at a later date which will need to be approved by the local planning authority through subsequent RMAs.

Indicative Scheme

3.9 In order to test and validate the OPA, an Indicative Scheme showing the potential location of buildings, uses and open spaces has been produced. This scheme provides a vehicle for examining the possible architectural, environmental, operational and social impacts of the project. It remains schematic but it conforms to the Specified Parameters as defined in the Development Specification, Parameter Plans and Design Guidelines.

3.10 The Indicative Scheme has been essential in testing these Specified Parameters. The Indicative Scheme is not a design template or submitted for approval; it represents one possible way the principles as defined in the above Control Documents could be interpreted/achieved and developed into a design.

- 3.11 This Indicative Scheme and its Development Plots have been used to generate the images and diagrams for the Design Guidelines. In some instances, these Development Plots are used as reference in the Design Guidelines to help illustrate the point.
- 3.12 The Indicative Scheme comprises seven buildings, ranging from 6 to 65 storeys in height with a range of uses including residential, retail, offices and serviced apartments around a permeable public realm. The buildings are located on top of a two storey basement.



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3.13 The Proposed Development incorporates 20 percent affordable housing by habitable room. The affordable housing provision has been calculated by way of a Viability Assessment (Document ref. NQ.PA.19) that is submitted in support of the Proposed Development. The Assessment has calculated the viability of the Indicative Scheme.

3.14 The Indicative Scheme ground floor layout is provided below:



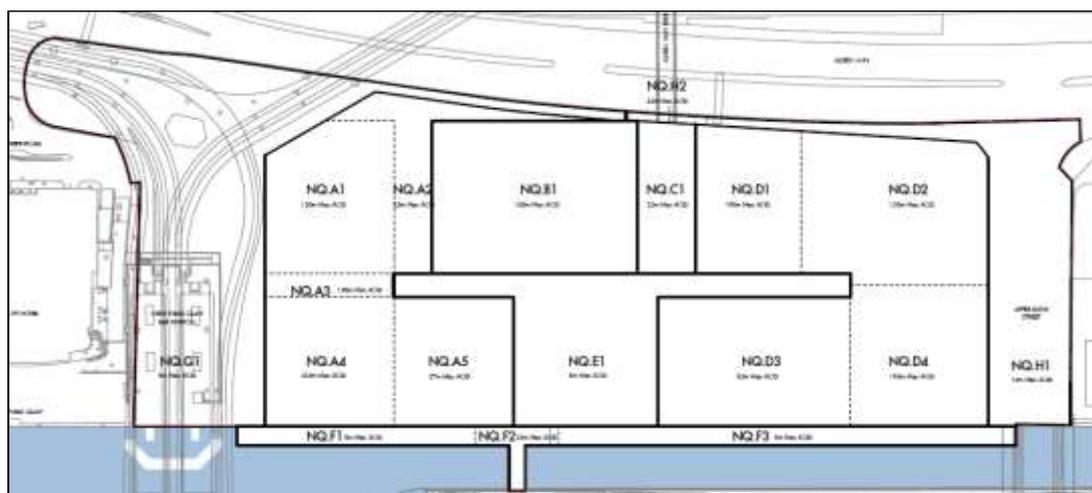
3.15 The Indicative Scheme is an office-led scheme which includes residential and serviced apartments buildings as well as ancillary retail. All of these floorspaces are within the ranges/limits as set out above in the Proposed Development.

Table Two: Indicative Scheme Land Uses & Heights, North Quay, July 2020			
Building	Height	Principal Use	Ancillary Use
NQ.A1	35	Residential	Retail
NQ.A4	65	Residential	Retail
NQ.A5	6	Retail	N/A
NQ.B1	40	Office	Retail
NQ.D1	33	Office	Retail
NQ.D3	17	Office	Retail
NQ.D4	53	Serviced Apartments	Retail

3.16 The Indicative Scheme floorspace areas are reflected in the table below:

Table Three: Indicative Scheme, North Quay, July 2020	
Land Use	Floorspace (GIA)
Office (B1)	174,653 sqm
Residential (C3)	84,736 sqm
Serviced Apartments (C1)	44,081 sqm
Retail (A1 – A5)	13,681 sqm
Basement	28,047 sqm
Plant	9,730 sqm
TOTAL	354,928 sqm

