

Our ref: Q200776
Your ref:
Email: [REDACTED]
Date: 19 March 2021



Infrastructure Planning Team
7th Floor, 2 Bristol Avenue
Colindale,
London,
NW9 4EW

By Email

Dear Sir/Madam,

Barnet CIL Draft Charging Schedule Consultation

1 Introduction

I am writing on behalf of Regal London and Joseph Partners in response to your consultation on the new Barnet Draft Charging Schedule for the Community Infrastructure Levy (CIL).

Regal London and Joseph Partners are working together to bring forward sites in North Finchley Town Centre. This area is identified as a priority location for development in the Adopted (2012) and Revised Draft (2020) Local Plans and in the North Finchley Town Centre Framework SPD (2018).

The delivery of development in this area is critical to the achievement of the Council's emerging Local Plan and in particular its ambitious housing targets. As you will be aware the sites in the Town Centre are mainly in existing retail, commercial and other uses, requiring significant investment to bring them forward and provide supporting infrastructure so that development in the area is of a high quality. The Council also wishes to ensure that the density of development is appropriate and that affordable housing targets are met.

Regal London and Joseph Partners therefore understand the London Borough of Barnet's desire to ensure that development in the Borough contributes to necessary infrastructure. They wish to ensure that in doing so the Council properly understands the potential impacts on the types of development on which the Local Plan depends.

The remainder of this submission considers the potential implications of the proposed increase in CIL charging rates for sites in North Finchley. It considers the Council's current and emerging policies for the area, cross referenced against the information set out in the Barnet Community Infrastructure Levy Review (December 2019) which was commissioned by the Council to inform those rates.

The Council's own evidence suggests that the proposed rates will be challenging for such Town Centre sites. It will therefore need to consider how, working with partners, it can develop a model to plan, fund and deliver town centre infrastructure which allows sites to come forward viably whilst delivering the quality of place and development alongside affordable housing.

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2 Guidance on Setting CIL Rates

Charging schedules should be informed by and generally consistent with the Relevant Plan, which here includes the Barnet Local Plan and the London Plan. It notes that there are benefits in developing infrastructure planning and Local Plans at the same time, and ensuring that authorities

“think strategically in their use of the levy to ensure that key infrastructure priorities are delivered to facilitate growth and the economic benefit of the wider area.”

(Paragraph: 012 Reference ID: 25-012-20190901)

The Viability Study informs the consideration of the ‘appropriate balance between the need to fund infrastructure and impacts on the viability of development.’ Proportionate and use appropriate available evidence, generally be considered at an ‘area wide’ level but authorities should directly sample an appropriate range of types of sites across its area, in line with planning practice guidance on viability.

The Guidance also encourages Council’s to consider whether strategic sites require specific rates where they have low, very low or zero viability, and should consider views of developers and evidence provided as part of this process.

In summary in producing viability evidence to support CIL charging schedules Council’s should:

- Ensure assessments are aligned with Local Plans;
- Consider appropriate typologies that reflect those plans;
- Consider setting site specific rates for strategic sites;
- Work with partners to plan strategically for infrastructure, including the use of the Levy.

3 Alignment with the Local Plan and Emerging Policy

The Development Plan for the London Borough of Barnet comprises the following:

- The London Plan (2021)
- Barnet’s Core Strategy DPD (2012) (including Proposals Map (2006))
- Barnet’s Development Management Policies (2012)

The London Plan has a major focus on ensuring the optimal use of brownfield land particularly in and around Town Centres.

Policy SD6: Town centres and High Streets identifies the importance of promoting and enhancing the vitality and viability of Town Centres by amongst other things:

2) identifying locations for mixed-use or housing-led intensification to optimise residential growth potential, securing a high-quality environment and complementing local character and heritage assets.



Policy H1 requires Boroughs to “optimise the potential for housing delivery on all suitable and available brownfield sites through their Development Plans and planning decisions” including sites within or close to a Town Centre, and the re-development of car parks, low density retail parks and supermarkets.

