

**5/03/2018**

**Re: Cantium Retail Park, 520 Old Kent Road, London SE1 5BA; Ref 18/AP/3246**

Dear Sir/Madam,

We wish to make the following comments on the above planning application in the light of the Officer's Report.

Our comments relate to the following issues:

- Principle of Development and Land Use
- Affordable Housing and Viability
- Design Issues
- Heritage Impact

#### Principle of development

##### *Evidence supporting mix of uses*

The application is not based on a response to demand in the area, since no assessment of that demand has been considered.

Presently, the site contains 6,231 sqm of retail space. The proposed development would provide just 2,228 sqm of retail space. No evidence has been presented that this reduction is desirable or necessary. Rather than intensifying the use of the site and increasing provision of retail space, in line with the aspirations of the OKR AAP, this scheme substantially reduces this kind of space.

On the other hand, but problematic for a similar reason, office space (of which presently there is none) is proposed to be provided in the measure of up to 8,000 sqm. Again, there is no evidence provided to support the need for this kind of space in this location. An evidence-based approach has not been taken. For this reason, the GLA expressed concern about the quantum of office floor space proposed:

“The applicant must demonstrate authoritative, strategic and local evidence of sustained demand for office activities in this location and that the office space would not have a negative impact on the nearby CAZ within the Bankside, Borough and London Bridge Opportunity Area in accordance with LP Policy 4.2 and DLP Policy E1”. [GLA Stage one report – paragraph 21]

In addition, in relation to the likely loss of B&Q in particular, there is no evidence presented of declining demand for builders merchants in the area (in fact anecdotal evidence suggests the contrary), yet masterplans and forthcoming applications show near total loss of builders

merchants: the Malt Street scheme would likely lose Travis Perkins; masterplans show Selco, Rexel, South London Timber, HSS, Benchmarx and others gone; Floyds will be lost; and on the Civic Centre site, Topps Tiles will not be retained.

Furthermore, what assessment has there been of the local jobs supported by B&Q and whether new jobs created by the scheme will similarly be local?

### *Context of site*

The site is directly adjacent to a designated Strategic Industrial Location (to the south). London Plan Policy D12 states introduction of residential units must not prejudice continued operation of established noisy industrial activities near to the site. For this reason the GLA recommend (at paragraph 30 of their stage one report) mitigation measures to be secured by condition. No such condition is apparent, contrary to adopted London Plan policy D12.

Even though Southwark intend to remove the SIL designation of the site to the south, the proposed development at Malt Street includes some 4,500 sqm of B1(c) industrial uses. There is no attempt in the report to grapple with the challenges of ensuring this site is appropriate to be adjacent to SIL or continued industrial use.

Should the committee resolve to grant planning permission, a condition should be added ensuring any industrial uses on adjacent sites are not prejudiced by the introduction of residential units on the scale proposed in this scheme.

### Affordable Housing

#### *Viability*

We welcome, in principle, the commitment to providing 35% affordable housing, including 70% social rented housing. However, we are concerned that this offer is not supported by a viability assessment that would ensure delivery of the affordable housing.

There is a considerable gap between the applicant's viability analysis, and that provided by the council's independent assessor. Clearly, the applicant is not basing their application on their own viability analysis, which shows a substantial deficit for a scheme that provides a policy compliant affordable housing offer. Therefore, in reality the applicant is basing their decision on the viability of the scheme on their own internal growth assumptions (taking into account expected growth resulting from, for example, the Bakerloo Line Extension).

The Mayor of London's 2017 Supplementary Planning Guidance (SPG) on affordable housing and viability states at paragraph 3.11 that where an applicant commits to a higher proportion of affordable housing than is viable on the basis of growth assumptions, these assumptions "should be provided" in order to ensure affordable housing is maximised. Neither the OR nor any document available publicly discloses these assumptions, as required by the SPG.<sup>1</sup>

The failure to ensure the applicant provides these growth assumptions means that it cannot be argued with confidence that affordable housing has been maximised. Failing to maximise

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<sup>1</sup> [https://www.london.gov.uk/sites/default/files/ah\\_viability\\_spg\\_20170816.pdf](https://www.london.gov.uk/sites/default/files/ah_viability_spg_20170816.pdf)

affordable housing provision is contrary to London Plan Policy 3.11 and 3.12, and Southwark Saved Policy 4.4. There is in fact no evidence that 35.48% is the maximum that the scheme can deliver.

Furthermore and as a consequence of the above, there has seemingly been no attempt to seek to achieve the 50% affordable housing target indicated by the Draft London Plan Policy H5, and Southwark Saved Policy 4.4.

### *Grant funding*

We note that the GLA states the applicant “must explore opportunities to increase the level of affordable housing by accessing grant funding” (GLA stage one report).