3.17 In respect of phasing, the indicative phasing plan can be summarised as follows:



- Phase 1 – Development Plots on the western side of the Site (NQ.A1 and NQ.A4) would be delivered first.
- Phase 2 – the Development plots on the dockside (NQ.A5, NQ.D3 and NQ.D4) would come forward in the second phase.
- Phase 3 – the third phase would comprise Development Plots NQ.B1 and NQ.C1 (the link to Aspen Way Footbridge). There may be opportunities during the earlier phases of construction to provide a link from the footbridge into the Site as Phases 1 and 2 are built out.
- Phase 4 – The final Development Plots (NQ.D1 and NQ.D2) would be delivered in the fourth phase.

3.18 The table below illustrates the Proposed Development area ranges and a summary of the Indicative Scheme.

Table Four: Proposed Development & Indicative Scheme Areas, North Quay, July 2020				
Land Use	Minimum Floorspace (GIA)		Maximum Floorspace (GIA)	Indicative Scheme (GIA)
Ground & above				
Retail (A1-A5)	Total 10,000 sqm	A1-A5	20,000 sqm	13,681 sqm
Community (D1)		5,000 sqm	20,000 sqm	
Leisure (D2)			20,000 sqm	
Business (B1)	150,000 sqm		240,000 sqm	174,653
Hotel/ Serviced Apartments (C1)	0 sqm		150,000 sqm	44,081 sqm
Residential (C3)	0 sqm		150,000 sqm	84,736 sqm
Co-living (C4/Sui Generis)	0 sqm		150,000 sqm	0 sqm
Student housing (Sui Generis)	0 sqm		150,000 sqm	0 sqm
Sui Generis uses (conference centres, casinos etc)	0 sqm		25,000 sqm	0 sqm

Ancillary floorspace (back of house, plant, storage etc)	0 sqm	No maximum	9,730 sqm
Below ground			
Retail (A1-A5)	0 sqm	5,000 sqm	0 sqm
Business (B1)	0 sqm	20,000 sqm	0 sqm
Community (D1)	0 sqm	5,000 sqm	0 sqm
Leisure (D2)	0 sqm	10,000 sqm	0 sqm
Ancillary floorspace (back of house, plant, storage etc)	0 sqm	No maximum	28,047 sqm

3.19 The total site wide floorspace for the Indicative Scheme is 355,000 sqm (GIA). The Viability Assessment that accompanies Proposed Development has been collated based upon the areas identified in the Indicative Scheme.

Residential Component

3.20 Residential space in the Indicative Scheme is proposed across two buildings; NQA1 and NQA4. This is summarised in the table below.

C3 Space	NQA1	NQA4	Total
GIA (sqm)	27,512	54,232	81,744
NIA (sqm)	19,809	39,046	58,855

3.21 The Indicative Scheme proposes 702 units, of which the Applicant is proposing 20% affordable housing by habitable room. The affordable housing tenure proposed is at 70% low cost rented (of which 50% is London Affordable Rent and 50% is LBTH Living Rent) and 30% intermediate. The table below illustrates the breakdown in greater detail.

C3 Summary	Market Housing	Affordable Housing			Total
		Int	LAR	LBTHLR	
Unit split	590	112			702 units
Affordable units		34	39	39	
Habitable Rooms	1,717	131	149	149	2,146 HRs

3.22 The affordable housing proposition reflects the residential component of the Indicative Scheme. Further details related to design, tenure, mix and affordability will be provided by way of an updated AHS that will accompany future RMAs.

3.23 Given the affordable housing provision has been established through a Viability Assessment, as a result of the prevailing market conditions and high costs of delivery, and in accordance with the GLA's Viability SPG (2017), and LBTH Viability SPD (2017), it is anticipated that Viability Review Mechanisms will be secured by LBTH which could enhance the quantum of affordable housing that the Proposed Development could deliver over its lifetime.