Policy GG4 sets out that development must support the delivery of the strategic target of 50 per cent of all new homes being genuinely affordable. London Plan Policy H4 re-iterates the strategic target of 50 per cent and then refers to major applications to provide affordable housing through the threshold approach. This is set out in Policy H5 and requires a minimum of 35% affordable housing or 50% on public land where there is no portfolio agreement with the Mayor.

Barnet’s Core Strategy (2012) had already placed a strong emphasis on Town Centre growth.

Policy CS1 sets out that Barnet will seek to concentrate housing and economic growth in well located areas that provide opportunities for development. This includes North Finchley which is identified as a ‘Priority Town Centre’ where mixed use development will be promoted.

Policy CS6 sets out that the Council will realise development opportunities for the town centres of Edgware, North Finchley, Finchley Church End, and Chipping Barnet through the preparation of Town Centre Frameworks. The Council will pursue the individual planning objectives for each centre as set out in these Frameworks.

The Council has subsequently adopted the North Finchley Town Centre Framework SPD (2018) as the ‘Framework’ referred to in Policy CS6. This sets out the strategy for North Finchley as a whole as well as providing design guidelines for six ‘Key Opportunity Sites’. We will refer to these further below when commenting on the viability assessment.

Policy CS4 seeks a borough wide affordable housing target of 40% and the provision of a range of dwelling sizes and types of housing. The draft New Local Plan seeks to align this with London Plan Policy H4, and the 35% threshold approach.

The draft New Local Plan notes Town Centres as being among the areas that have accommodated recent development. Draft Policy BSS01 sets out a need to deliver a minimum of 46,000 new homes over a 15 year period (exceeding the London Plan 10 year target of 23,640) including the provision of affordable housing. The key diagram recognises north Finchley as a District Town Centre. Table 5 sets out the proposed locations for new homes delivery and identifies that district town centres are to provide an additional 6,100 homes throughout the plan period.

Draft Policy GSS08 sets out that Main Town Centres (Burnt Oak, Chipping Barnet, Finchley Central, Golders Green and North Finchley) will continue to be priorities for investment and revitalisation. The Council will support mixed use development within Barnet’s town centres ensuring that their individual town centre offer responds to the needs of residents and workers as well as businesses and maintains their distinctiveness as places and vibrant hubs.



The Government has re-affirmed the significance of Town Centres to future housing delivery in a Written Ministerial Statement (Statement UIN HCWS660, 16 December 2020) in response to the consultation on Local Housing Need. Among other things this increased local housing need in urban authorities, including London, by 35 per cent. This is envisaged to, in part, be achieved by re-purposing 'commercial centres, offices and retail spaces into housing and mixed uses.' Although these higher targets don't immediately apply to individual Local Authorities they will be expected to be incorporated into the next draft of the London Plan and ultimately by Boroughs. It will therefore place even more emphasis on the need to deliver complex Town Centre sites.

Overall then, current and emerging Local, National and Regional policy are consistent in promoting the need for intensification, including housing development, in Town Centres, which will be central to achieving housing targets.

Barnet's adopted Core Strategy and Emerging Local Plan specifically identify the need for growth in North Finchley which is supported by a detailed SPD that identifies 'Key Opportunity Sites' including details of site areas, current uses and high-level design guidelines. The CIL guidance described above suggests that such sites, and their characteristics and policy requirements, should be reflected in the typology used in any Viability assessments.

Viability assessments should also be based on delivering Plan Policy levels of affordable housing, which as noted above for these purposes should be in the 35% to 40% on site range.

4 The Community Infrastructure Levy Viability Review (2019)

The 2019 CIL Viability Review follows a standard format and seeks to identify the capacity for sites to contribute to an increased Community Infrastructure Levy charge, based on assumptions about development costs and values and the extent to which the residual value of various example 'typologies' have a residual land value that exceeds a notional benchmark land value.