The applicant has argued that it is not viable to apply for grant funding because it would preclude the opportunity to reduce the scheme’s deficit through capturing the value uplift in the market units.

However, there is no reference to viability assessment information supporting this, either from the applicant or the council. Furthermore, in absence of the provision of growth assumptions as explained above, it is not possible to draw any conclusion about this argument the applicant makes against use of grant funding. Regrettably, at paragraph 180-182 of the Officer’s Report, the applicant’s argument and conclusion on this point is accepted without any objective assessment, or independently reasoned conclusion.

### *Housing mix*

Policy P1 of the NSP states that a minimum of 25% of all housing by habitable room must be social rent. In this scheme, as seen at paragraph 164 of the Officer’s Report, only 24.5% by habitable room is for social rent. Therefore the scheme is not policy compliant, contrary to the statement at paragraph 163 of the Officer’s Report that the level of provision is “fully policy compliant”.

Furthermore, the scheme fails to respond to the recognised need for family housing: there is an acknowledged shortage of family homes in the borough, yet this scheme only proposes 1% (3 units) of affordable housing with 4 bedrooms. Within the scheme as a whole, only 8% (98) of units would be affordable and have 3 bedrooms. There is no indication what proportion of these affordable family homes would be for social rent, meaning there could end up being no social rent family homes.

### Design Issues

The principle of using such tall buildings to optimise housing delivery is not supported by evidence, in fact recent information obtained by Southwark Law Centre (circulated to planning committee and officers in recent days) shows that tall buildings have a negative effect on viability and make provision of maximum affordable housing for a site less likely.<sup>2</sup> The Officer’s Report, however, states that the nature of housing delivery justifies the building heights (paragraph 202).

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<sup>2</sup> See the GLA’s FOI release, attached to this letter, and summarized in the appendix below.

Furthermore, the height of the tallest tower, at 160m, is inappropriate: at present there are only 4 residential buildings taller than this in London.<sup>3</sup> In the light of the surrounding visual and streetscape context, and the evidence described above showing that tall buildings are not the solution to London's shortage of affordable housing, there is no justification for such tall buildings.

Furthermore, overall just 16% of units would have 3 or more bedrooms, whereas the Policy 7 of the Core Strategy requires 20% (see Officer's Report, paragraph 340).

### Heritage impact

Historic England state:

“This application is the latest in a succession of tall buildings proposals along the Old Kent Road, and this is of growing concern to Historic England... all building development should follow a plan-led approach rather than a reaction to speculative development applications. However, we note that there is not currently an adopted policy for tall building development along the Old Kent Road.

...

As the AAP is still at draft stage, we would continue to recommend that any tall building proposal within the Old Kent Road area is informed by a clear strategy, taking into consideration the existing townscape character and its heritage interest, to prevent development which could cause serious harm to the historic environment across the Borough and beyond.”

(HE advice, 26 November 2018).

Historic England note the scheme would have a significant cumulative effect, when taking into account other emerging developments in the area, on the formal, planned arrangement of Caroline Gardens, and would cause harm to the character of that Conservation Area, and the setting of the Grade II listed almshouse buildings.

They also state that the scheme would result in an “dominant intrusion” and “would undermine the attractive and picturesque qualities” of Cobourg Road Conservation Area, and would “therefore cause harm to the character of the Conservation Area, and to the setting of the Grade II listed townhouses.

They also state the scheme would cause harm to the character of the Glengall Road Conservation Area and the setting of the Grade II listed houses contained therein.

The Officer's Report is misleading where it states at paragraph 304 that “As with Historic England, Officers consider this harm to be less than substantial and to be outweighed by the wider regeneration benefits of the proposal.” Historic England do not hold that position: they do not weigh the harm against the benefits of the proposal – they simply give their expert view on the nature and degree of harm. To suggest, as the Officer does, that Historic England accept the public benefits outweigh the heritage harm is misleading and unhelpful.

<sup>3</sup> Source: [http://skyscrapercentre.com/compare-data/submit?type%5B%5D=building&status%5B%5D=COM&status%5B%5D=UCT&status%5B%5D=STO&function%5B%5D=residential&base\\_region=0&base\\_country=0&base\\_city=942&base\\_height\\_range=0&base\\_company=All&base\\_min\\_year=1900&base\\_max\\_year=9999&comp\\_region=0&comp\\_country=0&comp\\_city=0&comp\\_height\\_range=4&comp\\_company=All&comp\\_min\\_year=1960&comp\\_max\\_year=2020&skip\\_comparison=on&output%5B%5D=list&dataSubmit=Show+Results](http://skyscrapercentre.com/compare-data/submit?type%5B%5D=building&status%5B%5D=COM&status%5B%5D=UCT&status%5B%5D=STO&function%5B%5D=residential&base_region=0&base_country=0&base_city=942&base_height_range=0&base_company=All&base_min_year=1900&base_max_year=9999&comp_region=0&comp_country=0&comp_city=0&comp_height_range=4&comp_company=All&comp_min_year=1960&comp_max_year=2020&skip_comparison=on&output%5B%5D=list&dataSubmit=Show+Results)

Furthermore, there is no cumulative impact assessment undertaken by the Officer of the impact on Glengall Conservation Area bearing in mind the recent resolution to grant permission for the site at 49-53 Glengall Road, which Historic England and the Design Review Panel, the Conservation Area Advisory Group and the GLA describes variously as “overbearing” and “overwhelming”.