Summary

- 3.24 The Proposed Development will deliver a mixed-use scheme which could comprise office, retail, leisure, hotel / serviced apartment and a variety of residential uses. The delivery of the exact mix of uses will be dependent on the prevailing market conditions at the time, the detail of which will be provided in subsequent RMAs.
- 3.25 The Proposed Development includes 20 percent affordable housing based on a Viability Assessment of the Indicative Scheme, measured on a habitable room basis. It is proposed that the affordable housing will be delivered as low cost rent and intermediate housing in accordance with the local plan policy requirement. It is anticipated that the range of planning obligations being proposed could be enhanced through a series of Viability Review Mechanisms triggered over the lifetime of the development programme.



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4 Planning Policy

- 4.1 The Planning Statement submitted in support of the OPA provides a detailed analysis of the relevant policy framework. The following section of this AHS provides a concise review of the key national, regional and local planning policies that guide the delivery of affordable housing.

National

National Planning Policy Framework

- 4.2 The National Planning Policy Framework (“NPPF”), adopted in February 2019, sets out the Government’s planning policies for England and how they should be applied.
- 4.3 In relation to the delivery of affordable housing, section 20 requires that local planning authorities set strategic policies within their boroughs defining the pattern, scale and quality of development including the delivery of all types of housing including affordable housing.
- 4.4 Section 34 refers to Plans clearly setting out the contributions that are expected from development including the levels and types of affordable housing along with other infrastructure.
- 4.5 Section 59 to 66 seeks to ensure that there is the delivery of a sufficient supply of homes with a requirement for local authorities to identify the need for different types and sizes of affordable housing, including the identification of those households who are eligible for accommodation. Where this need is evidenced, policies should specify the types of affordable housing required with the expectation that affordable homes will be delivered on-site, unless exceptional circumstances exist.
- 4.6 Annex Two of the NPPF provides a glossary for affordable housing and defines affordable housing for rent, starter homes, discounted market sales housing and other affordable housing routes to home ownership.

Regional

The London Plan

- 4.7 The Site is within the Isle of Dogs and South Poplar Opportunity Area, as adopted in October 2019. An Opportunity Area Planning Framework (OAPF) is being prepared through collaboration from the GLA, TfL and LBTH.
- 4.8 The key objective of the OAPF is to ensure that the anticipated significant housing and employment growth, to a certain extent already being delivered alongside existing residential communities, is supported by the necessary infrastructure.
- 4.9 Policy 3.3 of the adopted London Plan states the Mayor recognises the need for more homes in London to promote opportunity and provide real choice for all Londoners in ways that meet their



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needs at a price they can afford. London Plan Policy 3.3 seeks to increase London's supply of housing setting a London wide housing delivery target of at least 42,389 additional homes per year up to 2025. In LBTH, the annual target is 3,931 dwellings.

- 4.10 Policy 3.8 promotes housing choice through delivering Londoners a genuine choice of homes comprising different sizes and types located in high quality environments. The accompanying narrative includes the prioritisation of affordable family accommodation in LDF policies.
- 4.11 Policy 3.11 sets a pan-regional target tenure split of 60 per cent social and affordable rent housing and 40 per cent intermediate housing. However, the policy notes that it is for each local authority to identify their own local requirements in relation to tenure split.
- 4.12 Policy 3.12 requires LPA's to seek the maximum reasonable amount of affordable housing when negotiating on individual residential or mixed-use sites, having regard to the following:
- The need to encourage rather than restrain residential development;
 - The need to promote mixed and balanced communities;
 - The size and type of affordable housing needed in particular locations; and
 - The specific circumstances of individual sites.
- 4.13 In response to national guidance, the London Plan emphasises the need to consider development viability in relation to development on individual sites and in relation to borough target setting, to ensure that overall development is encouraged rather than restrained.

Draft London Plan (Intend to Publish Version December 2019)

- 4.14 The Mayor's draft spatial development strategy for London was assessed by a panel of Inspectors at an Examination in Public in 2019 and their report containing recommendations was submitted to the Mayor in October 2019.
- 4.15 As at July 2020, the draft has not yet been adopted and there is an ongoing dialogue between the GLA and the Secretary of State regarding conformity (lack of in some areas) with national planning policy.
- 4.16 The draft London Plan seeks to introduce a policy framework that responds to the 2017 Strategic Housing Market Assessment that identified an annual need of 43,500 new affordable homes per year.
- 4.17 The approach identified in the draft London Plan to the delivery of affordable housing and planning viability reflects the approach set out in the Affordable Housing and Viability SPG (2017).
- 4.18 Strategic Policy H1 sets ten-year targets for net housing completions for each local authority to incorporate in their local Development Plan documents.