Paragraphs 2.43 and 2.44 discuss the types of development that will come forward in Barnet:

Developments in Barnet range from small in-fill sites to major regeneration schemes. The bulk of development (in terms of volume of units) is expected to come forward on sites in Town Centres and highly accessible locations such as Mill Hill East and around other transport nodes. TfL has recently submitted applications for high density developments around its stations, including Colindale.

The borough has significant opportunities for development through the recycling of previously developed sites, including vacant and under-utilised buildings, housing estates, office buildings, car parks and surplus public sector land.



We agree with this description and it reflects the policy framework which have described above. Table 4.1.1 of the Study then identifies the typologies used in the study. This includes two typologies which are particularly relevant to strategic sites in Town Centres: Site 12: Large Residential Flats, 100 units and Site 16: Large Residential Flats 250 units.

The report sets out the baseline assumptions and sources for costs and values. It is worth noting the specific features of the assessment that are relevant to North Finchley:

- Sales values, shown on Figure 2.15.1 and, for new development in Appendix 2. The map shows a range of values from £6,500/sqm to £11,500/sqm. North Finchley is at the bottom end of that range. The one Town centre site identified in Appendix 2 is 706 High Road which has average sales values of £613/sqft (£6,595/sqm);
- Existing uses on North Finchley Town Centre sites are typically retail and restaurants/bars at ground floor with offices and other commercial uses above. They range from 2 to 4 stories. The assumptions for Existing Use Values for commercial development across the Borough are set out in paragraph 4.34 of the Viability Review. This assumes two storey offices with 40% site coverage as the foundation for assessment. This is the basis of a capital value of £10.25 million per gross hectare. On this basis it is likely that the threshold land value assumptions for in use town centre sites are low;
- The Finchley Town Centre Framework SPD identifies six sites. Table 1 below summarises the Key Opportunity sites in the Town Centre.

Table 1: North Finchley Town Centre Key Opportunity Sites

	Site Size
Tally Ho Triangle and Arts Depot	1.15 ha
Ballards Lane/Nether Street	0.43 ha
Finchley House	0.28 ha
East Wing	0.56 ha
Friern Park Road	0.61 ha
Lodge Lane	0.81 ha

Source: North Finchley Town Centre Framework SPD, Part 6

Table 2 below identifies the same metrics for the most comparable sites identified in the Viability Review. This shows that the assumptions are that the sites are much smaller (resulting in a lower land value input). In the case of the larger (250 home) scenario the assumed height and density will be achieved only rarely in the Borough. As we have established above it is also likely that the highest benchmark land value is probably at the bottom end of the range of likely EUVs for core town centre sites. Overall it is fair to conclude from this that these typologies probably overstate the viability of such sites when they are in Town Centres and their capacity to contribute to CIL.



Table 2: Barnet CIL Review Site Typologies

	Site Size	Homes	Height
Site 12: Large Residential (Flats)	0.13	150	8 stories
Site 16: Large Residential (Flats)	0.11	250	20 stories

Source: London Borough of Barnet: Community Infrastructure Levy Viability Review (2019), Table 4.1.1

Tables 6.7.1 to 6.7.15 of the Viability Review show the maximum CIL rates for the different typologies by location and at different levels of affordable housing. Table 3 below extracts those values for sites 12 and 16 for sales values ranging from £6,500 to £7,000. This shows that the study finds that on high EUV sites like Town Centres in relatively low sales value areas CIL is not affordable alongside other planning obligations, and that in none of the scenarios can a £300 per square metre CIL be afforded.