*Weighing harm against benefit*

As harm to the historic environment has been found, although less than substantial, the committee are required to undertake a balancing exercise, weighing benefits of the proposal against harm to the historic environment. We suggest that the same benefits can be delivered without the degree of harm that would result from this scheme.

The balancing exercise undertaken the Officer, weighing the heritage impact against the benefits of the scheme, suggest that the height of the buildings is justified because it provides significant affordable housing (‘optimum viable use’ – GLA paragraph 46, OR paragraph 305). However, as demonstrated above in relation to the GLA study, there is no need to build as high as 48 storeys in order to provide the maximum affordable housing: on the contrary, building to that height is likely to reduce the quantum of affordable housing the site can provide.

The short point is that the same public benefits could be provided without compromising the heritage of the area to the same degree.

Yours Sincerely,

Flora Walker and Jonathan Welch  
**Planning Caseworkers, Southwark Law Centre**

## Appendix: précis of response from the GLA to FOI:

### **FOI Request reveals that tall buildings strategy in urban regeneration discourages delivery of maximum affordable housing.**

A freedom of information request made by Southwark Law Centre has revealed the Greater London Authority's own internal evidence shows that tall buildings have a tendency to hinder provision of affordable housing.

This is significant because the prevailing received wisdom has in recent times been that by allowing developers to build high, affordable housing delivery will be maximised, with units on higher floors attracting higher prices and subsidising the lower profits levels on affordable units.

Instead, the study shows that in lower land value urban areas, often those primed for regeneration, the correlation is negative: taller buildings do not lead to a greater quantum of affordable housing, since the higher costs and higher expected returns for developers of tall buildings exceed any increased revenue.

The GLA refused to release its full analysis of applications referable to the Mayor of London, stating they would be made available in due course, "before the start of the pre-Mayoral election period".

Campaigners in Southwark worry that the current masterplan for Old Kent Road regeneration, amongst other programmes for regeneration in the borough, makes the assumption that taller buildings will result in the maximum delivery of affordable housing. This information from the GLA conclusively refutes that logic. Nevertheless, we fear this information will be ignored, since the borough's target appears to be to raise as much money from developer contributions, calculated on the basis of total quantity of housing delivered, as it can – not least to fund the Bakerloo Line Extension. We fear that this infrastructure improvement, important as it is, should not come at the cost of failing to do the most possible for the borough's long and increasing housing waiting list.

As the GLA put it in their report (attached to this email in full):

*"3. [...] A review of a range of case studies also shows that increased height does not generally deliver additional affordable housing and in a number of cases has the opposite effect.*

*4. The reason for this is that although taller buildings do generate higher values per square foot they do not always cover the additional construction costs and so the delivery of the upper floors of a tall tower can impact the viability of the whole scheme.*

*5. There are a number of reasons why this happens. Tall buildings are more expensive to build – the cost of the structure increases to withstand the increased loading; additional and more expensive plant and lifts are required to service the upper floors; and better quality cladding is needed to meet enhanced design standards and deal with practical issues such as increased impact from wind. They are also less efficient in terms of delivering saleable floor space as a greater percentage of the gross internal area is required for cores, circulation space and internal balconies than in lower rise typologies. This increases construction costs as a proportion of revenues. There may also be a requirement for an increased developer's return and higher finance costs due to the construction and sales risk associated with taller buildings.*

*6. The impact of this is that tall buildings can potentially design out affordable housing as the additional costs without the additional value reduce the surplus available for delivering affordable housing."*

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*10. Increasing density on development sites, through increased massing and the inclusion of towers, has historically improved viability as the value of the additional accommodation has exceeded the additional construction costs."*

*12. [...] [Where sales values are lower] "additional height does not always deliver additional affordable housing"*

13. Without [higher sales] values, tall buildings can effectively design out affordable housing as the additional costs reduce the surplus available for delivering affordable housing.

[...]

19. [The economics behind why taller buildings don't deliver more affordable housing]:

- The costs of construction rise rapidly over 10 storeys and again over 20 storeys in all locations.
- Although there is a link between height and values, the value of residential units on the upper floors needs to deliver a higher return to cover the additional costs before any additional planning benefits can be delivered.
- In lower value areas there is a cap on values for particular units and additional height cannot increase values beyond this level.”