- 4.19 The draft London Plan sets ambitious housing delivery targets for LBTH identifying the net delivery of 35,140 new homes during the period 19/20 to 28/29 equating to 3,511 units per annum. LBTH has the highest London Plan target of any borough, representing 5.4 percent of the total targeted delivery across the capital. Data is provided below in respect the current performance against the London Plan target.
- 4.20 Policy H5 seeks to maximise the delivery of affordable housing with a strategic target of 50 percent of all new homes delivered to be 'genuinely' affordable. Developments that trigger the affordable housing requirements should provide affordable housing through the threshold approach (defined in Policy H6).
- 4.21 Policy H5 also provides clarity on the delivery of affordable homes by Registered Providers, and the approach to delivery on industrial and public land. Policy H5 also seeks to ensure that affordable housing is provided on-site unless there are exceptional circumstances.
- 4.22 Policy H6 provides detail on the threshold approach which can be defined as (Part B):
1. a minimum of 35 per cent; or
 2. 50 per cent for public sector land where there is no portfolio agreement with the Mayor; or
 3. 50 per cent for Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Industrial Sites appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution where the scheme would result in a net loss of industrial capacity.
- 4.23 In order for a Fast Track designation to be achieved, the following must be achieved:
1. meet or exceed the relevant threshold level of affordable housing (as identified in Part B) on site without public subsidy. Where agreed by the borough, small housing developments may follow the Fast Track Route where they meet the relevant threshold level off-site or as an in lieu payment.
 2. be consistent with the relevant tenure split. Small housing developments may follow the Fast Track Route where the tenure split is to the satisfaction of the borough.
 3. meet other relevant policy requirements and obligations to the satisfaction of the borough and the Mayor where relevant.
 4. demonstrate that they have taken account of the strategic 50 per cent target in Policy H5 Delivering affordable housing and have sought grant to increase the level of affordable housing.
- 4.24 In summary, Fast Track Applications are not required to provide a viability assessment at application stage although an Early Stage Viability Review will be triggered if an agreed level of

progress on implementation is not made within two years of the permission. Where an Applicant does not meet the requirements set out in part C it must follow the Viability Tested Route. Viability Tested Schemes will be subject to:

1. an Early Stage Viability Review if an agreed level of progress on implementation is not made within two years of the permission being granted (or a period agreed by the borough)
2. a Late Stage Viability Review which is triggered when 75 per cent of the units in a scheme are sold or let (or a period agreed by the borough)
3. Mid Term Reviews prior to implementation of phases for larger phased schemes.

4.25 Part F of the Policy H6 states that where a viability assessment is required to ascertain the maximum level of affordable housing deliverable on a scheme, the assessment should be treated transparently and undertaken in line with the GLA's Affordable Housing and Viability SPG.

4.26 Policy H7 defines the Mayor's priorities in respect of affordable housing tenures. The policy requires local authorities to seek the following:

1. a minimum of 30 per cent low cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners on low incomes
2. a minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared ownership
3. the remaining 40 per cent to be determined by the borough as low cost rented homes or intermediate products based on identified need.

4.27 The GLA further note a preference for their preferred affordable housing tenures as follows:

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

4.28 The products all meet the required definitions of the NPPF, Annex Two.

4.29 Policy H12 states that schemes should provide a range of unit sizes and applicants and decision makers should have regard to a range of factors including reference, where available, to robust local evidence in making decisions and the need to deliver mixed and inclusive neighbourhoods, including providing a range of tenures. The process should also be informed by the location of the site, and proximity to, for example, existing and proposed infrastructure, and an aim to optimise housing potential on sites.

- 4.30 Policy H13 promotes the delivery of Build to Rent accommodation where a range of criteria can be met, and, where covenanted for a period of at least 15 years, the affordable housing component can be delivered as Discounted Market Rent (DMR).
- 4.31 The policy intervention reflects central Government aspirations to secure a significant weight of institutional capital into the sector and deliver a high quality, professional managed private rented sector.