Table 3: Barnet CIL Review: Maximum CIL Contributions for Sites 12 and 16 (2019 Report)

Site	Homes	Sales Value	BLV	20%	25%	30%	35%	40%
Site 12	100	£6,500/sqm	£10,250,000	£0	£0	£0	£0	£0
Site 16	250	£6,500/sqm	£10,250,000	£0	£0	£0	£0	£0
Site 12	100	£6,750/sqm	£10,250,000	£0	£0	£0	£0	£0
Site 16	250	£6,750/sqm	£10,250,000	£0	£0	£0	£0	£0
Site 12	100	£7,000/sqm	£10,250,000	£97	£97	£0	£0	£0
Site 16	250	£7,000/sqm	£10,250,000	£0	£0	£0	£0	£0

Source: London Borough of Barnet: Community Infrastructure Levy Viability Review (2019), Table 6.7.1 to 6.7.15

Appendix 3 of the 2021 update, provides an updated assessment. This is summarised in Table 4, below. Due, we assume, to a reduction in build costs cited in the report there is an improvement in viability. This improvement is only for the smaller development scenario at below policy compliant affordable housing, where CIL is notionally affordable at the proposed rates. However this includes no 'buffer', which the Government advises should be included in any consideration of rates.

Table 4: Barnet CIL Review: Maximum CIL Contributions for Sites 12 and 16 (2021 Update)

Site	Homes	Sales Value	BLV	20%	25%	30%	35%	40%
Site 12	100	£6,500/sqm	£10,250,000	£160	£74	£0	£0	£0
Site 16	250	£6,500/sqm	£10,250,000	£0	£0	£0	£0	£0
Site 12	100	£6,750/sqm	£10,250,000	£287	£201	£102	£0	£0
Site 16	250	£6,750/sqm	£10,250,000	£60	£0	£0	£0	£0
Site 12	100	£7,000/sqm	£10,250,000	£415	£328	£229	£115	£0
Site 16	250	£7,000/sqm	£10,250,000	£172	£88	£0	£0	£0

Source: London Borough of Barnet: Community Infrastructure Levy Viability Review: Update January 2021, Appendix 3



5 Summary and Next Steps

As we have set out above the London Borough of Barnet identifies Town Centre intensification as a central part of its strategy to deliver economic regeneration, placemaking and achieve its housing targets. It has produced specific planning guidance for North Finchley identifying a series of key sites and the likely acceptable nature of development on those sites. We have compared those sites to the typologies used in the Viability Review. We have noted that North Finchley is one of the lower value areas in the Borough, but that the Town Centre sites generally have relatively high threshold land values because of their current retail and commercial uses and their high density of uses.

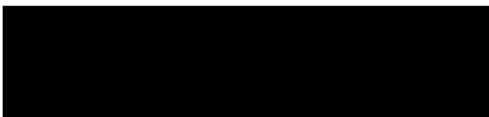
Even with those caveats the Council's own viability assessment demonstrates that in neither the original or update assessments can the two relevant typologies deliver policy compliant affordable housing alongside £300 per square metre CIL in lower value parts of the Borough. Affordable housing would need to reduce to what are likely to be unacceptable levels in order to be able to afford the proposed CIL, and that is only for the smaller typology assuming the high end of development values and does not include a buffer.

We highlighted at the beginning of this letter the Government's advice that authorities should think strategically about infrastructure delivery and the role of the Levy, and work with developers to ensure sites are viable.

Regal London and Joseph Partners are strongly aware of the need for Infrastructure Delivery to support development and are keen to work with the Council before the Draft Charging Schedule is submitted for examination to explore options to ensure that the types of Town Centre development envisaged in North Finchley and other Town Centres in the Borough can be delivered. This could include differential rates for early phases of development in the Town Centre and a jointly agreed approach to infrastructure delivery which ensures that any planning obligations and CIL can help deliver the infrastructure in the town centre that is required to deliver the quality of place that Regal London, Joseph and Partners and LB Barnet all want to achieve.

We hope that we can come to an appropriate resolution prior to any Examination but Regal London and Joseph Partners would like to reserve the right to appear at the Examination if necessary.

Yours sincerely



Philip Murphy
Director

cc.
Steve Harrington, Regal London
Jonathan Joseph, Joseph Partners