Affordable Housing and Viability Supplementary Planning Guidance (2017)

- 4.32 The GLA published the draft SPG in November 2016 for consultation and the document was subsequently adopted in August 2017.
- 4.33 The SPG represents the new Mayoral administration's policy objectives in relation to the delivery of new homes, including affordable housing. The overarching objectives of the SPG are clear in seeking to enhance housing and economic opportunities for all persons across the capital. The SPG reflects the requirements of the draft London Plan in respect of the delivery of affordable housing across the capital.

Local Policy

Tower Hamlets Local Plan 2031: Managing Growth & Sharing the Benefits (adopted January 2020)

- 4.34 LBTH's affordable housing policy is contained within their Local Plan which was adopted in January 2020.
- 4.35 Section Nine of the Local Plan identifies policies that seek to maximise the delivery of new private and affordable homes over the lifetime of the Plan within the context of a London Plan which significantly increased the ten-year housing supply target in 2016 to 39,314 homes (marginally under 4,000 new net additional homes per annum).
- 4.36 Subsequent iterations of the draft London Plan present higher targets and LBTH have estimated that 45 per cent of all need is within the affordable housing sector over the Plan period.
- 4.37 Policy S.H1 seeks 50 per cent affordable housing over the Plan period from all sources and requires a minimum of 35 per cent affordable housing on sites delivering in excess of 10 units, albeit on a subject to viability basis.
- 4.38 Policy D.H2 states that development is required to maximise the provision of affordable housing. Affordable housing should be delivered on-site in the first instance and only in exceptional circumstances will off-site be considered.
- 4.39 Table Two illustrates the preferred mix of housing units with reference to policy D.H2.

Table Seven: Tower Hamlets Policy DH.2 Unit Mix Requirement				
Tenure	1 Bed	2 Bed	3 Bed	4 Bed
Market Sale	30%	50%	20%	
Low Cost Rent	25%	30%	30%	15%
Intermediate	15%	40%	45%	

- 4.40 The Local Plan targets 58,965 net new homes over the plan period to 2031, equating to 3,932 units per year.
- 4.41 According to the data published by MHCLG 'Net additions to dwelling stock', there were 21,068 net additional dwellings delivered in the ten year period to 2018/19 equating to 2,106 dwellings per annum. Current supply is on a downwards trend according to the dataset from a peak of 4,827 dwellings delivered in 2016/17.
- 4.42 The GLA publish data on affordable housing starts and completions by Local Authority. In LBTH, there were 1,562 affordable completions in 2019/20, 528 completions in 18/19, 502 completions in 17/18, 952 completions in 16/17 and 229 completions in 15/16.

LBTH Development Viability Supplementary Planning Document (October 2017)

- 4.43 The LBTH Development Viability SPD was adopted in October 2017. This SPD provides additional guidance on the approach to viability through the planning process.
- 4.44 The LBTH SPD seeks to align its approach to viability with the regional guidance provided by the GLA, in that it seeks to incentivise developers who deliver 35 per cent affordable housing by not requiring viability appraisals to be submitted, nor imposing post completion reviews on developments.
- 4.45 The 35 per cent threshold will need to consider a range of affordable housing sizes (including family sized homes) and local tenure mix policies.

Summary of Planning Policy Context

- 4.46 In summary, national, regional and local affordable housing policy support the delivery of the maximum reasonable amount of affordable housing that can be viably delivered, alongside other forms of planning gain and CIL. The policy intent, however, also seeks to encourage rather than restrain delivery, so development proposals must remain commercially viable.
- 4.47 The Proposed Development provides 20 per cent affordable housing by habitable room, including 70 per cent low cost rent and 30 per cent intermediate and as such qualifies for the Viability Tested Route in accordance with the GLA Affordable Housing & Development Viability SPG and the draft London Plan.

5 Affordable Housing

- 5.1 The Applicant is seeking permission for a Proposed Development comprising a mix of uses with a residential component that provides 20% affordable housing by habitable room. The parameter plans create guidelines for the delivery of an exemplary masterplan that will make a significant contribution to the regeneration of an area to the north of the North Dock as identified in the recently adopted Opportunity Area Planning Framework.
- 5.2 The Indicative Scheme envisages a mixed use development with seven buildings. Residential uses are proposed in two buildings, namely NQ.A1 and NQ.A4. Details of the Proposed Development are contained within Section Three. NQ.A1 is located on the Site's north west corner fronting Aspen Way to the north and NQ.A4 is located in the south west corner facing the North Dock.
- 5.3 The Indicative Scheme has been Viability Tested in accordance with the GLA's Affordable Housing and Development Viability SPG and the LBTH's headline policy requirement of 35 percent affordable housing cannot be met at this time, given the high costs of delivery and the challenging prevailing market conditions.
- 5.4 The Proposed Development provides a significant range of public benefits alongside the 20 percent affordable housing provision including 10 percent of the office accommodation as affordable workspace and £101.9m in Community Infrastructure Levy (CIL) contributions and £11.5m in additional S106 financial obligations based on the Indicative Scheme.
- 5.5 This section of the AHS provides information on the approach to affordable housing including further detail where available in regard to the affordable housing quantum / unit mix; access and amenity strategy; ongoing management and maintenance strategy; and affordability. Much of the detail will however be delivered as part of the future RMAs.

Affordable Housing Quantum & Tenure Split

- 5.6 At this time, the exact mix of dwellings being delivered is unknown and the unit mixes for open market and intermediate housing tenures are therefore expressed as ranges. Affordable/Social Rented units will be delivered in accordance with the specific local plan target mix.

Table Eight: Proposed Development, Unit Mix Ranges, North Quay, July 2020		
Tenure	Unit Type	% by Unit
Open Market	Studio	5 – 25%
	1 bed	20 – 50%
	2 bed	20 - 50%
	3+ bed	5 – 25%
Intermediate	1 bed	15 - 50%
	2 bed	35 - 45%
	3+ bed	5 - 45%
Affordable/Social Rented	1 bed	25%
	2 bed	30%
	3+ bed	30%
	4+ bed	15%

- 5.7 The intermediate housing mix range can deliver compliance when assessed against the LBTH's policy requirement however flexibility is allowed for to potentially enable a higher proportion of smaller units in order to assist with promoting the affordability of the homes (further detail is provided in this section).
- 5.8 However, as part of the Indicative Scheme, the project architects' Allies & Morrison have prepared a schedule to reflect a private and affordable housing mix that could be derived from buildings NQ.A1 and NQ.A4, and this is identified below.

Table Nine: Indicative Scheme, Unit Mix, North Quay, July 2020			
Tenure	Unit Type	Units (estimate)	HR (estimate) (%)
NQ.A1/A4 (market housing)			
Open Market	Studio	35	35 (2%)
	1 bed	136	271 (16%)
	2 bed	295	885 (52%)
	3+ bed	124	526 (31%)
Totals (Private)		590	1,717
NQ.A1 (affordable housing)			
Intermediate	1 bed	5	10 (8%)
	2 bed	14	41 (31%)
	3+ bed	15	80 (61%)
Totals (Intermediate)		34	131
Affordable/Social Rented	1 bed	20	39 (13%)
	2 bed	23	71 (24%)
	3+ bed	23	118 (39%)
	4+ bed	12	71 (24%)
Totals (Low Cost Rent)		78	298
Totals (All Tenures)		702*	2,146*

**the 702 dwellings / 2,146 habitable rooms have been calculated by Allies & Morrison and the total reflects some rounding of figures within the table however, as the mix reflects the Indicative Scheme, the totals are unedited from those provided by the architects and will be updated as part of future RMAs.*

- 5.9 The Indicative Scheme comprises 2,146 habitable rooms of which 1,717 are private, 131 intermediate and 298 are low cost rent, equating to 20 percent affordable housing. The indicative provision reflects LBTH's policy and narrative related to the delivery of a high proportion of family housing with particular reference to the low cost rented element.
- 5.10 The exact housing mix will be defined by detailed layouts included in RMAs for residential plots coming forward in the future, but the affordable housing provision will not fall below the indicated 20 percent provision.

5.11 The indicative affordable housing provision includes 80 homes for low cost rent equating to 298 habitable rooms. This equates to 70 per cent of the total affordable housing provision. The intermediate provision comprises 33 intermediate units or 131 habitable rooms, equating to 30 per cent of the total affordable housing provision. This is consistent with the local plan policy requirement contained in DH.2 part 1.

Low Cost Rent

5.12 LBTH has a statutory duty under the Housing Act 1996 to maintain an allocations scheme for determining priorities and for defining procedures to be followed for allocating housing. The allocations scheme must set out the rules for qualifying for social housing and these will vary between areas but there are some general rules set by Government.

5.13 It is proposed that the low cost rented component will comprise 50 percent London Affordable Rent as defined in section 4.7.4 of the draft London Plan as *'London Affordable Rent are for households on low incomes where the rent levels are based on the formulas in the Social Housing Regulator's Rent Standard Guidance. The rent levels for Social Rent homes use a capped formula and London Affordable Rent homes are capped at benchmark levels published by the GLA'*.

5.14 London Affordable Rents for new lettings in 2019/20, exclusive of service charges, are £155.13 for a one bed, £164.24 for a two bed, £173.37 for a three bed and £182.49 for a four bed property.

5.15 The remaining 50 percent will be let at Tower Hamlets Living Rent. Tower Hamlets Living Rents, inclusive of service charges, are £197.18 for a one bed, £216.90 for a two bed, £236.62 for a three bed and £256.33 for a four bed property.

5.16 Both products are consistent with the definition of affordable housing contained within Annex Two of the NPPF.

5.17 LBTH will retain 100 percent nominations for first lettings.

Intermediate Housing

5.18 The affordability of shared ownership homes is based on the total 'housing costs' that are payable by the occupier. Under the shared ownership model, a tenant purchases an initial equity share of the property of between 25 per cent to 75 per cent upon which they take out a mortgage.

5.19 In addition, a rent is payable to the RP based on the percentage of equity that is not owned (typically between 0.5 per cent - 2.75 per cent) plus service charges. The combination of mortgage, rent and service charge forms the purchaser's housing costs.

5.20 In accordance with GLA guidance, housing costs must not exceed 40% of net household income. In addition, the latest London Plan Annual Monitoring Report states that the gross income thresholds for intermediate home ownership products are capped at £90,000.

- 5.21 However, the current estimation of the private values, derive capital values that will not be affordable under the traditional shared ownership model, even allowing for a reduction in the rent payable to the Registered Provider for the unsold equity.
- 5.22 This is not uncommon in a central London context, particularly where values are in excess of £1,000 per sq ft and, as the GLA Affordable Housing & Development Viability SPG (2017) states at section 2.49 that *'generally shared ownership is not appropriate where unrestricted market values of a home exceed £600,000'*.
- 5.23 As such, whilst the S106 legal agreement drafting related to the affordable housing component should define intermediate housing products that are consistent with the NPPF Annex Two definition, including shared ownership, it is unclear what the market values will be at any time in the future, but, based on current experience, it appears unlikely that the intermediate homes can be delivered on a shared equity / ownership basis.
- 5.24 On this basis, it would seem more probable that intermediate homes will be delivered as a form of discounted market rent, for example in the form of London Living Rent (the GLA's preferred DMR product).
- 5.25 The tenure will be defined at the time of the submission of the RMAs depending on the market demand and values. Discussions with local Registered Providers and their respective sales and marketing teams at the relevant time will inform the nature of the intermediate tenure.
- 5.26 The Viability Assessment accompanying the planning application has included a valuation of the intermediate homes on an intermediate rented basis (i.e. discounted market rent) with reference to the GLA's maximum £60,000 household caps, given the high market values proposed and subsequent lack of affordability.
- 5.27 There are however several reasons why the valuation approach for discounted market rent reduces the value of the intermediate homes when compared to a valuation on a shared ownership basis (and has a commensurate impact on scheme viability). Firstly, as noted, the GLA apply a reduced affordability cap for rented homes of £60,000 when compared to £90,000 for equity based (shared ownership) homes.
- 5.28 Secondly, the lack of equity sale in a discounted market rented home has a discernible impact on value. Affordable homes are valued on a long term cashflow net present value basis, and the removal of the upfront equity sale (say 25 percent of the market value of a property) reduces the amount that a Registered Provider can pay a developer for affordable housing delivered through planning gain.
- 5.29 Finally, there is in our experience a reduced market of Registered Providers who are seeking to acquire intermediate rented homes when compared to shared ownership homes.

Grant Funding

- 5.30 DS2 has considered whether public subsidy would increase the level of affordable housing above the minimum 20 percent provision proposed. In doing so, DS2 has had regard to the GLA's Homes for Londoners: Affordable Homes Programme 2016-21 funding guidance (November 2016).
- 5.31 In accordance with the Developer-led route, funding is available at £28,000 per unit. The Indicative Scheme proposes 20 per cent affordable housing by habitable room, without grant, and is therefore considered eligible for the Developer-led route funding.
- 5.32 However, given the relatively high residential values at the Site and low levels of grant available for the Developer-led route, the inclusion of public subsidy would not enable the delivery of additional affordable housing in this instance.
- 5.33 DS2 will keep the grant funding options under review given current dialogue between the GLA and the Ministry of Housing, Communities and Local Government and any new agreements post the end of the current funding programme.

Development Viability

- 5.34 The Proposed Development has been Viability Tested in accordance with the GLA's Development Viability and Affordable Housing SPG (2017) and the LBTH's Development Viability SPD (2017). The Viability Assessment, delivered as part of the OPA, provides an objective and present day assessment of the development economics.
- 5.35 The Viability Assessment has been collated in accordance with the aforementioned policy documents, as well as the NPPG and professional guidance in the form of the RICS Professional Statement 'Conduct & Reporting: Financial Viability in Planning' published in 2019.
- 5.36 The Proposed Development comprises a minimum 20 percent affordable housing and the Viability Assessment identifies that this is the present day maximum reasonable provision.
- 5.37 The Viability Tested Route dictates that the development will be subject to a series of future viability reviews that will test the ability of the detailed residential phases to further contribute to additional affordable housing.

Summary of Approach to Affordable Housing

- 5.38 The residential component of the Proposed Development comprises a mix of affordable housing with a high proportion of family accommodation consistent with the requirements of policy DH.2. However, given the nature of the Proposed Development, the exact mix of housing will be identified by way of future RMAs.
- 5.39 The affordable housing provision is proposed on a 70 percent low cost rent and 30 percent intermediate basis, consistent with policy DH.2. Overall provision is proposed at a minimum of



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20 percent of the total number of residential habitable rooms with future reviews potentially enhancing the baseline provision.

- 5.40 The affordable housing will be delivered in such a way as to ensure that the external appearance of the homes will be indistinguishable from the private homes and the affordability of the homes will be protected.



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6 Affordable Housing Summary

- 6.1 In accordance with LBTH's local planning policy the Proposed Development envisages a mixed use development with future plot uses and massing to be defined.
- 6.2 The Proposed Development incorporates a residential element and the Indicative Scheme envisages NQ.A1 and NQ.A4 as residential.
- 6.3 The Proposed Development incorporates a minimum of 20 percent affordable housing derived through the Viability tested route. The indicative affordable housing component comprises 112 units, including 78 low cost rented units and 34 intermediate units (provided on a zero grant basis). The proposed affordable housing comprises 70 per cent low cost and 30 per cent intermediate, by habitable room.
- 6.4 The low cost rented element comprises 50 percent London Affordable Rent and 50 percent Tower Hamlets Living Rents. The intermediate accommodation will be defined at the submission of the RMAs but will conform to NPPF definitions and will be delivered within the GLA affordability caps relevant to the envisaged product at the time of delivery.
- 6.5 The intermediate accommodation will likely take the form of discounted market rent given the relatively high capital values on the Site and the constraints on affordability at this price point.
- 6.6 The Proposed Development will provide a framework for the delivery of a high quality mixed-use master plan that will result in the supply of a significant quantum of employment and living space. The Proposed Development will deliver regeneration of a cleared site to the north of the North Dock, securing a significant range of public benefits including in excess of £100m in CIL and £11m in other financial contributions.
- 6.7 The residential component of the Proposed Development will make a significant positive contribution to the LBTH's high annual housing targets comprising a mix of private and 20 percent affordable housing.